



ANNUAL REPORT 2016

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# CREDIT CONFLICT RESOLUTION

*...and all that jazz*



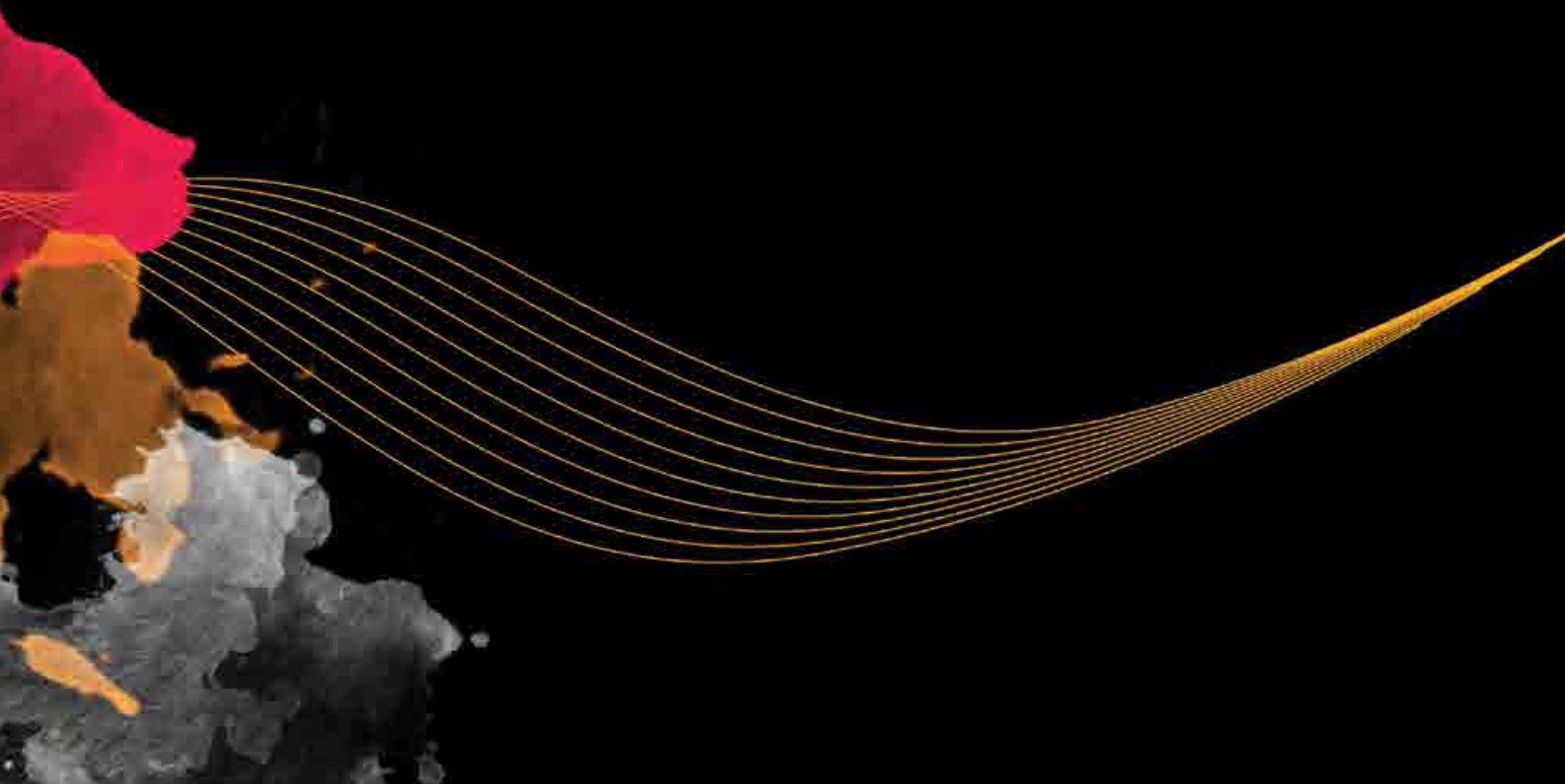
***“I think it is incumbent on  
all human beings to oppose  
injustice in every form.”***

