

MEDIA RELEASE

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It is illegal for a credit provider to take a consumer's ID or cards when granting credit

“In terms of the National Credit Act, it is illegal for credit providers to retain consumers’ instruments such as identity documents (IDs), and bank cards when granting credit. This is the *modus operandi* adopted by some credit providers to enforce credit agreements entered into with consumers”. Ms Anne-Carien Du Plooy, Acting Manager: Education and Communication at the National Credit Regulator said that all people meeting voting requirements have a constitutional right to vote during elections held in the country. The National Credit Regulator is therefore, instructing all credit providers illegally in possession of consumers’ personal instruments to return them to the rightful owners as consumers will need their IDs in order to participate in the upcoming elections, she stressed.

If your bank card or identity document has been taken by a credit provider, you are urged to fetch it from that credit provider. Should they refuse to return these instruments, report the credit provider to your nearest South African Police Service as their conduct constitutes a criminal offence in terms of the National Credit Act, advises Du Plooy.

It is the responsibility of credit providers to thoroughly assess consumers’ applications and conduct an affordability assessment before advancing credit to any consumer. It is in contravention of the National Credit Act to extend credit when you have knowledge that a consumer does not qualify for such a loan. This might constitute reckless credit, she warns.

Du Plooy says that there seems to be confusion about who is supposed to register as a credit provider. In order to clarify this, she explains that it is a requirement for anyone lending money and charging interest, irrespective of the credit amount or the number of clients the credit provider has.

Consumers are urged to only use credit providers registered with the National Credit Regulator. Maximum interest rates and other fees such as monthly service fees and once off initiation fees are regulated by the National Credit Act. This means that all credit providers, including smaller ones commonly known as “*Loan sharks*”, “*Mashonisa*” or “*Skoppers*” must adhere to the maximum cost of credit as outlined in the National Credit Act.

If your application for credit is declined, you have the right to be given reasons by the credit provider for the decision. If the reason is, for example, a negative listing at the credit bureau, you need to pay the debt in question for this information to be removed. You do not need to pay a third party for the removal of information at the credit bureau. If the reason is affordability, ensure that you pay your current debt before applying for a new one. Running to unregistered credit providers will be the beginning of your non-ending financial woes, warns Du Plooy.

Consumers should contact the National Credit Regulator for additional information, to lodge a complaint or to report credit providers who keep consumers’ IDs, Bank / SASSA cards at 0860 627 627 or info@ncr.org.za, concludes Du Plooy.

Ends

About The National Credit Regulator

The National Credit Regulator (NCR) was established in terms of the National Credit Act 34 of 2005 (the Act) 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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