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## **Media Release**

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### **Start the 2021 on a good note, spend wisely borrow wisely!**

It is that time of the year where some consumers will feel like Januworry is three months long because of their financial situation. Unfortunately, some consumers are currently finding it difficult to meet their financial obligations such as school fees, school uniform, transport, rent, etc. Consumers who might need to borrow money or take out credit should read and understand their credit agreements before signing, says Ms. Anne-Carien Du Plooy, Acting Manager: Education and Communication at the National Credit Regulator (NCR). According to the National Credit Act, consumers have a right to receive information in a plain and understandable language and to receive reasons from the credit provider if their application is declined.

If all registered credit providers decline your application, it means that there is a problem prompting a need to work on your finances as your financial woes might be bigger than you realise. This is the time to seek assistance by negotiating for lower instalments with your current credit providers, paying off and closing some accounts. This might be possible if you downgrade your lifestyle, especially during a time when you are battling financially. Visit your budget to check what you can eliminate and that which you can downgrade.

Du Plooy says that consumers should avoid unregistered credit providers such as (Mashonisas / Skoppers) to access credit as they will pay dearly at the end. Unregistered credit providers charge exorbitant interest rates and use other illegal collection mechanisms such as card retention.

Consumers should not agree to pay an “upfront fee”, warns Du Plooy. This is a fee charged mostly by unregistered or even fake credit providers before they give the consumer the money they are applying for. This fee has many names such as attorney’s fees, release fee, admin fee etc. In terms of the National Credit Act, it is illegal for a credit provider to make a consumer pay them upfront. Consumers should not confuse this with a deposit as there is no deposit when taking out a loan. The bottom line though, is that the prospective credit provider will never give you the money you are requesting, they will suck you dry before they vanish. Know your rights and spare your money, says Du Plooy.

Remember the festive season has come and gone and you are still here, so make the best of this year by spending and borrowing wisely. Save for the future as there is no better time like now, adds Du Plooy.

Tips for consumers:

- **Understand the cost of credit.** The cost of credit includes interest rate, once off initiation fees, monthly service fees, credit life insurance, etc. To understand the cost of credit, consumers should be given a pre-agreement statement and quotation (valid for 5 business days). These should disclose all the costs involved in the credit agreement that a consumer signs.
- **Do not sign a blank credit agreement/document** - read the content first, understand and ask relevant questions. You may sign ONLY when satisfied.
- **Be honest and truthful when applying.** If you are dishonest about your monthly expenses when applying, you will lose the protection offered in the National Credit Act if you need to raise reckless lending in the future.
- **Borrow only when it is absolutely necessary to do so** and avoid using credit for consumables such as groceries.
- **Understand credit life insurance** - Familiarise yourself with the terms and conditions of the credit life insurance to avoid surprises when you mostly need the cover from the insurance. Credit life insurance can be a life saver when you cannot repay the debt for reasons such as loss of income, unemployment, disability etc.

- **Pay your debts on time** - Paying late or not paying the full instalment will adversely/negatively affect your credit report and in turn your ability to qualify for credit in the future. If you think you cannot meet your monthly instalments, contact your credit providers immediately and try to re-arrange payments. Do not wait until you skip payments.
- **Check your credit report often**- You are entitled to a free credit report once a year.
- **Contact the NCR for a free educational workshop** – The NCR conducts workshops for consumers around the country at no cost.

**Ends**

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### **About The National Credit Regulator**

The National Credit Regulator (NCR) was established in terms of the National Credit Act 34 of 2005 (NCA) and is responsible for the regulation of the South African credit industry. The NCR is mandated with the registration of Credit Providers, Credit Bureaus, Debt Counsellors, Payment Distribution Agents, and Alternative Dispute Resolution Agents; and monitoring their conduct in compliance with the National Credit Act as amended. The National Credit Regulator offers education and protection to consumers of credit in promotion of a South African credit market that is fair, transparent, accessible and dynamic.

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