



# FREQUENTLY ASKED QUESTIONS

## REMOVAL OF ADVERSE CONSUMER CREDIT INFORMATION AND INFORMATION RELATING TO PAID-UP JUDGMENTS

1.

### What is the removal of adverse consumer credit information and information relating to paid up judgments?

The removal of adverse consumer credit information and information relating to paid up judgments is commonly referred to as the "credit amnesty". It was implemented on 1 April 2014.

This means that from this date, all registered credit bureaus (listed below) will have to remove adverse consumer credit information.

#### The adverse consumer credit information that credit bureaus should remove from 1 April 2014 includes:

- 1) Subjective classifications of consumer behaviour such as: delinquent, default, slow paying, absconded or not contactable;
- 2) The adverse classification of enforcement action, i.e. those that are related to enforcement action taken by credit providers including classifications such as: handed over for collection or recovery, legal action or write off;
- 3) Details and results of disputes lodged by consumers irrespective of the outcome of such disputes; and
- 4) Adverse consumer credit information contained in the payment profile represented by means of any mark, symbol, and sign or in any manner or form.

Paid up judgments, which means civil court judgment debts, including default judgments where the consumer has settled the judgment debt, should also be removed from the credit bureau records from 1 April 2014.

2.

### What are the objectives of removal of adverse consumer credit information and information relating to paid up judgments?

The main purpose of these Regulations is to provide relief to consumers to start on a clean slate and maintain a clean credit record going forward. It allows consumers access to affordable finance and employment.

3.

### What are the responsibilities of a consumer regarding these regulations?

- o Consumers are still liable to pay their debt.
- o This is not an amnesty, it is rather the removal of adverse consumer credit information and information relating to paid up judgments.

4.

### Could you explain how the removal of adverse consumer credit information and information relating to paid up judgments works?

From 01 April 2014, if consumers have adverse credit information on their credit reports, it should not be displayed or provided to credit providers, or any person requesting such information. This includes paid up judgments.

Consumers who have judgments, meaning, civil court judgments, including default judgments where the consumer has NOT settled the judgment debt, can still settle the debt before end of May 2014 so that they can benefit in terms of these Regulations.

5.

### How is this removal of adverse credit information Regulations different from the 2007 data cleansing Regulations?

The 2007 data cleansing Regulations were also to allow consumers to start on a clean slate following the passing of the National Credit Act, 2005 (NCA). It was a once off process. However, it was confusing to many as it had different classes of information and amounts to be removed.

**Below is an example of the 2007 data cleansing (the type of information which needed to be removed):**

*According to the Regulations, the following consumer credit information had to be removed by registered credit bureaus in 2007:*

- *Information such as slow payer, defaulted, absconded or handed over, legal action or write-off in respect of a debt of less than R500;*
- *All consumer credit information relating to accounts, excluding credit facilities and any accounts where there was no contractual requirement for monthly payment to be made, that have been dormant for a period of at least 24 months on 1 September 2006;*
- *Civil court judgment of up to R500 except if a consumer has more than two unpaid judgments;*
- *Civil court judgment of up to R5000 if the judgment is older than 18 months provided the consumer has not more than two unpaid judgments on his or her records;*
- *Civil court judgment of up to R50 000 if the full amount in respect of the judgment was paid by the consumer by 1 September 2006;*
- *Civil court judgment of up to R50 000 reflected on a consumer's records on 1 September 2006 if the full amount in respect of the judgment is paid by 1 September 2007.*

The current Regulations remove all paid up judgments, irrespective of the amount and irrespective of how many judgments a consumer has, as long as they are paid up, they will be removed. It also removes all adverse information, irrespective of whether the debt is paid or not. However, the consumer is still liable to pay for the debt even after the listing is removed at the credit bureaus.

6.

**How is the removal of adverse consumer credit information and information relating to paid up judgments different from the current provisions, as per Regulation 17 of the National Credit Act, which stipulates the length of time credit bureaus may hold and publish credit information?**

Currently, information stays at the credit bureau for certain periods of time called 'retention periods'. Even after the consumer has paid the debt, details of the adverse consumer information and paid up judgments does not get removed from the credit bureau until the retention period lapses.

With the removal of adverse credit information, after the two month period mentioned in the Regulations, credit bureaus must continue removing information relating to paid up judgments within seven (7) days after receiving proof of such payment.

However, the continuous removal of paid up adverse is in the NCA draft amendment bill and it has not been signed into law as yet.

