



REQUEST FOR COMMENTS ON RECOMMENDED DEBT COUNSELLING FEE STRUCTURE

CIRCULAR 12 OF 2017 - REQUEST FOR COMMENTS ON RECOMMENDED DEBT COUNSELLING FEE STRUCTURE

The purpose of this circular is to request written submissions from the credit industry on the recommended debt counselling fee structure which is attached herein.

Further to this, the National Credit Regulator (NCR) would like to inform the credit industry that this recommended structure will be published in the Government Gazette for further public comments.

Written submissions should be forwarded to pmichaels@ncr.org.za by 30 September 2017.

PROPOSED DEBT COUNSELLING FEE STRUCTURE			
<i>Step</i>	<i>Services</i>	<i>Recommended amount (excl. VAT)</i>	<i>By when it should be paid</i>
1. Application fee	Completion and submission of the Form 16.	R50 (as prescribed in the Act)	Upfront and in full
2. Administration fee (New fee)	(a) Preliminary assessment of over-indebtedness;	R250	Upfront and in full
	(b) Form 17.1 process; and		
	(c) Loading consumers on Debt Help System (DHS).		
3. Determination Fee	The proposed fees under this item are aligned to the outcomes of the full assessment of the consumers' financial information		
3.1 Rejection fee	Form 17.2 (b) process, including:	R200	To be paid on rejection
	(a) notifying the consumer and credit providers; and		
	(b) updating DHS.		

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.

<i>Step</i>	<i>Services</i>	<i>Recommended amount (excl. VAT)</i>	<i>By when it should be paid</i>
3.2 Restructuring fee	Form 17.2(a) process including, but not limited to, the following related services:	Equal to the distributable amount, capped at R6 500 for a single applicant and capped at R7 000 for more than one applicant.	Payable after submission of the proposal. It is a once off payment and subsequent services aligned to the process will not be charged separately should they apply (i.e. transfers, withdrawals, etc.) where the consumer has already made the payment.
	(a) proposal preparation;		
	(b) loading of the plan on the debt counsellor's PDA profile;		
	(c) negotiations with credit providers;		
	(d) submission of final proposal;		
	(e) Supplying debt counselling documents to the attorney to draft the Court application;		
	(f) update DHS on progress;		
	(g) transfer of consumer (All fees as per process should be up to date);		
	(h) Instruction to attorney to draft the Court application/ collation and filing of NCT application; and		
	(i) Withdrawal by consumer (Form 17.W).		
4. After care fee	Includes:	Equal to 5% of the distributable amount, capped at R450 for a period of 12 months , thereafter reduced to 3% of the distributable amount, capped at R450 for the remaining period.	Charged and payable after the restructuring process and subject to rendering of after care services.
	(a) Form 17.2 (c) process;		
	(b) Review of the consumer's financial situation;		
	(c) Attending to payment queries;		
	(d) Clearance certificate process, including securing the paid up letters;		
	(e) Withdrawal by consumer (Form 17.W process); and		
	(f) Updating of DHS on progress.		

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Step	Services	Recommended amount (excl. VAT)	By when it should be paid
5. Reckless Lending Fee (New fee)	(a) Reckless lending assessment;	R250 per credit agreement	Subject to the consumer requesting declaration of reckless lending and payable after the assessment.
	(b) Instructing of the attorney to draft the affidavit		
	(c) Supplying reckless lending documents to the attorney to draft the affidavit on the assessment outcome		
6. NCT submission fee	Submission of the NCT application	R500	Charged and payable after completion of the restructuring process.
7. Attorney fee	(a) Drafting of the Court application; and	To be agreed upon with the attorney upfront and communicated to the consumer on application. Debt counsellors are advised to negotiate that the legal fee be aligned to the disposable income of the consumer where possible.	Charged and payable after completion of the restructuring process.
	(b) Attendance at Court.		

FOR MORE INFORMATION:

Please contact Peter Michaels at pmichaels@ncr.org.za.

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