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For immediate release:

22 July 2020

Credit Ombud Annual Report 2019

True strength is proven in the midst of challenges, doubt and fear, and even in those times you continue to do your best, not willing to surrender to defeat, making every step count, with victory as your objective.

The year 2019 has proven to have been the toughest year yet for the Credit Ombud (CO).

In the words of the Chairperson of the Credit Ombud, Tefo Raditapole – “The departure of the banks as members of the Credit Ombud Association forced us to completely rethink the role and operations of the Credit Ombud. In consequence, the Council had to take the difficult decision to retrench 10 staff members. This process was concluded at the end of October 2019.”

Even in those difficult circumstances we knew that we had to ensure that our stakeholders, especially our members and consumers who depend on us, still could count on us to provide the effective and efficient service for which we are renowned for. The Credit Ombud abides by its mission statement to:

‘Effectively resolve disputes between members of the credit industry and credit receivers (consumers and businesses) with regard to credit and credit information matters.

Act as an educator of the public in matters pertaining to the credit industry.

At all times act honestly, independently and fairly; balancing the rights of all parties.’

The virtual launch of the Credit Ombud Annual Report 2019 presented the Credit Ombud’s yearly update to the public on the work of the office. The keynote speaker at the launch, Nthupang Magolego, a Senior Legal Advisor at the National Credit Regulator (NCR) emphasized how strengthening cooperation with our office would assist consumers to know that there is help

available for them – “it is through the office of the Credit Ombudsman that consumers can have more accessibility to complaints resolutions mechanism that are embodied in the NCA.” In 2019/2020 the NCR referred a total number 191 complaints to the Credit Ombud. These complaints related to emolument attachment orders (commonly known as garnishee orders); credit bureau listings and disputes regarding incorrect balances under credit agreements. Covid-19 has led to the closure of many business across an array of industries, leaving consumers and business under immense pressure and financial difficulty. The NCR and the Credit Ombud are confident that through our reciprocal co-operation, we can ensure that the ‘impact of the economic fallout to consumers as a result of the pandemic, is minimized.’

The Interim Credit Ombud, Howard Gabriels has highlighted the following – “The main purpose of the Credit Ombud is to provide a safe haven in which consumers and credit providers can resolve their disputes. To fulfill this role, both consumers of credit and providers of credit must trust that the **Credit Ombud is impartial, independent, fair and honest**. Over the years, we have built a team of professionals that deal with complaints from consumers in a fair and understanding way, thereby earning the respect of both consumers and credit providers.” From establishment of the office, we supported credit consumers broadly, irrespective of whether disputes raised were related to members or not. This ensured a positive role for the office as well as to protect the reputation of the credit industry. Due to rising costs of delivering services to non-Credit Ombud members, a portion of disputes previously investigated by the Credit Ombud are referred to the NCR. Consumers with credit information disputes against the banks are referred to the Banking Ombud. During the 2019 year under review, the Credit Ombud assisted 37 269 consumers by telephone. The office logged 29 510 general enquiries. 4937 disputes that were closed at the average cost of R3 250 per case. The monetary value of corrections/adjustments in favour of consumers amounted to R6,949,865.90. The average time for our case managers to resolve disputes was 43 days. The office secured over R66 million of media space as measured through the Advertising Value Equivalent (AVE).

The most common cases dealt with by the Credit Ombud range from disputes regarding consumers’ incorrect statements of account, emolument attachment orders, prescription of debt, unfair credit bureau listings, fraud cases, and alleged reckless lending cases. The office resolved 57.5% of the disputes in consumers’ favour, signaling that more than half of consumers’ disputes were fully or partially upheld.

- **Credit Information – notice prior to default listing**

The complainant approached the office claiming that the credit provider did not provide the requisite notice prior to listing a default under her credit profile at the credit bureau. The investigation revealed that the notice provided was defective and warranted the removal of the said default listing.

- **Credit information dispute – prescription of debt**

The complainant logged a dispute claiming prescription on a loan account reflecting under his credit profile. The credit agreement was sold to a third party who continued with collection on the outstanding balance. Upon investigation prescription was confirmed and the account closed. This resulted in a write off in the amount of R 6 630.47.

- **Interest – section 103(5) of the National Credit Act 31 of 2005**

The complainant disputed the outstanding balance on the account claiming that the credit provider has been overcharging on interest and fees. Upon investigation it was found that the interest charged was in breach of S103(5) of the National Credit Act 31 of 2005. The account was adjusted accordingly, resulting in a refund to the value of R1 686.62.

- **Credit Insurance**

The complainant's claim for retrenchment cover under his credit agreement was short paid. The complaint was resolved in favor of the consumer by having the full claim paid out, which resulted a further allocation of R12 579.21.

- **Fraud**

The complainant disputed purchases made on the account with the credit provider, claiming that these purchases were fraudulent transactions. Upon investigation fraud was confirmed, and the transactions to the value of R20 983.62 reversed.

- **Cancellation of credit agreement**

The complainant terminated her credit agreement with the credit provider. The account continued to reflect as due and payable on her credit profile at the credit bureau, which prevented her from successfully applying for further credit. The investigation revealed that the account was in fact cancelled and the relevant credit bureaus were requested to update the records accordingly.

As Nelson Mandela said "I have walked that long road to freedom. I have tried not to falter; I have made missteps along the way. But I have discovered the secret that after climbing a great hill, one only finds that there are many more hills to climb. I have taken a moment here to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I have come. But I can only rest for a moment, for with freedom come responsibilities, and I dare not linger, for my long walk is not ended."

The Credit Ombud's long walk has not ended. There are yet many hills that it must climb, and with perseverance and determination we will succeed. These challenging times have proven that we are adaptable, and that we exist for a purpose. We will endeavor to push on and serve the consumer, members and all stakeholders to the best of our ability.

The Credit Ombud continues its service to the public by phone, sms and email. Should a consumer wish to log a dispute, provided the process of allowing the creditor 20 working days to resolve the matter has elapsed, the consumer may do so by calling us on **0861 662 837**; sending a SMS to **44786 (free of charge)**; emailing us at ombud@creditombud.org.za, or via our website complaint form which can be accessed at www.creditombud.org.za. Our service is **FREE**.