Hugh Masekela



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# FINDING CREATIVE INSPIRATION

*for the harmonious resolution  
of credit conflict*

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A ripple of anticipation washes through the crowd as the first notes flutter into the darkness. There is a brief pause before a steady rhythm is laid down, the stage lights up and the crowd welcomes the star act in the jazz festival with a burst of applause.

An approving murmur greets the introduction of the melody line. It's a number everyone knows well, yet they've never heard it quite like this before. But that's why they're here: in

every way, this is a performance not to be repeated. This is their music. This is jazz.

One by one the members of the ensemble explore their melody, probing, building, improvising until the night sky is filled with pulsing, throbbing sound that has the crowd swaying and roaring their approval. This is their music, and they know their music. This is jazz.

As the evening reaches its climax, the performance embodies all the elements

that inspired us to select jazz as the theme for this annual report: creativity, teamwork, improvisation, harmony, and ultimately, beauty in execution.

At the Office of the Credit Ombud we lay on a bravura performance in search of credit conflict resolution. Utilising the talent and skills of a select team, we approach each case as a unique challenge to be solved with expertise, creativity and dedication.

**The great performers of jazz are our inspiration.  
Perfect harmony is our passion.**



## **MISSION STATEMENT**

*The Office of the Credit Ombud will:*

Effectively resolve disputes between members of the credit industry and credit receivers (consumers and businesses) with regard to credit and credit information matters.

Act as an educator of the public in matters pertaining to the credit industry.

At all times act honestly, independently and fairly; balancing the rights of all parties.

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## **VALUES**

*for the Office of the Credit Ombud*

### **Fair**

We will act in the best interests of all parties, taking both sides into consideration and considering the merits of each case carefully.

### **Independent**

We will not take sides and will remain impartial at all times. No individual or organisation will be in a position to unduly influence us.

### **Honest**

We will deal openly with any issue brought before us, asking the relevant questions and communicating clearly and transparently.

***“Jazz music has always made powerful statements about freedom, creativity & personal identity.”***

DC DowDell

# CHAIRPERSON'S REPORT

## *Tefo Raditapole*

CHAIRPERSON

***“I do not sing politics. I merely sing the truth.”***

Miriam Makeba

It is my privilege to address you as the Chairperson of the Credit Ombud Council. A sincere thank you to my fellow council members who again placed their trust in me to serve as Chair for another year.

In his 2014 report, Michael Lawrence, my predecessor, introduced his report by quoting words in a poem written by Sindi Dingana, a teenager. It was a message about courage and hope. Rosita Mabuingo was born on a treetop after her mother had hung on for four days. A cloth was dangled under her mother to ensure that the baby did not fall into the raging muddy flood. The family was rescued from these treetops by brave members of the South African National Defence Force, who winched them up into a helicopter hovering above the swirling waters. Rosita turned 16 in the year under review. In an interview she stated that her birth was normal, but different. The resilience demonstrated by the Office of the Credit Ombud in the face of an uncertain, and sometimes hostile, regulatory environment has been exemplary. Like Rosita, the Office has soldiered on. Our employees did not abandon ship for greener pastures. They have continued to render a service anyone could be proud of. For this reason, I proudly dedicate this report to each and every staff member in the Office.

This year we're taking our inspiration from music, and in particular the music of the people, Jazz. In the words of Max Roach: "Jazz is a very democratic musical form. It comes out of a communal experience. We take our respective instruments and collectively create a thing of beauty." In this report we hope to show how we combine our talents at the Office of the Credit Ombud to turn the resolution of credit conflict into an art.

