



DEBT COUNSELLING MISLEADING MARKET PRACTICES

Circular 10 of 2020

In 2015, the National Credit Regulator (“the NCR”) through Circular 1 of 2015 communicated the general standard expected from Debt Counsellors (DCs) when advertising or marketing the debt counselling service. Furthermore, the NCR in 2019 released a webinar on the practical application of Circular 1 of 2015 to ensure that DCs understand the NCR’s expectations regarding such advertising or marketing.

In recent times, the NCR has noted with concern more misleading marketing or advertising trends by some DCs, particularly on social media platforms such as Facebook. The advertisements are misleading in nature in that they misrepresent the spirit and objectives of the National Credit Act (NCA) regarding the provisions of debt counselling as a debt relief measure. Consequently, they bring debt counselling into disrepute, give it a bad name and undermine the efforts made by DCs who genuinely put the interests of over-indebted consumers first.

Disclaimer:

While the NCR has taken reasonable care to ensure the factual accuracy of this Circular, it cannot guarantee such accuracy, especially with regards to future events. Accordingly, NCR does not accept any liability for damages incurred by any party as a result of decisions or actions taken on the basis of information supplied in this Circular.

Below depicts, amongst others, how the observed misleading marketing trends on social media and SMS read:

- There is a new High Court ruling helping people in debt write off up to 63% of their monthly payments. Click “Apply Now” to take the FREE assessment;
- DEBT RELIEF- High Court ruling frees South Africans in debt. TAP “SEND MESSAGE”. This advert displays the picture of the President of the Republic of South Africa, the Honorable Cyril Ramaphosa;
- NCR DC is giving South Africans “Extra Cash” to enjoy by reducing debt interest and protection from repossession of assets. Free assessment sms “YES”;
- There is government proclamation on cancellation of debts; and
- We will attend to your legal and debt review flag removal in 20 working days with or without a court order.

Further to the above, the NCR has noted that some DCs are making use of the **NCR logo** on their marketing material and this practice is prohibited as the **NCR logo** is reserved for the exclusive use by the NCR and cannot be used by any of the NCR’s registrants for marketing purposes. Any use of an identical mark or a mark that resembles the **NCR logo** to likely deceive or cause confusion is strictly prohibited.

DCs who are involved in any of the prohibited conduct referred to herein, are instructed to desist from using misleading content and to remove the **NCR logo** on their marketing material with immediate effect. The NCR further encourages all DCs to ensure that their marketing material discloses their NCR registration details (i.e. the DC name and registration number).

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To collectively build and maintain the reputation of debt counselling as a debt relief measure that seeks to rehabilitate consumers particularly in these tough economic times, the NCR would like to encourage all registrants to report any related prohibited conduct to the NCR for further investigation. The NCR will continue to monitor these trends and failure to implement corrective measures will result in enforcement action taken against the offenders.

FOR MORE INFORMATION OR TO REPORT ANY OBSERVED PROHIBITED CONDUCT

Please contact Timmy Van Der Grijp at tvandergrijp@ncr.org.za

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