

Tribunal finds Shoprite guilty of reckless lending

The National Consumer Tribunal (Tribunal) handed down judgment finding Shoprite guilty of reckless lending.

“This judgment comes after an investigation by the National Credit Regulator (NCR) revealed Shoprite entered into credit agreements with consumers without conducting a reasonable and objective assessment of the consumers’ ability to afford the loans”, says Nomsa Motshegare, CEO at the NCR.

“Some of the conduct of Shoprite that was found to be in contravention of the National Credit Act (NCA) was that Shoprite, when assessing whether a consumer could afford a loan or not, took into account unverified income of another person, such as a spouse or a life partner”, says Motshegare.

Over and above the finding that Shoprite has committed a prohibited conduct under the NCA, the Tribunal has imposed a fine of R1 000 000 (One Million Rand) against Shoprite, and has also ordered Shoprite to appoint a debt counsellor at its own costs, in order to assess if the consumers that were mentioned in the referral are over-indebted.

“The NCR believes that this judgment by the Tribunal reaffirms the undesirability of reckless lending in our society,” concludes Motshegare.

Ends

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