



Proposed Process for End Balance Differences

INTRODUCTION

There is currently uncertainty in the credit industry regarding the process to be applied to resolve the end balance differences.

The National Credit Regulator ("the NCR") therefore publishes a proposed process developed by the Credit Industry Forum (CIF) aimed at addressing this problem. Due to the technical nature of the problem, this proposed process is not a final solution. It should be consistently applied and challenges identified reported to the NCR for referral to CIF.

A CIF subcommittee will review any reported issues to ultimately arrive at a final solution to the problem. To achieve this objective, your utmost cooperation is highly required.

PREMISE:

- » Consumers remain responsible for the original contractual terms until such time as a final consent is signed or a court order is granted, whichever occurs first.
- » The application and interpretation of section 103 (5) of the National Credit Act ("the Act") is held in abeyance pending urgent guidelines by the NCR.
- » Credit providers must update their systems as at date of acceptance of final proposal or at date of court order (where there was no acceptance), whichever occurs first.
- » This agreement will be regarded as a working document, with regular changes being made as the industry continues to unpack the process.

THE PROCESS

- » On the 1st February 2015 accounts will be extracted that, according to system providers, are due to be paid up by the 30th April 2015
- » Debt counsellors shall request updated COB's from credit providers, utilising the process for standardised end-balance communication contained in Annexure "A" hereto.

- » The updated COB's must be provided by credit providers within 10 working days of receipt of request.
- » If the discrepancies between the credit providers and debt counsellors/ PDA balances are less than the sum of 3 months instalments, consumers will continue to pay these in accordance with the final proposal/court order until the balances, as reflected on the credit provider's statement, are paid in full.
- » If the discrepancies are greater than the sum of 3 months instalments, these accounts must be flagged as exceptions and dealt with as per the reconciliation procedure detailed below.

THE RECONCILIATION PROCEDURE

- » Debt counsellors must investigate their balances fully before sending exception reports through to credit providers.
- » On receipt of exception reports, credit providers must interrogate their balances fully to ensure the accounts were correctly re-structured. In this regard reference is made, but not limited to, the date of re-structure, interest rates, fees, charges and payments received.
- » Credit providers must respond to these exception reports within 30 working days, further providing debt counsellors with detailed statements of account.
- » Concessions will be sought by both parties in resolving issues, with a degree of tolerance being required to reach consensus.
- » In the event that, notwithstanding bona fide negotiations, the parties cannot come to an agreement, debt counsellors may refer the matters to the NCR for consideration.

For further information or clarification, please contact Nomsa Mavundla at nmavundla@ncr.org.za

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