

TAKE CONTROL OF YOUR FINANCES



The Consumer's Guide to Managing Debt



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

NCR
National Credit Regulator

The Department of Trade and Industry (the dti) has Consumers' Best Interests at Heart

the dti seeks to educate consumers on how to protect themselves from over-indebtedness, surrenders, repossessions and money-making scams, and provide them with useful information on how to deal with these situations.

What is the National Credit Regulator?

The National Credit Regulator (NCR) is a member of **the dti** group. It was established under the National Credit Act, No. 34 of 2005, and is responsible for the regulation of the South African credit industry. The NCR carries out education, research, policy development, registration of industry participants, investigation of complaints, and ensuring enforcement of the Act. It is also responsible for the registration of credit providers, credit bureaux and debt counsellors.

What is Over-Indebtedness?

Over-indebtedness occurs when individuals are unable to pay all their debts in a timely manner, which results in feelings of panic, stress and being overwhelmed by the number and extent of these unpaid debts.

What are the Signs of an Over-Indebted Consumer?

- You borrow money to pay some debts;
- You skip payments on certain accounts in order to pay others, with the hope that you will catch up on those you put aside in forthcoming months;
- You cannot pay your bills at the end of the month;
- You receive letters and summonses from creditors and/or lawyers;
- You are thinking of being placed under administration;
- You also consider leaving your job or committing suicide; or
- You have judgements granted against you.

If you answered 'yes' to one or more of the above signs, then you may be over-indebted and in need of financial management assistance and debt counselling.

How do I Avoid Becoming Over-Indebted?

- Do not live beyond your means;
- Have a spending plan (budget) and stick to it;

- Cut/reduce spending on the following 'luxury' or unnecessary items in your monthly budget:
 - * Alcohol;
 - * Tobacco/cigarettes;
 - * Entertainment;
 - * Club membership;
 - * Pay/satellite TV; and
 - * Gambling.
- If you drive an expensive car, consider down-grading to a less expensive one. This will reduce your monthly instalment and enable you to pay other debts. Also consider using public transport as a cheaper option or cutting out unnecessary trips;
- If you are no longer able to afford the house you live in, consider selling it and finding accommodation that is more affordable;
- Review your insurance policies – you may find that you do not need some of them. Contact an independent financial advisor to guide you;
- Use savings you made from your adjustment to pay the most expensive loans, such as micro-loans and credit cards; and
- Consider obtaining a second job to supplement your income, if possible.

If you still feel overwhelmed and unable to reduce your monthly expenditure, there is help at hand, via the National Credit Regulator (NCR) and other professional credit authorities.

I am Already Over-Indebted – What Now?

- The first step is to approach your credit provider, and negotiate lower instalments;
- If this fails, contact a registered debt counsellor;
- If you are not familiar with any debt counsellors, contact the NCR at **0860 627 627** to locate one in your area or visit the NCR's website: www.ncr.org.za (see 'Register of Registrants', and select 'Debt Counsellors').

What is Debt Counselling?

The National Credit Act protects consumers who enter into credit agreements by monitoring and regulating their credit transactions.

The Act also makes provision for debt counselling, to assist consumers who are unable to meet all their financial obligations by the required payment deadlines.

To learn more about the National Credit Act, visit the NCR's website: www.ncr.org.za (see 'The Act').

How Can a Debt Counsellor Help?

The Act requires all debt counsellors to be registered with the NCR, in order to assist consumers. Once a debt counsellor has established that you are indeed over-indebted, he/she will be able to:

- Give you budget advice;
- Restructure your debts;
- Negotiate with credit providers, on your behalf, to lower your instalments;
- Reduce your debts to manageable levels with the aim of improving your overall financial situation;
- Provide you with basic information necessary to resolve your day-to-day credit problems, to avoid being caught in the same debt trap;
- Provide you with support and after-care services such as budgeting skills; and
- Monitor your payments to credit providers.

Can I Still Access Credit While Under Debt Counselling?

No. Your name will be listed as a consumer undergoing debt counselling at the credit bureaux, and you will not be able to access credit while under debt counselling.

I Can No Longer Afford My Car/ Household Goods. Can I Surrender My Possessions to a Credit Provider?

Yes. The Act allows you to surrender the possessions for which you are no longer able to make payments. Under an 'Instalment Agreement' or 'Secured Loan' (car/household goods), you have the right to give written notice to the credit provider to terminate the agreement according to required processes.

