

NCR and credit providers agree on the cost of distribution of payments

For Immediate Release

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Hard-pressed consumers will no longer have to carry any costs of payment distribution following an agreement between the National Credit Regulator (NCR) and Credit Providers regarding the cost of distribution of payments to credit providers.

In line with the agreement, the credit providers have agreed to carry the costs of distribution at a set fee per amount being distributed.

Peter Setou: Senior Manager Education & Strategy, said this arrangement will form part of the restructuring proposal that is submitted to credit providers as part of the negotiation process.

Setou also disclosed that this arrangement would apply to all proposals received by credit providers after 01 September 2008. It will not be applied retrospectively. In terms of the National Credit Act, debt counsellors are required to register with the NCR.

Upon approval of Debt Counsellors' application for registration, they (Debt Counsellors) sign general and specific Conditions of Registration. In terms of these conditions, a Debt Counsellor is not authorised to receive consumers' payments and distribute them to various credit providers.

"Currently, the cost of distribution is borne by consumers. Once this arrangement is implemented, it will ease the burden on over-indebted consumers," said Setou.

The amounts payable for the cost of distribution are as follows:

A fee of R7.00 for each payment between R1.00 and R200.00 distributed in respect of each credit agreement included in the consumer's debt re-arrangement plan;

A fee of R15.00 for each payment between R201.00 and R500.00 distributed in respect of each credit agreement included in the consumer's debt re-arrangement plan;

A fee of R25.00 for each payment above R501.00 distributed in respect of each credit agreement included in the consumer's debt re-arrangement plan.

For more information, please contact the NCR at 0860 627 627.

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