

National Credit Regulator to appeal Tribunal judgment in favour of Lewis Stores (Pty) Ltd

The National Credit Regulator (NCR) is appealing the judgment issued by the National Consumer Tribunal (Tribunal) dismissing the NCR's referral against Lewis Stores. The referral related to Lewis Stores offering consumers extended warranties that run concurrently with manufacturers' warranties and the charging of a club fee reflected in consumers' statements of account.

The club fee is reflected in consumers' statements of account issued by Lewis Stores to its credit customers. In a majority judgment, the Tribunal found that this referral is distinguishable from the Edcon referral in that the club fee formed part of the credit agreement in the Edcon referral. It was an integral part of the credit agreement process. In the Lewis referral, the majority judgment found that there was a separate contract for joining the club and a separate fee charged for club membership.

In the referral, the NCR also challenged the extended warranties offered to consumers in that they ran concurrently with manufacturers warranties. This was because some warranty agreements had no duration dates or their duration dates were the same as those on the credit agreements. The majority judgment found that these are not a contravention of the National Credit Act (the Act).

In a minority judgment, the Tribunal found that the club fees and extended warranties offered by Lewis Stores contravened the Act.

The NCR is appealing the judgment.

The NCR does not support the credit retailers' conduct of charging consumers a club fee on credit agreements or under any supplementary agreements or documents. This fee increases the consumers' cost of credit.

ENDS

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