

Consumers cannot be 'blacklisted' - NCR

The term "blacklisting" or "blacklist" is a term still widely used among South African consumers thereby implying that they have been listed with a bureau when they use this description, says Darrell Beghin, credit information and research manager at the National Credit Regulator (NCR).

Beghin's comments come when many consumers are surprisingly still in the dark that the term 'blacklisting' has been discarded from South African credit industry's vocabulary. The term arose in the times when credit bureaus only held negative or default data about consumers and nothing about their positive payment behaviours was shared by credit providers through credit bureaus.

Now credit bureaus hold both positive and negative data. This is evident from the June 2011 Credit Bureau Monitor which shows that out of the 18,84 million credit active consumers, 53,3% consumers are in good standing and 46,7% have impaired records. These are consumers who are classified as three or more months in arrears, have an adverse listing, reflect a judgement or an administration order.

It has proved immensely beneficial in predicting the future behaviour of consumers to have both the negative or default behaviour considered with the positive payment actions of consumers in determining credit worthiness and possible future payment performance. Hence credit providers will still continue to load default information or details of enforcement actions to credit bureaus.

Payment profile does not determine access to credit

To use the term 'blacklisting' for this sharing of information creates an incorrect perception as most of the data held at bureaus is positive and the overall combined effect of default and payment information makes the informed extension of credit very possible. This is to the advantage of consumers. "To have your name appearing on the credit bureau, neither means that you have a bad credit profile nor does it mean that you will never be able to have access to credit again. It simply means that you have an account with a particular credit or service provider who makes use of credit bureau services, irrespective of how the account is conducted. The information of how you do or do not pay your accounts forms the payment profile portion of your credit record and this on its own will also not determine your access to credit," says Beghin.

She says the credit bureaus load the information and display a history of the account for a period of two years, the payment history may be stored for up to a period of five years as prescribed by regulation 17 of the National Credit Act (NCA).

"A poor credit profile that contains default data, shows non-payment or habitual late payments of accounts typically makes

it difficult for a credit provider to justify the approval of a loan. Whereas a healthy credit profile shows the credit provider that the applicant has a history of honouring other agreements and is most probably willing to meet a further commitment," adds Beghin.

Credit bureaus don't approve or deny

She says it's not the responsibility of credit bureaus to make decisions to approve or turn down credit applications. "Credit bureaus make the data available to credit providers to assist them when deciding to grant credit. Each credit provider grants credit based on its own set of policies which will be influenced by the type of credit, target market and appetite for risk," she says.

The account payment information section (typically referred to as your payment profile) is part of the credit profile that the credit bureau maintains and makes available to its subscribers when they request a credit report. "Remember that your consent as a consumer should be given where the NCA specifies consumer consent. Consumer consent should be sought when considering a candidate for employment in a position that requires trust and honesty and entails the handling of cash or finances, setting a limit in respect of the supply of goods, services or utilities and verifying educational qualifications and employment," advises Beghin.

Consumers have the right to one free credit report a year per credit bureau, thereafter the report is charged at a nominal fee of not more than R25,00 including VAT. "You further have the right to challenge any information listed on your credit profile that is deemed inaccurate," says Beghin.

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