

Buckle up - the economic ride is rough

For Immediate Release

March 2009

Consumer watchdog, the National Credit Regulator (NCR) as part of the Consumer Protection Forum which comprises of the Department of Trade and Industry (DTI), nine Provincial Consumer Affairs Directorates, Financial Services Board (FSB), the Council for Medical Aid Schemes, Independent Communications Authority of South Africa (ICASA) and other regulators, has embarked on a campaign to educate consumers about their rights, where to get recourse and what steps to take in order to enforce these rights as part of celebrating consumer rights month during March.

March 15th is celebrated internationally as World Consumer Rights Day. The Consumer Protection Forum has as part of this celebration adopted March as the Consumer Rights Month. Peter Setou, Senior Manager: Education & Strategy at the NCR says the regulator and the Consumer Protection Forum believe that an educated consumer is in a better position because all decisions and choices are informed. The Consumer Protection Forum has adopted a theme for this month, "Surviving the tough economic conditions- what are the consumers' options"

Consumers have been pounded by the tough economic conditions currently prevailing in the country. Whilst we are in the midst of surviving the challenging economic conditions and fighting over-indebtedness, we've seen a number of repossessions, job losses, more than 50 000 consumers have applied for debt counselling and about 40.5% of credit active consumers have impaired records.

Among the trends NCR has picked up is that consumers tend to panic, hide away from creditors, take on more debt to pay off what they are already struggling to pay and by so doing get themselves into more financial trouble.

Below are the tips that the Forum has put together to help consumers survive the challenging economic conditions:

- You have the right to one free credit report annually from registered credit bureaux, utilise this right and know your status;
- Take control of your finances-know what is coming in and what is going out. Keeping track of your finances is important during times like these. Keep a spending diary – try writing down every cent you spend for the month;
- Make sure you review your budget regularly, if your circumstances change – for example, you get a pay rise/increase– review your budget again ;
- If you haven't got enough money to cover your expenses, see what you can cut down from your expenses and try to shop around for best deals;

- Make use of second hand shops for some of the things that you need- you'll be surprised what you may find there;
- It's important for consumers to hold on to their property through the economic meltdown. Now is not the time to try and sell unless you are really not coping. However, if you do not have your own property or are battling to retain your existing one, renting might be a better option- seek expert advice before selling;
- Review the insurance policies you have from time to time. Speak to your financial advisor in this regard. You may save money by doing this;
- Should you be retrenched, inform your creditors and use your retrenchment package to settle your debts first. You have the right to settle your debts earlier. Note that there is a difference between the outstanding amount and the settlement amount. Contact your credit providers and get the settlement amount. This is what you should pay.

Setou also advises that consumers should not hide away when experiencing financial difficulties. Rather contact the debt collector / credit provider and make arrangements to pay as interests and other costs are added to accounts that are in arrears.

Also, consumers need to note that before a credit provider can approach a court for judgment, as a way to enforce a debt, the credit provider is required to give you prior written notice, informing you of the options available to you, namely:

- Seeking help from a debt counsellor;
- Seeking help from an alternative dispute mechanism; or
- Bringing your payments up-to-date.

Setou concludes that consumers should avoid getting more debt, rather downgrade and change your lifestyle! You will need to cut some things and make adjustments in order to stay afloat. You will find that by cutting these items out of your budget, you have more cash. You then have the option to either save that money or pay more on your account and therefore reducing your monthly debts.

Useful contacts for consumers:-

- National Credit Regulator – 0860 627 627
- Department of Trade and Industry – 0861 843 384
- Financial Services Board – 0800 110 443
- Council for Medical Aid Schemes – 0861 123 267
- ICASA - (011) 566 3000

Provincial Consumer Affairs Directorates

- Eastern Cape – (040)609-3663/3050
- Gauteng – (011)335-8006/8
- Mpumalanga – (013)752-3761
- Limpopo – (015)293-8300
- North-West – (018)387-7700
- Free State – (051)400-4852

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- Kwazulu Natal – (033)264-2500
- Northern Cape – (053)830-4800
- Western Cape – 0800 007 081

Issued by:
Bullion PR & Communications
Lola Lazarus

On behalf of:
National Credit Regulator
Lebogang Selibi
Tel: (011) 554 2722
E-mail: lselibi@ncr.org.za