First, I need to thank my fellow council members for their hard work, contribution and commitment to serving the interests of this organisation to the best of their abilities. Council and committee meetings are well attended and I personally enjoy the active participation and consensual outcomes that are achieved. It is a pleasure to work with all of you.

To the Ombud, Nicky Lala Mohan, congratulations and well done on a successful and fruitful year. We appreciate the hard work that went into the presentations to parliament on the impact of the Financial Sector Regulation Bill on the Ombuds landscape. This also applies to the numerous meetings with National Treasury to ensure that the legislature understands our unique type of work and the legislation is crafted in such a way as to ensure the continued



existence and growth of the Ombuds offices. In addition, Nicky made his mark in the media and at numerous conferences to address audiences on a range of topics and to inform the general public about the work of the Credit Ombud. As we all know, no person is an island. The deputy Ombud's contribution to the success of the office cannot go unmentioned. A big thank you to Reana Steyn.

To the Credit Ombud staff, a hearty thank you for your dedication in upholding the fairness and independence in resolving consumer disputes. The reputation of the office is beyond reproach and in fact, council members often hear very complimentary remarks about the work of the Credit Ombud. This makes us proud to be associated with this organisation.

To our stakeholders, and more specifically our members, in these tough economic times it is particularly encouraging to report that there was a

positive trend in the continued support for our office. Our sincere gratitude goes to you all.

I am proud to serve an organisation where the dedication and professionalism of the case managers in dealing with consumers and industry members have always been a priority. The second leg of our mission statement is, however, not neglected and I am equally proud of the efforts of the staff to make financial education and awareness for consumers a reality. The figures reported in this document, such as the calls and enquiries dealt with, the amounts saved for consumers and the number of workshops and training sessions, bear out my sentiments.

The year ahead will no doubt present us with many challenges, from changes in the legislative landscape which may affect the way we operate to the financial pressures experienced by so many fellow South Africans. I have full confidence that Nicky and his team will

face any challenge head-on with the same commitment and resilience that they have demonstrated over many years, and that they will continue to grow in strength despite, and because of, these challenges. The stability brought about by the reinstatement of Minister Pravin Gordhan has provided some respite to consumers and our members. This has no doubt reduced the pressure on the office with regard to complaints, real or imagined, by consumers. We are holding our breaths to see where this journey takes us.

To conclude, I confirm that the Office of the Credit Ombud complies with all the statutory and regulatory obligations. I confirm further that Council ensures the required monitoring in respect of compliance with all statutory requirements.

With warm regards,

**Tefo Raditapole**  
*Chairperson*



# CREDIT OMBUD COUNCIL

## Credit Industry

**DARRELL BEGHIN**

*South African Credit & Risk  
Reporting Association*

**RUDOLPH  
WILLEMSE**

*Large Non-bank Lender  
Association*

**HARRY GREENE**

*Banking Association*

**HENNIE FERREIRA**

*Micro Finance SA*

**MIKE BROOKS**

*Consumer Goods Council*

**MICHAEL LAWRENCE**

*National Clothing Retail Federation*

**JEANNINE NAUDÉ**

**VILJOEN**

*Credit Bureau Association*





## Independent Members

**TEFO  
RADITAPOLE**  
*Chairperson*

**THULI ZUNGU**

**SIVA NAIDOO**

**HASSEN LORGAT**

**PATRICIA  
MCCRACKEN**

## Consumer bodies

**LILLIBETH MOOLMAN**  
*South African National Consumer Union*

**LAURA KGANYAGO**  
*Women's National Coalition*

**THANDIWE ZULU**  
*Black Sash -  
Deputy Chairperson*



# REPORT OF THE CREDIT OMBUD

## *Nicky Lala Mohan*

CREDIT OMBUD

George Gershwin once said: "Life is a lot like Jazz ... it's best when you improvise". Having settled into my role as Credit Ombud, my focus for the 2016 year was largely on improvisation. I used improvisation to improve our productivity - how we do things better, more efficiently and more effectively.

