

Understanding credit bureaux

For Immediate Release

July 2009

The National Credit Act 34/2005 (NCA) and the National Credit Regulator (NCR) became operational on 01 June 2006. The NCR is responsible for the enforcement of the Act. The National Credit Act stipulates that credit bureaux should register with the NCR and that the regulator should regulate credit bureaux.

Peter Setou, Senior Manager: Education and Strategy, at the National Credit Regulator (NCR) says a credit bureau is a company that gathers information and updates each consumer's credit history. It creates a record of consumers' credit information indicating how the consumer manages his or her credit. A credit bureau further supplies these records to credit providers, such as banks, retailers and other credit providing companies. The information indicates each consumer's payment record and it is also used to detect fraud, corruption or theft.

"A consumer has a right to be informed by the credit provider if it intends to report negative information about the consumer to a credit bureau before the credit provider actually reports the consumer. As a consumer you also have a right to receive a copy of your credit record from a credit bureau when you request it. Consumers can get one free record per year advises Setou".

"Many consumers are still unaware that they are entitled to a free copy of their credit record once a year". "We would advise consumers to make full use of this right to ensure that their credit information held by credit bureaux is correct and that any inaccuracies can be sorted out sooner rather than later" says Setou.

By doing this 'health' check each year on their credit status consumers remain fully informed as to what is being reflected on their credit records. Then there are no surprises, embarrassments or disappointments when they do apply for credit. Should the consumer need more than the one free copy that is permitted each year, additional requests are available at a fee that cannot exceed R 20 excluding VAT per consumer credit record.

Setou says that credit information held by credit bureaux plays a key role in both preventing over-indebtedness, and in facilitating those who use credit responsibly to access further appropriate levels of credit. "It is therefore important that credit records should be as accurate as possible. Consumers can play a key role in checking their records and addressing any possible inaccuracies or disagreements."

As July is the South African Savings Institute National Savings month, as part of a responsible approach to wealth management and responsible spending patterns, this is an ideal time for consumers to check their credit records.

The suggested procedure for obtaining the free, or any subsequent, credit report would be to first contact any one of the credit bureaux registered with the NCR. The two largest are Experian and TransUnion and if a consumer contacts one of the smaller ones, they probably would then be referred to these two. A bureau will then send a form which needs completion and return. "This form will require the provision of personal information and proof of ID so the credit bureaux are satisfied that they are not giving out information to an unauthorised person then consumer's complete credit record should follow thereafter, says Setou".

After obtaining a credit report and the consumer wishes to clear negative listings, they need to pay the debt first for which they are listed, then take proof of payment and communicate and negotiate with the credit provider that listed them to remove the negative listing. If it was a court order, then the consumer will need to appoint an attorney to go back to court and rescind the judgment. However, the credit provider is not obliged to remove the listing prior to its retention period ending. A retention period is the period for which the listing will reflect on your credit bureaux record as per the NCA, explained Setou.

Setou reassures consumers that information held by credit bureaux can only be used for very restricted and specific purposes. "Credit bureaux may not simply distribute this information for widespread use by other parties. Credit bureaux information can only be used for specific purposes as legislated in terms of the NCA and its regulations, such as for assessing whether or not a consumer can afford credit; to investigate fraud, corruption or theft; only in certain types of employment applications, being those which require trust and honesty and entail the handling of cash or finances; and to develop a credit scoring system."

Setou advises consumers to challenge the information from the credit bureau if they disagree with the information. The consumer needs to contact the credit bureau first and request that it explains any information that they are uncertain of. Then if the consumer is not satisfied, they can contact the Credit Information Ombuds, and if still they're not satisfied, they can contact the NCR.

"The Office of the Credit Information Ombud resolves complaints from consumers and businesses that are negatively impacted by Credit information, said Setou."

Retention periods (How long can credit bureaux keep my information?)

	Category	Description	Time kept
1	Disputes lodged	A consumer has the right to dispute incorrect information. This would be details of disputes that were lodged and rejected after an investigation.	18 months
2	Enquiries	Details of the person requesting a consumer's credit information.	2 years
3	Payment profile	Factual information pertaining to the payment profile of the consumer.	5 years
4	Adverse classification of consumer behaviour	Information relating to a consumer's payment behaviour such as slow payer, default, absconded	1 year
5	Adverse classification of enforcement action	Classification related to enforcement action taken by the credit provider	2 years
6	Debt restructuring	Details of a consumer under debt review	Until clearance certificate is issued
7	Civil courts Judgments	Civil court Judgments including default court judgment	5 years or until the judgment is withdrawn by the court or abandoned by the credit provider in terms of section 86 of Magistrates Court Act 32 of 1944

	Category	Description	Time kept
8	Administration Orders	Orders to put a consumer under administration as per the court order	10 years or until order is rescinded by a court
9	Sequestrations	Order given by the court where a consumer is insolvent	10 years or until rehabilitation order is granted
10	Liquidations	Order given by the court where a company is insolvent	Unlimited periods
11	Rehabilitation	A court order removing a liquidated or sequestrated after all the debt was paid	5 years
12	Other information	Any information that is not covered above	2 years

Useful contacts:

- TransUnion - 0861 482 482
- Experian S.A – 0861 1058 665
- Xpert Decisions Systems (XDS) – (011) 645 9100
- Micro Lenders Credit Bureau(Micro Lending) – 0861 287 328
- Compuscan Information Technologies(Micro lending) – 0861 514 131
- Consumer Profile Bureau – (011) 278 3800
- KreditInfom – (011) 772 700
- LexisNexis Risk Management – (021) 565 9700
- Credit Information Ombuds – 0861 662 837
- National Credit Regulator – 0860 627 627/e-mail: complaints@ncr.org.za

Issued by:

Bullion PR & Communication
Fezile Africa

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