

- **What is credit information amnesty?**

Credit information amnesty is a government initiative whereby certain adverse information from the credit records of South African consumers, held by the credit bureaus, is removed.

- **What is credit information amnesty not?**

Credit information amnesty does NOT change anything about loans themselves. Even if you qualify for credit information amnesty, you are still just as responsible for your loans as before.

Credit information amnesty does NOT forgive, pardon or write your debt off. It NEITHER reduces the debt you owe, NOR changes the terms of your loans.

Consumers are reminded that they are still liable for their debt under this new regulation. The regulation requires the removal of adverse information from the credit bureau records and does not mean that the consumer's debt will be erased. The regulations are in no way a debt pardon and consumers are urged to continue servicing all their debt obligations, as they remain liable for any outstanding debts.

- **How does credit information amnesty work?**

The credit bureaus will remove certain adverse information from your credit report.

The 'Removal of Adverse Consumer Information and Information Relating to Paid up Judgements Regulations, 2014' ('the credit information amnesty') was published on the 26 February and is effective 1st April 2014.

- **What adverse information will be removed?**

As per the regulations, credit bureaus are required to remove the following information, held on the database as at 1 April 2014, from their records:

- a) All adverse credit information of consumer behaviour such as "delinquent", "default," and "slowing paying information."
- b) All adverse credit information of enforcement action taken by the credit provider such as "handed over to collections" or "write-off."
- c) All adverse credit information (as defined in a and b above) contained within the payment profile of a consumer.

Credit bureaus are further required to remove all paid up civil judgements where the consumer has settled the capital amount.

- **What is a Default?**

Credit information amnesty applies to two kinds of defaults: behavioural and enforcement.

Behavioural defaults occur when the lender sends a letter of demand to an individual for unpaid debt. They can also occur when the lender is unable to contact the individual.

Enforcement defaults occur when a debt is either written off or handed over to a third-party debt collector.

- **What is a judgement?**

When a consumer falls into arrears with any payments owed, the creditor could issue summons against the consumer, for the recovery of that debt (the capital amount), plus legal costs and interest. If the consumer does not reply to the summons, the creditor may apply to the court for judgement by default. The court could then hand down a judgement, ordering the consumer to pay those amounts.

If the consumer does not pay as ordered, the creditor can ask the court to issue a warrant to attach the consumer's property and sell it in settlement of that amount. If the consumer pays the capital amount back to the creditor, the judgement will be considered "paid up" and all information on the judgement will be removed from the consumer's credit record.

Under the credit information amnesty, all paid up judgements are required to be removed from the credit bureau records on an on-going basis which will give consumers an incentive to pay off their debts. Currently, judgements are removed after five years, or earlier if rescinded by a court. The consumer will no longer need to go through a court process.

- **What is the process in respect of on-going paid up judgements?**

On an ongoing basis, Credit Providers will also be required to submit all information relating to paid up judgements to all registered credit bureaus within seven days of receipt of such payment from the consumer. The credit bureau is required to remove paid up judgements from its systems within seven days of receiving the information from the credit provider.

For paid-up judgements related to non-credit providers, consumers should send their receipt of such payment directly to the credit bureau, who will be required to remove the paid up judgement from its systems within seven days of receiving the information.

If proof of payment on paid up judgements is received by the bureau prior to 1 April 2014, the consumer's credit record will be updated accordingly and as of the 1st April 2014 the paid up judgement will be removed.

- **What about the on-going removal of all paid up adverse information?**

The Amendment Bill provides for the on-going removal of all paid up adverse information as received from credit providers. To date, this Amendment Bill this has not been enacted as yet.

For more information please contact us on 0861 10 56 65.