

## **NCR intensifies its fight against lenders flouting the National Credit Act**

*For Immediate Release*

*April 2009*

In a bid to stem the abuse of consumers by lenders and ensure compliance with the National Credit Act (NCA), the National Credit Regulator (NCR) has conducted ten joint onsite investigations with the South African Police Service (SAPS) and the North West Consumer Affairs offices in Rustenburg which led to the arrest of three lenders who contravened the National Credit Act.

Specifically, the three lenders were arrested for obtaining and withholding consumers' bank cards, ID books and pin numbers. This practice is a criminal offence in terms of section 133 of the NCA.

According to Jan Augustyn, Manager for Investigations & Prosecution at the NCR, the SAPS/Prosecutors will follow their own procedures with the arrested lenders and the NCR will consider its own enforcement actions against these lenders, which may include taking the matter to the National Consumer Tribunal.

The NCR is awaiting reports from its investigators which may also indicate other contraventions. Augustyn indicated that two registered credit providers have in recent months been closed down by the Tribunal for retaining bank cards and pin's.

"There will be more of these investigations in different places going forward to ensure that we root out this kind of behaviour by lenders," said Augustyn.

Augustyn stressed the point that consumers must not leave their personal documents such as their ID's, bank cards, pin numbers with credit providers because it is against the provisions of the National Credit Act.

A provincial drive to educate consumers on the crucial aspects of the National Credit Act is currently running and people are encouraged to attend the workshops by the NCR to deepen their understanding of their rights and responsibilities.

The workshops reach out to all provinces both urban and rural areas because there is a need to educate consumers and ensure that harmful practices are weeded out of the industry.

"The workshops are meant to educate consumers on the NCA, so that they know their rights in the credit industry," said Augustyn.

It seems that it is the standard business practice by some credit providers to take possession of clients' bank and pension cards in order to withdraw monies from the clients' accounts when their debts are due and payable. This practice also makes the consumer a captive client for the credit provider as the consumer has to come back to the credit provider to get his/her bank card.

Consumer rights are contained in the National Credit Act. Augustyn says the NCR believes that an educated consumer enables the consumer to make informed decisions when engaging in a credit transaction.

He says the lack of awareness on regulations and rights makes consumers vulnerable to unfair lending practices, and this may result in consumers being caught in debt trap or spiral. March was Consumer Rights Month, and the NCR and the Consumer Protection Forum embarked on a campaign to educate consumers about their consumer rights.

*Issued by:*  
Bullion PR & Communication  
Fezile Africa

*On behalf of:*  
National Credit Regulator  
Lebogang Selibi  
Tel: (011) 554-2722