



Contact Salem Dyafta
Telephone 0828741537
Cell 0792243802
Email sdyafta@creditombud.org.za
Website www.creditombud.org.za

FOR IMMEDIATE RELEASE
October 1, 2016

WARNING ALL CONSUMERS! BEWARE THE SIGNS ‘BLACKLISTED CONSUMERS WELCOME’ IT COULD BE A TRAP!

Despite efforts by government to promote a fair and transparent credit market, protect consumers and their rights, level the playing fields between credit providers by standardizing the way in which credit is granted so that consumers can compare what is being offered; despite government regulating all credit providers, debt counsellors and credit bureaus, many consumers who are struggling financially find themselves in a desperate position and are prepared to do anything to get their hands on cash. Unfortunately, not all consumers who apply for credit from registered credit providers will be approved credit, which could drive desperate consumers to unlawful, unregistered loan providers [also called mashonisa] who may be charging exorbitant interest and fees and have questionable collection practices.

The Credit Ombud, Nicky Lala – Mohan said: “Desperate consumers may be misled by false and unlawful advertising... These posters are popular on lampposts and street corners as per the below examples.”

“Need a loan? Blacklisted welcome!” “Blacklisted? Call#..... for a loan.” Loans up to R200 000, call #... – Blacklisted may apply.”

“These advertisements are illegal credit advertisements and are aimed at vulnerable consumers who are desperate for cash and who probably were turned away at other institutions due to their negative credit history”, Lala Mohan explained.

Some advertisements are not on street corners but on line (internet) and even more difficult to detect and regulate. Often consumers don’t understand what they are really applying for until

they are sitting with debt collectors phoning to collect on agreements which have little to do with loan applications

The Credit Ombud warns consumers against being lured into agreements with unlawful providers. "These loan providers are not doing consumers any favours by giving loans without doing the necessary checks to ensure that they are able to afford it and will be able to pay it back." "To grant a loan which the consumer cannot afford is exactly how consumers end up in a debt spiral or over- indebteded," Lala Mohan adds.

Consumers often end up with a number of these loans because they have to resort to borrow from one lender to pay the next lender. The interest is usually so high that consumers need to keep borrowing to survive, and this is how they are then caught in a dangerous debt spiral.

All credit providers are regulated by the National Credit Regulator [NCR] and the National Credit Act [NCA] which sets out rules for the agreements as well as the steps required to ensure consumers are not over-indebted. Interest charges and fees are also regulated in order for consumers not to be exploited.

Consumers are warned against loan providers who are not interested in their credit status and who do not conduct the necessary checks to ensure they will be able to afford the loan. These organizations/persons are usually not registered with the NCR and are not compliant with the Act - and therefore will not stick to the rules and regulations when it comes to lending, interest and fee charges and collection processes.

The office of the Credit Ombud has dealt with many cases of reckless lending, overcharging of interest/fees and debt collection issues, to name a few. With registered credit providers, most of whom are members of the Ombud, it is easy to obtain information and documentation to resolve any dispute and they generally uphold the law. On the other hand, it is almost impossible to assist a consumer who wants to lodge a complaint against a non-registered entity as they tend to operate only with a cell phone number and can disappear very quickly when the law wants to take its course! These lenders could even rob consumers of their money with their illegal practices of taking consumer's ID books and bank cards.

The Credit Ombud advises that rather than turn to unregistered lenders with unlawful practices, consumers should remember that there are ways to improve a credit record and bring it into good standing. It is dangerous and not advisable for consumers to expose themselves to financial and physical harm.

In an effort to stamp out these unlawful advertisements, the National Credit Regulator, the City of Johannesburg and Metro police recently removed such adverts from lampposts, traffic lights and traffic signs in Midrand, Johannesburg.

If advertisements have the following words/phrases: "blacklisted consumers welcome", "no credit checks required" and "free credit" it is illegal and consumers should stay away from these lenders.

Lala-Mohan gives consumers the following advice:

- Check whether the advertiser is legitimate by verifying the full details of the creditor with the NCR;
- Check for full contact details and the physical address of the creditor in order to be able to visit the store and look out for the NCR registration certificate;
- Before engaging with any service provider, always ask for references and talk to other consumers who have used their services to verify their experience;
- Rather opt to improve your credit record over time, than enter into a contract with an unregistered entity with unlawful practices, just in order to avoid the proper credit checks.

Consumers can contact the office of the Credit Ombud for FREE assistance if there are any issues relating to emolument attachment orders (“garnishee orders”), credit bureaux listings and problems with their non-bank credit agreements. The office can be contacted on 0861 66 28 37; on the website www.creditombud.org.za; email us at ombud@creditombud.org.za or send a sms to 44786 and we will call you.

If you would like more information about this topic, please contact Salem Dyafta , Public Relations Manager at 0828741537 or email at sdyafta@creditombud.org.za.