

# LEGAL

# ILLEGAL

# CREDIT

## Legal Eagle



## Loan Shark



# DID YOU KNOW?

The National Credit Regulator (NCR) was established in terms of the National Credit Act 34 of 2005 (the Act) and is responsible for the regulation of the South African credit industry.



The NCR is mandated with the registration of Credit Providers, Credit Bureaus, Debt Counsellors, Payment Distribution Agents, and Alternative Dispute Resolution Agents; and monitoring their conduct in compliance with the National Credit Act as amended.



# COST OF CREDIT

Maximum interest rates and other fees such as monthly service fees and once off initiation fees are regulated by the National Credit Act. This means that all credit providers, including smaller ones commonly known as “Loan sharks”, “Mashonisa” or “Skoppers” must adhere to the maximum cost of credit as outlined in the National Credit Act.







It is in contravention of the National Credit Act to extend credit when you have knowledge that a consumer does not qualify for a loan. This might constitute reckless credit.

- National Credit Regulator







It is a requirement to register as a credit provider for anyone lending money and charging interest, irrespective of the credit amount or the number of clients the credit provider has.

- National Credit Regulator



# APPLICATION DECLINED

If your application for credit is declined, you have the right to be given reasons by the credit provider for the decision. If the reason is, for example, a negative listing at the credit bureau, you need to pay the debt in question for this information to be removed. You do not need to pay a third party for the removal of information at the credit bureau. If the reason is affordability, ensure that you pay your current debt before applying for a new one. Running to unregistered credit providers will be the beginning of your non-ending financial woes.

- National Credit Regulator



# VERIFY INFORMATION

Consumers should not fall prey or victims to scams where companies and individuals direct them to pay for services with the promise that their debts will be written off. Consumers are encouraged to verify such information with the NCR on 0860 627 627 before any payments are made or agreements entered into.

- National Credit Regulator





# REGISTERED!

Everyone giving out credit, must be registered with the NCR and apply the rules in the NCA. All registered credit providers' details are listed on the NCR's website ([www.ncr.org.za](http://www.ncr.org.za)) and consumers are encouraged to check before doing business with anyone offering credit.

- National Credit Regulator



# **FAKE**

**Beware of fake credit providers  
when transacting online.**

**- National Credit Regulator**



Know the full cost of credit  
you are being offered or  
applying for by requesting a  
pre-agreement statement  
and quotation before  
committing or signing any credit  
agreement



- National Credit Regulator







Beware of deceptive credit advertisements such as “no credit checks”

- National Credit Regulator





Beware of deceptive credit  
advertisements such as  
“free credit”

- National Credit Regulator





Beware of deceptive credit advertisements such as “blacklisted welcome”

- National Credit Regulator





Beware of credit providers asking for “upfront fees” before they give you the actual loan. Never pay any upfront fees.

- National Credit Regulator



It is illegal for a credit provider to take a consumer's ID or cards when granting credit.

- National Credit Regulator





Remember the golden rule “If it seems too good to be true, it probably is!”

- National Credit Regulator







Be careful and isolate from  
unregistered credit providers

- National Credit Regulator





Debt Counselling is not a savings plan, beware of scams promising up to 60% savings.

- National Credit Regulator



# LEGAL VS ILLEGAL

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# LEGAL

## CREDIT PROVIDERS

Legally lending money  
and registered with  
the NCR



# ILLEGAL

## CREDIT PROVIDERS

Not registered with  
the NCR, thus it is  
illegal to lend money  
and charge any fees



# LEGAL

## CREDIT PROVIDERS

Uses the appropriate debt collection methods



# ILLEGAL

## CREDIT PROVIDERS

Uses unlawful debt collection methods such as the retention of bank and SASSA cards



# LEGAL

## CREDIT PROVIDERS

Requests a consumer credit report from a credit bureau



# ILLEGAL

## CREDIT PROVIDERS

Does not request any form of a consumer credit report from a credit bureau





# LEGAL

## CREDIT PROVIDERS

Conducts a proper  
affordability  
assessment



# ILLEGAL

## CREDIT PROVIDERS

Does not take the  
consumer's  
affordability into  
consideration



# LEGAL

## CREDIT PROVIDERS

Only extends credit to consumers that can afford it



# ILLEGAL

## CREDIT PROVIDERS

Extends credit to any or all consumers, as well as blacklisted consumers



# LEGAL

## CREDIT PROVIDERS



Charging consumers  
the correct fees as  
per the NCA



# ILLEGAL

## CREDIT PROVIDERS

Overcharging  
consumers on  
fees





# LEGAL

## CREDIT PROVIDERS



Obtains the consumer's  
the latest proof of  
income i.e. pay slips  
and/or bank statements



# ILLEGAL

## CREDIT PROVIDERS

Obtains no form of  
proof of income before  
extending credit

