

Screws tighten with NCA Bill

The National Credit Amendment Bill, approved by the National Council of Provinces (NCOP), will see the screws tightened on reckless lending.



The NCOP bill, which also seeks to provide uniformity in the application of affordability assessment regulation, was passed on Wednesday.

The bill will further benefit consumers in that there will be compulsory regulations for affordability tests which will curb reckless lending. It will also make it an offence to charge interest rates and other costs of credit in the manner that exceeds the limit as is set in the law.

Department of Trade and Industry (dti) Minister Rob Davies will in consultation with the Minister of Finance Pravin Gordhan issue regulations to curb the high cost of credit insurance.

The bill also provides for an automatic removal of adverse listing.

"This means consumers will not have to go to court to remove the adverse listing against their names. It is an obligation of the government to protect vulnerable consumers against unscrupulous practices," the minister said on Wednesday.

The Minister said the bill would through proper affordability test prevent consumers from falling into a debt cycle that they currently find themselves in.

According to the bill, all lenders irrespective of size will have to register with the National Credit Regulator (NCR). This will enable government to identify illegal providers that keep holding consumers Identification Documents, and bank cards among others and charge high interest on credit.

As from April, the Government Gazette Notice No. 37386, Regulations for the Removal of Adverse Credit Information and

Information Relating to Paid-up Judgments will come into effect.

The notice includes regulations to remove adverse consumer credit information (such as adverse classifications of 'handed over' or 'written off') and information relating to paid-up judgments (such as default judgments where the consumer has settled the capital amount under the judgments).

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