Pivotal to embracing efficiency, I introduced an office motto, called "Ask Once". The idea is self-explanatory: to follow through on instructions with one request. Whilst it started as an internal office motto, the concept is intended to permeate to our other stakeholders as well - consumers 'Ask Once' and get assisted, and so on.

In order to continuously improve our services, it was and still is important to manage the mutual expectations of our main stakeholders, credit providers and consumers. As a result, I undertook 9 member visits throughout the country. Apart from strengthening the relationships, the insight gained from those member visits helped and continues to help improve our services. In addition, we gain tremendous insight from regularly conducting post-case customer satisfaction surveys. I am glad to report that we scored 83% in the satisfaction survey, and 86% of consumers stated that they would refer other consumers to our office.

During 2016, complaints and general enquiries increased by 16,5% to 14 343.

There was, however, a decline in actual disputes opened, which reduced the number by 8,8% to 4 123. The factors which attributed to the decline were largely:

- the tighter regulatory framework in the form of the National Credit Amendment Act and its Affordability Assessment Regulations;
- the positive effect of Project Evolution undertaken by South African Credit & Risk Reporting Association (SACRRA) which has now resulted in credit providers listing accurate information on the credit bureaux, resulting in fewer errors and generating fewer complaints; and
- credit providers becoming keener to resolve a consumer's dispute before it reaches our office. Consequently, many have set up dedicated customer complaints departments.

The lack of consumer awareness of the existence of our office continues to be a challenge. Nonetheless, we continue to actively promote our offices and extend our reach, despite the limited resources at our disposal.

Community outreach is very important and in 2016 much was done in this regard. Some of the highlights include visits to Malamulele - Giyane, Alexandra Shopping Centre - Alexandra, Kwanyamazane and Kamaqhekeza Shopping Centres in Nelspruit - Mpumalanga, Thaba Nchu and

Botshabelo – Free State, and Machado and Thohoyandou – Venda, where we reached out to taxi owners and their drivers associations.

In addition to the community outreach, we conducted 101 workshops attended by some 18 000 consumers nationally.

Our unique Double Impact training was designed as a result of the call from the Financial Services Board and National Treasury where they rightfully placed consumer education on the national agenda in 2010 and proposed a National Strategy for Financial Literacy. This resulted in a call for a joint effort by industry bodies, the private sector and the newly formed National Industry Steering Committee (NISC) to address consumer credit skills relating to:

- Budgeting (financial control)
- Financial planning
- Decision-making (financial product choice) and
- Understanding the cost and risk of credit.

Our office has conducted 48 sessions of Double Impact training across the country, reaching 1 006 of our members/ stakeholder employees. The format of the Double Impact training includes conducting pre-workshop surveys where delegates are tested in four competency categories which are in line with the National Financial Literacy Consumer Education Strategy.

We are hoping that the provision of the Financial Sector Regulation Bill, currently before the National Council of Provinces (NCOP), which requires all members of an industry ombud scheme to inform financial customers, which include credit customers, about a relevant ombud scheme and how to contact and complain to the scheme, will assist in spreading the word of our office. Notably, our efforts at trying to spread the word about our office earned us approximately R26 million in media equivalent advertising value (AVE). This was up 39,3% from the previous year.

We are once again proud to report that in 2016 we saved consumers an amount of R10,6 million, up 40% from the previous year.

I have previously reported on the impact of the Financial Sector Regulation Bill. We are pleased that last year the National Assembly approved the Bill. Currently it is going through the parliamentary process in the NCOP and it is hoped to be in full force and effect by 1 July 2017. The enactment of the Financial Sector Regulation Act will bring many changes to bear on the manner in which ombud schemes operate and I am confident that these changes will be for the better.

Gratitudes are plenty and there are many stakeholders to thank. We are extremely grateful to our members who

fund our office and continue to ensure our existence and the value proposition that although economic conditions remain tough, it is also in these times that vulnerable consumers need to be protected and have a place where their voices can be heard.

