



# INCLUSION OF INITIATION FEES IN THE DEFERRED AMOUNT

## **CIRCULAR NO. 15 OF 2016 – INCLUSION OF INITIATION FEES IN THE DEFERRED AMOUNT**

It has come to the attention of the National Credit Regulator that some credit providers include initiation fees in the deferred amount of unsecured and short-term loans and levy interest on the deferred amount inclusive of the initiation fees.

In terms of Section 102 of the National Credit Act, an initiation fee may be included in the principal debt deferred under an instalment agreement, a mortgage agreement, a secured loan or a lease.

Where the consumer is unable to pay an initiation fee upfront on an unsecured or short-term loan, the credit provider must reflect the initiation fee separately on the credit agreement and not charge interest on the initiation fee.

All queries and requests should be addressed to Ms Nthupang Magolego at [nmagolego@ncr.org.za](mailto:nmagolego@ncr.org.za)

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