My Accounts Have Already Been Handed Over to Debt Collectors. What Should I do Now?

Contact the debt collector and make arrangements to pay-up rather than hide away. Interest and costs are added to accounts handed over to debt collectors, and it is therefore a good idea to contact the debt collector as soon as possible before the costs and interest become too high.

What Rights do I Have Before a Credit Provider Repossesses My Goods?

Before a credit provider seeks permission from a court to repossess your possessions, as a way to enforce the debt, the credit provider is required to give you prior written notice, informing you of the options available to you, namely:

- Seeking help from a debt counsellor;
- Seeking help from an alternative dispute mechanism; or
- Bringing your payments up-to-date.

You have the right to reinstate the agreement by paying all overdue amounts, including default charges and reasonable costs of enforcing the agreement, before the credit provider cancels the agreement.

When you receive a Section 129 notice letter or any other letter of demand/final notice from your credit provider, **do NOT** ignore the letter – **ACT ON IT!** If you do not understand the letter, seek professional advice and avoid a potentially damaging situation.

Useful Tips When Confronted by Quick Money-Making Scam Artists

When your finances are already strained, you become more vulnerable to fraudsters who promise easy solutions to your financial problems by offering you quick opportunities to make money. There are thousands of scams in the marketplace. Some are new, but most are simply updated versions that have been around for years. Here are some popular phrases used by scam artists:

Amazing offer!	Special offer won't last
Easy Money	Big money earner
Send Money NOW!	No risk!
Retire at 30	Be smarter than your friends, invest now.
100% legal	Order that Porsche now!
Genuine offer	Cut your tax bill now!
BIG profits, no risks	50% return on your investment guaranteed
Be smart, be quick	Once in a lifetime offer; don't miss out!
Valuable free gifts	Lottery prizes guaranteed
Earn millions legally	Be the envy of all your friends and family
What have you got to lose?	Turn R1,000 into R50,000 in three months

How do I Protect Myself Against Scam Artists?

- Say “NO!” to any offers to which you feel pressured to respond;
- Ask for all the details in writing before you pay or sign anything; and
- Do not give your personal or banking details to anyone you do not know.

For more information and alerts on common scams, and general consumer enquiries or complaints, contact:

The Office of Consumer Protection via the dti Customer Contact Centre

Tel (Nation-wide): 0861 843 384

Fax: (012) 394 2552/8

E-mail: consumer@thedti.gov.za

Website: www.thedti.gov.za

For Credit-Related Enquires and
Debt Counsellor Contacts:

The National Credit Regulator (NCR)

Share call: 0860 627 627 or 0860 NCR NCR

E-mail: info@ncr.org.za or

complaints@ncr.org.za

Website: www.ncr.org.za



Provincial Consumer Affairs Offices

Eastern Cape

Tel: (040) 609-3663

Fax: (040) 635-3201

Gauteng

Tel: (011) 335-8006/8

Fax: (011) 335-3201

Mpumalanga

Tel: (013) 752-3761

Fax: (013) 752-3729

Limpopo

Tel: (051) 291 2862/4

Fax: (051) 291-2898

North-West

Tel: (018) 387-7700

Fax: (018) 392-5660

Free State

Tel: (051) 400-4852

Fax: (051) 400-9609/10

KwaZulu-Natal

Tel: (031) 310-5300

Fax: (031) 310-5416

Northern Cape

Tel: (053) 830-3800

Fax: (053) 830-4838

Western Cape

Tel: 0800 007 081

Fax: (021) 483-5872

Other Useful Contacts

The following credit providers have set up mechanisms to assist consumers in resolving their credit concerns:

Absa Bank

Customer Debt Repair Line:
0860 356 356

Nedbank

Debt Rehabilitation & Recoveries Services:
0860 109 279

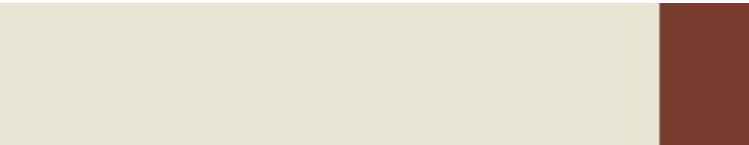
Standard Bank

Contact your nearest Standard bank branch or the Customer Care line:
0860 123 000

First National Bank

Debt Review Centre
0860 362 002

Notes:



Notes:

