



The National Credit Regulator
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MEDIA RELEASE

MARCH 2022

Misleading advertising on Social Media platforms regarding debt counselling

The National Credit Regulator (NCR) has in recent times noted advertising practices by debt counsellors and unregistered persons that are misleading and deceptive, unlawful and contrary to the provisions of the National Credit Act and its regulations, causing harm and distress to unsuspecting consumers. This press release is intended to warn consumers against such advertising practices and request consumers to report these practices to the NCR.

Advocate (Adv.) Kedilatile Legodi, the Manager of the NCR Debt Counselling Department says that “in recent times, there has been a surge in advertising for “debt review removals” and some consumers are charged in the excess of R8000 to have his/her debt review flag removed”. Consumers are warned that this “debt review removal” is not supported by law. In a recent High Court Judgment, delivered by three High Court Judges, the Court stated that debt review removal is not possible for consumers who have been declared over indebted, and that consumers need to pay up all debt, except where a bond is not in arrears, to be removed from debt review. Where a consumer has a debt review court order, no Court, not even the High Court can rescind such judgment.

Adv. Legodi further requests consumers to access the NCR Withdrawal Guidelines issued in 2021, from the NCR’s website, which clearly state the circumstances under which a consumer can exit debt review. “If any company offers a service contrary to the provisions of the NCR Withdrawal Guidelines, even attorneys, consumers are running a risk of paying for a service that has no prospect of success without any recourse against persons not registered with the NCR”. Adv. Legodi warns that “before any consumer pays for such services, consumers they are urged to make contact with the NCR, or access the website to verify the registration status of such a person offering the service.”

In addition, Adv. Legodi noted the unlawful practice of consumers being contacted telephonically by “NCR Agents” to discuss his/her debt review status, or debt review flag removal. “The NCR does not have any personal information of consumers and will at no stage contact a consumer to discuss his/her debt review status” she warns. “Consumers are requested to report these “NCR Agents” to the NCR Complaints Department at complaints@ncr.org.za / 0860 627 627 and not be scammed by these practices.”

It has further been noted that there are companies that advertise that they work with the NCR to investigate debt counsellors. Adv. Legodi informed that “the NCR has the exclusive mandate under law to perform an investigation into registrants, and cannot outsource such mandate to any outside company. Consumers are urged to request an official Inspector Certificate issued by the NCR from such companies prior to engaging with them. If such Inspector Certificate cannot not be produced, consumers are requested to report such companies to the NCR’s Complaints Department.”

The NCR further noted the prevalence of advertising, especially on social media platforms such as Facebook, Tumblr and Instagram of claims that debt counsellors can:

- Get debt written off by credit providers;
- Payment of a large amount of debt in a very short period of time;
- Government approved method to get debt written off;
- Government approved debt relief for over 30’s / 40’s / 50’s / 60’s (Bait marketing);
- Pictures of senior government officials advertising debt relief; and
- Save consumers 63% / 60% / 55% / 43% on debt repayments.

Adv. Legodi warns that “if it is too good to be true, it probably is”. She explains that “debt relief measures under the National Credit Act (NCA) are intended to repay all debt to credit providers with certain interest concessions and extended terms to facilitate relief to consumers. It is not a savings plan or magic trick to let debt disappear Consumers remain responsible for debt repayments and there are no provisions in the NCA or the Regulations that can facilitate the claims made in these advertisements. “Don’t be fooled or scammed by such unlawful and false advertising”.

Consumers should not trust any advertising that do not contain the NCR registration number of the debt counsellor. “If the debt counsellor is not clearly identified in the advertising, how can a consumer verify the identity and status of the debt counsellor, or the validity of the service”, explains Adv. Legodi. Therefore, consumers should be vigilant and report any advertising to the NCR where the advertiser

cannot be identified. Consumers should also keep in mind that no person, not even attorneys can provide the services of a debt counsellor, if they are not registered to do so. “Always ask for the NCR registration number before engaging with any person, even attorneys who claims to be a debt counsellor or to provide any service surrounding your credit agreements” Adv. Legodi warns.

Finally, consumers must be made aware that it is unlawful for debt counsellors to receive any payments of money directly from consumers. Adv. Legodi explains that “Regulation 11 of the NCA clearly prohibit debt counsellors from taking any money from consumers and can be deregistered for doing so. Consumers are requested to report to the NCR if the debt counsellor request payment of any monies to them directly.”

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About The National Credit Regulator

The National Credit Regulator (NCR) was established as the regulator under 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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