

GUIDELINES FOR THE FORM AND CONTENT OF STATEMENTS OF ACCOUNT

1. INTRODUCTION

1.1. Section 16(1)(b)(i) of the National Credit Act 34 of 2005 (the Act), empowers the National Credit Regulator (NCR) to provide guidance to the credit market and industry by issuing explanatory notices on the interpretation of the Act.

1.2. Section 109(4) of the Act further empowers the NCR to issue guidelines for methods of assessing whether a statement of account satisfies any prescribed requirements as stated in section 109(3) of the Act.

2. PURPOSE OF THIS GUIDELINE

The purpose of this guideline is to provide guidance to the credit market on the form and content of statements of account for credit agreements, in terms of section 109 of the Act.

3. THE STATUTORY PROVISIONS

3.1. Section 109 (2) of the Act states that:

A statement of account in respect of a small credit agreement must be in the prescribed form.

3.2. Section 109 (3) of the Act states that:

A statement of account in respect of an intermediate or large agreement may be-

(a) in the prescribed form, if any, for the category or type of credit agreement concerned; or a form determined by the credit provider, and which complies with any prescribed requirements for the category requirements for the or type of credit agreement concerned; or

(b) a form determined by the credit provider, and which complies with any prescribed requirements for the category or type of credit agreement concerned.

3.3 Section 9 (2) of the Act states the following in respect of a small agreements:

A credit agreement is a small agreement if it is-

(a) a pawn transaction;

(b) a credit facility, if the credit limit under that facility falls at or below the lower of the thresholds established in terms of section 7(1)(b); or

(c) any other credit transaction except a mortgage agreement or a credit guarantee, and the principal debt under that transaction or guarantee falls at or below the lower of the thresholds established in terms of section 7(1)(b).

3.4 Section 9 (3) of the Act states the following in respect of an intermediate agreement:

A credit agreement is an intermediate agreement if it is-

(a) a credit facility, if the credit limit under that facility falls above the lower of the thresholds established in terms of section 7(1)(b); or

(b) any credit transaction except a pawn transaction, a mortgage agreement or a credit guarantee, and the principal debt under that transaction or guarantee falls between the thresholds established in terms of section 7(1)(b).

3.5 Section 9 (4) of the Act states the following in respect of a large agreement:

A credit agreement is a large agreement if it is-

(a) a mortgage agreement; or

(b) any other credit transaction except a pawn transaction or a credit guarantee, and the principal debt under that transaction or guarantee falls at or above the higher of the thresholds established in terms of section 7(1)(b).

3.6 Regulation 35 prescribes the following in respect of a statement of account for a small agreement:

A statement of account in respect of a small agreement must be in Form 26 or must contain the following information:

(a) The details of the credit provider, including:

- (i) the name of the credit provider;*
- (ii) the trading name of the credit provider, if any;*
- (iii) the credit provider's registration number issued by the National Credit Regulator;*
- (iv) the physical address and postal address of the credit provider;*
- (v) the telephone number of the credit provider;*
- (vi) where relevant, the details of the bank account into which consumer's payment must be made, including name of bank, account number, branch code and reference number.*

(b) The details of the consumer, including:

- (i) the consumer's name;*
- (ii) the consumer's account number or reference number;*
- (iii) the consumer's address;*

(c) The date of the statement;

(d) The period covered by the statement;

(e) Details of the agreement, including:

- (i) the principal debt;*
- (ii) the annual rate of interest;*
- (iii) the instalment amount;*
- (iv) the frequency of the instalment;*
- (v) the balance outstanding at the date of statement;*
- (vi) whether the account is in arrears, and if so, the amount of such arrears.*

(f) A summary of the transactions that occurred during the period of the statement, including the total amount debited or credited to the account in respect of the following:

- (i) payments received;*
- (ii) fees levied;*
- (iii) interest accrued;*
- (iv) insurance costs levied;*
- (v) collection costs levied;*
- (vi) default administration costs levied;*
- (vii) legal fees incurred.*

(g) A detailed statement of each transaction that occurred during the period of the statement including the following:

- (i) opening balance from the previous statement;*
- (ii) the date of each transaction;*
- (iii) a description of the transaction;*
- (iv) the amount of the transaction and whether it is a debit or credit on the account;*
- (v) a running total;*
- (vi) the closing balance.*

4. THE FORM AND CONTENT OF A STATEMENT OF ACCOUNT FOR A SMALL AGREEMENT

4.1 The statement of account for a small agreement must be in the prescribed form 26.

4.2 The contents of a statement of account for a small agreement must comply with regulation 35.

4.3 The statement of account must not contain any cost or amounts other than those mentioned in regulation 35(f).

4.4 The only amounts that must be contained in a statement of account for a small agreement are the costs mentioned in sections 101 and 102 of the Act.

4.5 The statement of account must not contain amounts relating to prohibited charges mentioned in section 100 of the Act.

4.6 The following are some examples of amounts or costs that must not be contained in a statement of account for a small agreement:

- 4.6.1 Costs relating to premiums for funeral policies;
- 4.6.2 Costs relating to club or membership or other subscription services; and
- 4.6.3 Costs relating to value-added services.

5. THE CONTENT OF A STATEMENT OF ACCOUNT FOR INTERMEDIATE AND LARGE AGREEMENTS

5.1 The form for intermediate and large credit agreements is currently not prescribed by regulation, and credit providers are therefore permitted to select their own forms, provided they comply with the Act's requirements.

5.2 The statement of account must not contain any cost or amounts other than those mentioned in sections 101 and 102 of the Act.

5.3 The statement of account for an intermediate and large agreement must not contain amounts relating to prohibited charges mentioned in section 100 of the Act.

5.4 The following are some examples of amounts or costs that must not be contained in a statement of account for an intermediate and large agreement:

- 5.4.1 Costs relating to premiums for funeral policies;
- 5.4.2 Costs relating to club or membership or other subscription services; and
- 5.4.3 Costs relating to value-added services.

6. CONCLUSION

Statements of account for all types and categories of credit agreements must comply with the requirements of the Act. The content of the statements may not include prohibited charges, and may only include amounts directly related to the credit agreement, excluding any costs associated with unrelated products/services.

The NCR will monitor compliance with this Guideline. The NCR will take appropriate enforcement action for any failure to comply with the provisions of the Act, including this Guideline.

7. EFFECTIVE DATE

This Guideline is effective immediately.

FOR MORE INFORMATION OR QUESTIONS OR CLARITY RELATING TO THIS GUIDELINE:

Please address all queries to the [Executive Legal Unit](#) at ExecutiveLegalUnit@ncr.org.za

Disclaimer:

While the NCR has taken reasonable care to ensure the factual accuracy of this guideline, 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 pursuant to this guideline.