

Tribunal finds the club fee charged by Edcon to be unlawful

The National Consumer Tribunal handed down judgment against Edcon on Tuesday that the club fee charged by Edcon to its credit customers was unlawful and in contravention of the National Credit Act (NCA).



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This followed an investigation by the National Credit Regulator (NCR), which showed that Edcon had charged consumers a club fee on credit agreements. "It is now settled that the charging of a club fee on credit agreements is not permitted by the NCA," Jacqueline Peters, manager of investigations and enforcement at the NCR, said.

In its judgment, the consumer tribunal said that the intention of the NCA was very clear when it related to credit agreements. The NCA does not allow for any other fees or charges or costs to be included in the credit agreement or credit agreement documents, irrespective of the nature of the charge, fee or cost.

"This judgment provides clarity to the retailers that they should observe the closed list of fees and charges provided for in the NCA. Consumers are urged to request the quotation from their credit providers so that they can properly check the cost of credit that is being offered," Peters said.

The NCR will approach Edcon to request an independent audit of its loan book to establish the number of consumers to be refunded and the total amount to be refunded from 2007 to date. A hearing date will be set by the tribunal to hear argument

on the quantum of the administrative fine.

Source: BDpro

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