Thank you to the Credit Ombud Council, skilfully chaired by Tefo Raditapole, and our regulatory stakeholders in government for always being available to lend an ear and work together in resolving any issues as they arise.

Thank you to all the staff of the Credit Ombud, as well as the Deputy Ombud, Reana Steyn, for their dedication and commitment. Without them, none of what we have achieved would have been possible.

In conclusion, let us take inspiration from the wise words of Louis Armstrong:

***“If I don’t practice for a day, I know it, if I don’t practice for two days, the critics know it. And if I don’t practice for three days, the public knows it”.***



**NICKY LALA MOHAN**

*Credit Ombudsman*

**MAGDA VAN BILJON**

*Operations Manager*

**REANA STEYN**

*Deputy Ombud*

**AVITHA NOFAL**

*Legal Advisor /  
Call Centre Manager*

**SADHIA KHAN**

*Legal Advisor*

**FUNDISWA  
GWANTSHU**

*Call Centre Agent*

**JACOB SEFURE**

*Receptionist*

**AGNES MARUTHA**

*Office Assistant*

**THULI  
PHAKATHI**

*Public Relations Assistant*

**SAROJINI BABULAL**

*Legal Advisor*

**BETS NOORDMAN**

*Financial Officer*

**BERNADINE NAIDOO**

*Case Manager*

**ANTHONY  
KGAFE**

*Case Manager*

**LUCY MOKHWEBA**

*Call Centre Agent*

**KABELO  
TUME**

*PA to Credit Ombudsman  
and Deputy Ombud*

**DAISY  
GUNTERT**

*Call Centre Agent*

**SIYABONGA  
MAKHATHINI**

*Training Co-ordinator*

**LEE SOOBRAITHI**

*Legal Advisor*

**SALEM NOLUBABALO  
DYAFTA**

*Public Relations Manager*



# KEY FIGURES AT A GLANCE

14 343



COMPLAINTS  
AND ENQUIRIES  
*16,5% increase*

32 095



CALLS RECEIVED  
AT CALL CENTRE  
*32,3% increase*

4 123



DISPUTES OPENED  
*8,8% decrease*

R10 655 634.42



AMOUNT OF MONEY  
SAVED FOR CONSUMERS  
*40,2% increase*

101 Workshops

48 Double Impact



NUMBER OF  
WORKSHOPS

R26 559 507.00



MEDIA EQUIVALENT  
ADVERTISING VALUE  
*39,3% increase*

83% Satisfaction  
survey

86% Referral



CONSUMER



*“Jazz music has always been a place where anything is possible.”*

Bill Evans

**4 422**



**DISPUTES CLOSED**  
12,8% decrease

**52,47**



**AVERAGE DAYS TO  
RESOLVE DISPUTES**  
9,5% increase

**116 185**



**DISPUTES RECEIVED  
BY CREDIT BUREAUX**  
10,5% increase

**R3 288**

**COST PER  
DISPUTE**

**R13,6m**

**TOTAL EXPENSES  
FOR THE YEAR**

**69,4%**

**PERCENTAGE OF DISPUTES  
RESOLVED IN FAVOUR OF  
CONSUMERS**



# CASE MANAGEMENT

## *Reana Steyn*

DEPUTY OMBUD

**“Music to me is like breathing. I don’t get tired of breathing, I don’t get tired of music.”**

Ray Charles



It is a great coincidence that in the recent Hollywood blockbuster *La La Land*, the main character is a talented musician, a piano player, and he is incredibly passionate about jazz music. We chose the theme of “jazz” for this year’s annual report unaware of the movie. Another coincidence is that the piano is also my favourite instrument. And the third similarity between the characters in the film and the dispute resolution work of the Credit Ombud is the shared passion for our craft. We are proud to say that the case managers and legal advisors dealing with the disputes at the Credit Ombud are dedicated to delivering good quality work with the necessary fairness, expertise, empathy and passion. Their commitment is recognised in the industry and we often receive compliments from member organisations and consumers alike. In many instances the consumers whose lives are touched by our efforts, write to us to thank us for the work we do and more importantly, for the way in which we do it.

