

TFG to fight back over club charges

Clothing retailer The Foschini Group (TFG) is the latest of a number of retailers to [come under the spotlight](#) of the National Credit Regulator (NCR) for allegedly charging a club fee on its credit agreements with the group having been referred to the National Consumer Tribunal.



Image credit: Sunday Times

This follows a systematic probe by the regulator into the club charges imposed by retailers, which led to Edcon, [Mr Price](#) and Lewis Stores being referred to the tribunal. The NCR has also taken action against the sale of credit insurance to certain consumers by furniture retailers such as [Lewis Stores](#) and JD Group and food retailer Shoprite.

TFG said the regulator's finding was incorrect and it would oppose its referral to the tribunal on the grounds that its club offerings were allowed by the National Credit Act.

"The National Credit Act does not limit which products retailers may sell to its customers on their credit accounts. This was also recently confirmed by the National Consumer Tribunal in the Lewis case."



Lewis shares rally as tribunal rules in its favour on club fees

6 Jun 2017



TFG said its club products were optional fashion, beauty and lifestyle publications, which included a number of bundled benefits such as credit life insurance, death insurance, bursaries and competitions.

"Club products can be subscribed to at application stage or later via telemarketing. These subscriptions can be cancelled by customers at any time, without penalty."

The NCR, however, said the charges for TFG's Club and Superclub subscriptions were illegal in terms of the act and it asked the tribunal to order the group to refund the affected consumers the club fees charged; to conduct an independent audit into its loan book to determine the number of consumers to be refunded; to interdict TFG from charging consumers a club fee on credit agreements; and to impose an appropriate administrative fine on TFG.

NCR manager for investigations and enforcement Jacqueline Peters said the regulator would continue to conduct industrywide investigations on the cost of credit "to root out illegal charges and fees that consumers are charged".

NCR spokeswoman Lebogang Selibi said that "any fee, charge or interest charged by a credit provider that is not specifically provided for or that is exceeding the prescribed amount allowed, is in contravention of the act and therefore a prohibited charge".

"The fee/charge must not form part of the credit agreement or credit process, otherwise it is prohibited. If any of the retailers want to sell a club membership product that has to be done in complete independence from the credit process and agreement," Selibi said.

The tribunal's rulings in previous cases have clarified that the issue at stake is whether the club fees form part of the credit agreement or are charged separately.

In June the tribunal gave the club fees charged by Lewis Stores the green light on the grounds that these were accounted for separately from the credit agreements and were a charge for a separate service. The regulator is appealing against the Lewis Stores ruling.

The tribunal ruled against Edcon in May finding that its club and membership fees were part and parcel of the process of applying for a store card.



Tribunal finds the club fee charged by Edcon to be unlawful

3 May 2017



Source: *Business Day*

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