

MEDIA RELEASE

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Be careful of “fake” credit provider scams during the covid-19 pandemic

The National Credit Regulator (NCR) is warning consumers to be careful of scammers who act as legitimate credit providers preying on vulnerable consumers during this period of COVID-19 pandemic. The impact of this pandemic has unfortunately left many consumers desperate for money and some having to resort to borrowing. On the other hand, criminals have seen the opportunity to exploit the desperate and vulnerable by posing as legitimate registered credit providers and offering loans with a condition of an “upfront payment”, says Nomsa Motshegare, CEO of the NCR.

“The NCR has during this period, been receiving queries from consumers about unregistered companies posing as registered credit providers offering them loans via SMS and email”, says Motshegare. These scammers use the registration details of lawfully registered credit providers, inform consumers that the loan is approved and before the loan is paid out, they demand an “upfront payment” from the consumers. Once consumers pay this upfront payment, the scammers will disappear with no trace and no loan will be paid out to the consumer.

According to the National Credit Act (NCA), an “upfront payment” for a loan is unlawful and not allowed, consumers are warned not to fall for this scam and never pay any upfront fee for a loan. Those who have fallen victim to this scam and have paid upfront fees should open criminal cases at their nearest South African Police Service (SAPS), advises Motshegare.

Everyone giving out credit, must be registered with the NCR and apply the rules in the NCA. All registered credit providers' details are listed on the NCR's website (www.ncr.org.za) and consumers are encouraged to check before doing business with anyone offering credit, concludes Motshegare.

Ends

About The National Credit Regulator

The National Credit Regulator (NCR) was established in terms of the National Credit Act 34 of 2005 (NCA) and is responsible for the regulation of the South African credit industry. The NCR is mandated with the registration of Credit Providers, Credit Bureaus, Debt Counsellors, Payment Distribution Agents, and Alternative Dispute Resolution Agents; and monitoring their conduct in compliance with the National Credit Act as amended. The National Credit Regulator offers education and protection to consumers of credit in promotion of a South African credit market that is fair, transparent, accessible and dynamic.

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