2016 was a successful year for the case management department. We were fortunately not directly affected by the uncertainty and even litigation which had an impact on some of our members and other industry organisations. Our successes are, on the one hand, the continued personal and professional growth of the individuals in this department, who are respected by their peers. On the other hand, there

are all those consumers whom we have assisted and many who have benefitted financially through our intervention. We are understandably very proud of the amount of R10 655 635 we saved for consumers. This represents amounts paid back to consumers by way of refunds, amounts with which their accounts were adjusted or amounts that the credit providers wrote off and agreed not to recover from the consumers.

The complaints process at our office starts most often with a telephone call to our call centre, where the experienced call centre agents will assist consumers to log a complaint telephonically and with the least possible red tape. We received a total of 32 095 calls in 2016, an increase of 32,3% as compared to 2015.

The other point of entry is the new SMS line that the Ombud established in 2015, with a short number so that consumers can send a simple SMS. Our call centre agents then call the consumers to discuss how our office can assist. This benefits those consumers who do not have airtime and cannot afford to spend a long time on their cellphones to try and explain to us what the issue is. Our office pays for the call. We received 4 866 SMSs in 2016 that were dealt with by our call centre.

Whenever we assist a consumer via email or telephone without logging a complaint, we record the interaction as a general enquiry. For example, in

many instances we advise consumers on how to first obtain a credit report and then follow the credit bureau dispute process. Such a matter cannot be logged as a complaint, but we will log a general enquiry. In 2016 we logged a total of 14 343 complaints and general enquiries, an increase of 16,5% compared to the previous year.

We opened a total of 4 123 disputes, 8,8% less than the previous year. For the same period we closed 4 422 disputes, 12,8% less than in 2015.

As in previous years, the types of complaints again related to statements of account matters, credit bureau information not being updated or complete, and emolument attachment order complaints. We found in favour of consumers in 69,42% of the cases – which meant that our investigation revealed something that was not correct with regard to the credit agreement or the credit bureau listing. We thank our members' staff for the excellent working relationships and mutual respect that we have built over the past seven years, which enables us to do our work. Without your co-operation we would not be able to provide the service to your clients that we do – in the interest of a better credit industry and a financially active society.

## **CASE STUDIES**

### **A. Prescription of debt**

The consumer's complaint was that he had 2 emolument attachment orders (" EAOs") which he wanted us

to investigate, to assess the charges and interest levied. One EAO was implemented by the member credit provider and the other by a firm of attorneys. Both EAOs were found to be in order. The consumer consented to the judgements and the EAOs. During the course of the investigation the credit provider advised that the consumer had another outstanding account. When we assessed the documentation for this account, it became evident no payments had been made towards this account since 2012 and no legal action taken. The credit provider agreed to treat the account as prescribed. As a result the account was written off and a paid-up letter issued. The amount involved was R60 765.

### **B. Credit information dispute – disputed terms of contract**

The consumer was granted a credit card account in March 2013 and his credit profile with the credit bureaus reflected that he was in arrears. The consumer's complaint was that the credit provider's consultant had telephonically advised that there would be no interest charges for a period of 55 days from date of purchase. The credit provider initially refuted these allegations. However, upon in-depth investigations by our office, evidence was found that the agent had in fact informed the consumer as claimed. As a result, the credit provider took a decision to write off the outstanding balance and update the consumer's credit profile accordingly to paid-up and closed,

clearing the payment history. The amount in dispute was R20 305.

