

National Credit Regulator targets false, misleading advertising

The National Credit Regulator (NCR) is launching an ad campaign on 'misleading advertising' to educate and inform consumers about credit related adverts that are misleading to consumers. The two-pronged approach will tackle debt-counselling first, followed by credit providers advertising.

“The NCR has noted with great concern debt-counselling advertisements that are false and misleading to consumers,” says Kedilatile Legodi, manager: debt counselling at the NCR.



© Michal Jarmoluk via [Fxabay](#)

These advertisements, in the form of SMS, emails and telephone calls, usually promise consumers a saving on monthly instalments by a certain percentage (predominantly up to 60%) before they conduct an assessment on the consumer's finances. When doing an assessment for debt counselling, some debt counsellors, that usually operate call centres, inflate consumers' monthly expenses to reduce the amount available to repay debts. This is unethical, misleading and a misrepresentation of what debt counselling is. A debt counsellor must first assess the consumer's income against the living expenses, such as school fees, groceries, etc., to determine the amount that can be used to negotiate reduced payments.

“Consumers should be aware that it is incorrect for debt counsellors to promise specified upfront reduction of instalments before conducting a proper assessment.”

Debt counselling is a debt relief measure meant to provide relief to over-indebted consumers only. A consumer is considered to be over-indebted if money available after payment of essential expenses is not enough to pay all other debts. Legodi advises consumers not to go under debt counselling for reasons, such as a 'payment holiday', as they have an obligation to continue making payments.

“Consumers should be aware that there are applicable fees that must be paid when under debt counselling, and these fees must be disclosed upfront and in writing at the point of application by the debt counsellor.”

Important for consumers to note is that, the NCR registers debt counsellors in their natural/individual capacity and not as companies. As a result, only a registered debt counsellor can assist consumers with the debt counselling application as per the National Credit Act.

“It has come to our attention that some debt counsellors are using call centre agents and administration staff who are not duly authorised to offer debt counselling. Consumers are advised to ensure that they know who their debt counsellor is throughout the process.”

Consumers who receive misleading SMS and calls are urged to immediately report these with the names of the debt counsellors or their registration number to the NCR on 0860 627 627 / dccomplaints@ncr.org.za.