



EMPLOYED DEBT COUNSELLORS

CIRCULAR 19 OF 2016: EMPLOYED DEBT COUNSELLORS

The purpose of this circular is to communicate the National Credit Regulator's (NCR's) position regarding Debt Counsellors (DCs) who are employed by companies owned by persons who are not registered with the NCR as debt counsellors.

The NCR has noted with grave concern the growing trend and practice whereby DCs enter into employment contracts with companies owned by persons who are not registered with the NCR. In the employment contract DCs consent to having the consumers transferred to the company in the event they leave the company. When the DC for various reasons leaves the employ of the company, disputes usually arise regarding the rightful ownership of the consumers and as a result consumers are adversely affected.

Some DCs allow these companies to run their debt counselling processes and operations in contravention of the National Credit Act (NCA) and their conditions of registration in favour of salaries by these companies. Others opt to pay these companies a portion of their restructuring and aftercare fees.

The NCR draws your attention to the fact that DCs are registered in their personal capacities as natural persons and as a result are accountable for all consumers loaded using their NCR registration number and not that of the company. Any employment contract entered into specifying that consumers are the "property" of the company is wrong and unlawful.

DCs are given a stern warning to refrain from this practice with immediate effect and to ensure that business decisions taken are aligned with the NCA and conditions of registration. If this practice persists, the NCR will not hesitate to take appropriate action.

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