7.

**Can you explain what an "adverse listing" is?**

An adverse listing is one of the negative listings that will show on your credit report. There are adverse classifications of consumer behavior such as (delinquent, default, slow paying, absconded or not contactable) and the adverse classification of enforcement action where the classifications are related to enforcement action taken by the credit provider such as: handed over for collection or recovery, legal action or write off.

Consumers are advised to get a copy of their credit report to know their status. Part of the confusion about these Regulations is that most consumers have never seen a copy of their credit report and they therefore, do not understand when we talk about adverse information on the credit report. Once consumers have seen a copy of their credit reports, they will understand better when we mention which information will remain and which will be removed.

8.

**Which information will not get removed by the removal of adverse consumer credit information and information relating to paid up judgments?**

All other consumer information on the credit report will remain. Examples: credit profile, administration, debt review information etc will remain. Only the information listed under no.1 will be removed.

9.

**What criteria will be used to determine if a consumer qualifies for the removal of adverse consumer credit information and information relating to paid up judgments?**

As long as the consumer has adverse consumer credit information or a paid up judgment(s), it will get removed. Consumers should check if the information was removed by checking their credit reports with the registered credit bureaus. The details of the credit bureaus are at the bottom of the page.

10.

**Will the debt review flag be removed under the adverse consumer credit information and information relating to paid up judgments?**

No, the information will be removed once the consumer gets a clearance certificate from a debt counsellor.

11.

**Does the removal of adverse consumer credit information and information relating to paid up judgments mean that consumers will not be liable for paying off their debts?**

No, consumers are still required to pay off their debt in relation to adverse listings even after they have been removed. Information related to judgments will only be removed once the judgment debt is settled.

12.

**How will the removal of adverse consumer credit information and information relating to paid up judgments help over-indebted consumers?**

If these consumers have information listed in no.1, they will benefit, meaning it will be removed from their credit bureau reports.

However, over-indebted consumers need to communicate their situation with credit providers and negotiate for lower instalments.

If credit providers cannot assist them, then consumers should contact a debt counsellor for assistance.

Consumers should not wait until it is too late.

13.

**After the information has been removed, can the consumer apply for credit?**

Yes, the National Credit Act provides that every person has the right to apply for credit from any credit provider. This right, however, does not prevent the credit provider from turning down the consumer's application. When the application is turned down, a consumer has a right to be provided with reasons.

It has to be noted though that the credit provider will still do an affordability assessment to assess whether the consumer will be able to pay back the credit or not. They will check other things such as the consumer's monthly income, monthly expenses, current debt etc before granting credit.

It is important for consumers not to abuse this process and apply for additional credit that they know they will not be able to pay back. Remember the Government has given you a second chance, use it wisely!

14.

**Will the removal of adverse consumer credit information and information relating to paid up judgments negatively affect a credit provider's ability to accurately assess a consumer's creditworthiness?**

No, the payment profile of a consumer will remain on the consumer's credit bureau record. It will not be removed in terms of these Regulations. It will be available for credit providers to help assess the risk in extending credit to consumers. This is obviously one of the many factors considered by the credit provider before extending credit as mentioned in no.13.

15.

**Where can consumers get a copy of their credit reports?**

Consumers should contact a credit bureau for their copies of their credit reports.

After getting the copies and they find that there is information that they do not agree with, they should lodge a dispute with that credit bureau for assistance. Below are the contact details of all registered credit bureaus:

**A consumer that requires information relating to his or her credit record can contact the credit bureaus below:**

- TransUnion - 0861 482 482
- Experian S.A – 0861 105 665
- Xpert Decisions Systems (XDS) – (011) 645 9100
- Compuscan – 0861 514 131
- Consumer Profile Bureau – 010 590 9505
- CreditWatch (Pty) Ltd - 0861 000 694
- Crosscheck Information Bureau (Pty) Ltd (previously known as MLCB) - 0105 909 505
- Inoxico – 010 001 0540
- LexisNexis Risk Management – 011 245 6500
- Managed Integrity Evaluation (Pty) Ltd - 012 644 4000
- Robertsons International Reports (Pty) Ltd - 011 777 4000
- Tenant Profile Network (Pty) Ltd - 086 187 6000
- Tenant Watch Business Activities (Pty) Ltd - 011 394 6828

**Escalation of matters**

- Credit Ombud – 0861 662 837
- National Credit Regulator – 0860 627 627