

Debt Relief Interventions for overly indebted consumers signed into legislation

In an effort to aid overburdened low-income citizens, on 15 August 2019, President Ramaphosa signed the [National Credit Amendment Act, 7 of 2019](#) which brings about debt relief interventions for overly indebted consumers.



Qualifying consumers can extract themselves from over-indebtedness by applying for debt intervention at the [National Credit Regulator \(NCR\)](#). The consumer can then be recorded as being under debt intervention at the credit bureaux (similar to a debt review status flag).

The amendments will also allow eligible consumers to apply for various debt relief interventions, including:

1. restructuring their debt repayment schedule over five years; alternatively suspending repayments for up to 2 years;
2. extinguishing the debt in whole or part or if after two years the consumer is still unable to pay his/her debt; and
3. allowing courts to reduce interest charges.

It is important to note that the amendments to the National Credit Act, do not bring about an automatic write-off of debt. Consumers will also not be able to apply for new credit for the duration of being under debt intervention.

Only qualifying individuals may apply for debt intervention, as per the following criteria:

- The applicant is a natural person who is a consumer under unsecured credit agreements, unsecured short-term credit transactions or unsecured credit facilities and the total unsecured debt is less than R50,000;
- The applicant should receive no monthly salary, or a monthly salary of less than R7,500 (on average for the preceding 6 months);
- They should be over indebted due to a change in personal circumstances; and
- The consumer cannot be sequestered or under administration.

Experian, Compuscan and Scoresharp now offer clients the opportunity to gauge the impact of the published debt intervention measures on their business. We leverage the power of analytics to generate an impact assessment report, with the optional addition of a breakdown of the analysis to an individual customer level. The impact assessment analysis is suitable for books of any size. Having this information is key in making informed decisions on how you will identify required changes to your business strategy.

Should you wish to have an analysis performed on your customer portfolio, please contact us by calling our Customer Call Centre on 0861 experian (39737426) or Email servicedesksouthafrica@experian.com for further information.

