

Debt Counselling Fee Guidelines

1. The Debt Counsellor may receive the following amounts in respect of consumers who have applied for debt counselling:
 - 1.1. An application fee, limited to the amount prescribed in terms of Schedule 2 (2) of the Act, recoverable directly from the consumer upon receiving an application for debt review;
 - 1.2. A rejection fee of R300.00 (excluding VAT) in respect of consumers whose applications have been rejected in terms of section 86(7)(a);
 - 1.3. A restructuring fee of the lesser of the first instalment of the debt re-arrangement plan or a maximum of R6000.00 (excluding VAT), in respect of a consumer whose applications have been accepted in terms of 86(7) (b) or 86(7) (c). (Should a joint application be required, the fee can be increased to a maximum of R6000.00 (excluding VAT).)
 - 1.3.1. 100% of the fee is payable at the first instalment.
 - 1.4. Should a Debt Counsellor fail to submit proposals to Credit Providers or refer the matter to a Tribunal or a Magistrate Court within 60 business days from date of the debt review application the Debt Counsellor has to refund 100% of the fee paid by the consumer (excluding the application fee).
 - 1.5. A monthly after-care fee of 5% (excluding VAT) of the monthly instalment of the debt re-arrangement plan up to a maximum of R400.00 (excluding Vat), for a period of 24 months, thereafter reducing to 3% (excluding VAT) of the monthly instalment, to a maximum of R400.00 (excluding VAT), for the remaining period of the debt re-arrangement plan.
 - 1.5.1. Payment of the monthly after-care fee is to commence in the 2nd month after the amount in 1.3.1 above has been paid.
 - 1.6. Should the consumer withdraw from the process after completing stages 1.3 above, a fee equal to 75% of the restructuring fee as per 1.3 above is payable by the consumer.
 - 1.7. A legal fee for a *consent* order of R750.00. The legal fee for the consent order may only be deducted in the 2nd month after the amount in 1.3.1 above has been paid. If the consumer's affairs cannot be resolved through a consent order, and there are additional costs for further legal processes, these need to be separately negotiated with the client. The Debt Counsellor should be able to produce proforma invoices issued to them by their lawyers for legal services, when so requested by the NCR.
 - 1.8. The applicable fees and related debt counselling services will be set out in an addendum to Form 16, which needs to be explained to the consumer and signed by him/her.
 - 1.9. The above fees will become effective from 01 August 2011.

COMPARISON BETWEEN CURRENT DC FEE GUIDELINES AND APPROVED DC FEE GUIDELINES

DEBT COUNSELLING FEE GUIDELINES	Current Fees	Approved Fees
1. A Debt Counsellor may receive the following fees in respect of consumers who have applied for debt counselling:		
1.1. An application fee, limited to the amount prescribed in terms of Schedule 2 (2) of the Act, recoverable directly from the consumer upon receiving an application for debt review;	R 50	R 50
1.2. A rejection fee of R300.00 (excluding VAT) in respect of consumers whose applications have been rejected in terms of section 86(7)(a);	R300 (excl VAT)	R300 (excl VAT)
1.3. A restructuring fee of the lesser of the first instalment of the debt re-arrangement plan in respect of a consumer whose applications have been accepted in terms of 86(7) (b) or 86(7) (c).		
<ul style="list-style-type: none"> • Maximum allowable fee for a Single Application (Once off) 	R3000 (excl VAT)	R6000 (excl VAT)
<ul style="list-style-type: none"> • Joint Application (Once off) 	R4000 (excl VAT)	R6000 (excl VAT)
1.3.1. 100% of the fee is payable at the first instalment.	Yes	Yes (no change)
1.4. Should a Debt Counsellor fail to submit proposals to Credit Providers or refer the matter to a Tribunal or a Magistrate Court within 60 business days from date of the debt review application the Debt Counsellor has to refund 100% of the fee paid by the consumer (excluding the application fee).	100%	100%
1.5. A monthly after-care fee payable to the DC	5% up to a max of R300 (excl VAT) for the first 24 months, thereafter reducing to 3% to a max of R300 (excl VAT).	5% up to a max of R400 (excl VAT) for the first 24 months, thereafter reducing to 3% to a max of R400 (excl VAT).
1.5.1. Payment of the monthly after-care fee is to commence in the 2nd month after the amount in 1.3.1 above has been paid.	Yes	Yes (no change)
1.6. Should the consumer withdraw from the process after completing stages 1.3 above, a fee equal to 75% of the restructuring fee as per 1.3 above is payable by the consumer.	Yes	Yes (no change)
1.7. Legal Fees	To be disclosed upfront and recovered from the Consumer and agreed to in writing	A legal fee for a consent order of R750. Any additional legal fees to be negotiated separately with the consumer and the DC must be able to produce pro-forma invoices.