

Credit record management, simply a question of education

By [Gunther Deutsch](#)

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The number of consumers with impaired credit records has recently jumped to an all-time high. This has led to an agreement among banks and the government to tighten the rules around lending. Undoubtedly, this means that it will become ever more difficult to obtain credit, especially when your credit record has a blemish on it.

The imperative to manage your existing credit and ensuring that you have a clean credit record is, thus, becoming all the more important. Yet a recent poll on the Just Money website revealed that at least 73% of people are unaware of the status of their credit profile.

I also read on [factaday.co.za](#) that 80% of urban South African adults agree with the statement "My main goal in life is to make more money". Personal observation also places 80% of people in a situation in which more money is not just desirable, but absolutely necessary in order to keep those debt collectors at bay. If they knew what their credit records looked like, and what debts the debt collectors may legally collect on, it might alter their perception of needing that much more.

The banker rubs his hands in glee

Now, it's that time of year again. Shopping malls become gauntlets of moving hazards, tills ring endlessly and the banker rubs his hands in glee as cards are flashed left right and centre. The masses are hypnotised by Jingle Bells and the deep echo of Ho Ho Ho in the backs of their heads. Yes, retail season is in full swing and judging by recent media articles on the unprecedented rise of unsecured lending, one can only assume that come January and February, debt collectors will be rather busy.

Of course, many will not be able to pay. As a consequence, credit bureaux become terribly busy in the New Year, also as new so-called black-listings have to be captured en masse. A cursory glance at Stats SA's data over the years would suggest that judgements for civil debt do increase markedly in January from the previous year. As the year winds down, so do the number of judgements and as we pass the mid-year point the number starts to dip tremendously, but we see very little change in the number of impaired credit records. The problem lies partly in the fact that not many know how to have judgements, or any other adverse information, removed from their credit records. Or they find that legal fees are too high to attend to these matters.

Doing the paperwork correctly

However, South African Law Centre director Nicky Campbell says: "Clearing one's credit record is easy, provided one has paid the outstanding debts concerned. It's merely a question of doing the paperwork correctly."

The South African Law Centre is a non-profit organisation that works to make access to justice more universal and more affordable for consumers. It recently published the DIY Credit Repair Toolkit, which spells out the process, step by step, on how to remove various types of adverse information from your credit record and ensuring that the slate is cleaned. Consumers can either use it themselves, or for a nominal additional fee, they can fill in the paperwork, and ask the South African Law Centre to use its network of attorneys to ensure that the matter goes before a court.

The DIY Credit Repair Toolkit is for sale via www.salawcentre.org.za and is also available to companies who want to help their staff deal with debt-related problems. Companies can also take advantage of the centre's value-added services. These include workshops on financial literacy, becoming and staying debt free. Furthermore, the South African Law Centre also assists companies in how to handle so-called garnishee orders to ensure that fraud does not take place and staff are not taken advantage of.

ABOUT THE AUTHOR

Gunther Deutsch is ambassador for the South African Law Centre.

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