### **C. Credit information dispute – listing due to fraud**

The consumer contacted our office after following the credit bureau dispute process, to no avail. He alleged that the furniture account listed on his profile had been fraudulently opened using his details. Upon investigation, evidence was found that the account was in fact fraudulent and the member agreed to instruct the credit bureaus to remove the account from the consumer's credit profile. The account had been handed over to a debt collection agency for collection and as a result there was not one, but two payment profiles reflecting on the credit bureau – one for the credit provider and another for the debt collector – amounting to a total of R63 386. Both these payment profiles were removed from the consumer's credit profile and the account terminated. The amount in dispute that the consumer did not have to pay was R63 386.

### **D. Emolument Attachment Order – refund of overpayment**

The consumer lodged a complaint disputing the interest and charges on an EAO which he was paying on a monthly basis. Upon investigating the matter, our office found that the interest and charges had been correctly calculated and levied. However, two further deductions had been made after the account was already



paid up. Through our intervention, the consumer was assisted by the member, who furnished him with an EAO instruction letter to hand over to his employer, to cease deductions immediately. The overpayment of R665.00 was refunded to the consumer.

### **E. Prescription of debt and contractual dispute**

During 2013 the consumer entered into a loan with a credit provider for a sum of R10 000. She only received payment of R7 000. Shortly thereafter she contacted the credit provider to query why she had not received the full amount of the loan, but her query was not dealt with at all. The consumer did not make any payments, as she was of the view that the dispute over the amount of the loan was still unresolved. By the time she contacted our office, she raised the defence of prescription with the credit provider and she also complained that she had been listed as a bad payer with the credit bureau. The consumer requested our assistance in resolving the issue around the prescription of the account and the removal of the listing.

The credit provider disputed the prescription claim and advised the consumer had acknowledged the debt telephonically. The credit provider also averred that the consumer raised the defence of prescription prematurely with their call centre, just before referring her complaint to our office, and that this was a further interruption of prescription.

We requested call recordings from the credit provider, as the alleged acknowledgement was in dispute. However, these were not forthcoming. We escalated the matter to senior management and presented legal arguments and prescription case law in support of the argument that the claim had prescribed. As a result of these actions, the credit provider agreed with

our legal arguments and confirmed that they had made a decision to withdraw the claim and close their file. The outstanding balance of R20 020 was written off the consumer's account.

The credit provider also duly instructed the credit bureau to update the consumer's credit profile accordingly.

### **F. Credit bureau listing – contractual liability for spouse's debt**

The consumer, Mr X, was the main member of a medical aid scheme. His wife, Mrs X, was a patient of Dr L, while he was not. Mr X complained that he had been listed for a debt incurred by his wife, which he had not consented to. The consumer's desired outcome was for the listing to be removed from his credit profile. The consumer had followed the required process by lodging a dispute with the credit bureau regarding this matter.

Mr X maintained that he had not consented to the terms and conditions, nor had he appended his signature on the agreement. Such was signed by his wife. Furthermore, the consumer confirmed that he was married out of community of property, hence he felt that he was not liable for his spouse's debt. He had not signed and consented to liability for the account. Surprisingly, he was listed for this debt, not his wife.

The attorneys concurred with our assessment and rectified the details to reflect Mrs X as the debtor, and the listing was removed from Mr X's credit profile.

### **G. Claim for credit insurance – retrenchment**

The consumer contacted our office to dispute her recent claim against her retrenchment benefit insurance, which was declined. The credit provider's explanation was that she worked for a family-owned business. The consumer advised that she had been a loyal client

of the credit provider for more than 20 years and for all this time she had been employed in the same business. She was offered and charged monthly for an insurance which she now feels the credit provider had no intention of ever paying.

Upon investigation it was established that the terms and conditions of the credit insurance states that they will not pay a claim that results from being employed by a family-owned business. The facts were that the consumer's father was only a 26% shareholder, and the balance of the shares was held by his business partner. It further transpired that the retrenchment benefit insurance offered by the credit provider was underwritten by an insurer who had already approved the consumer's claim on another credit agreement.

Despite the consumers' own attempt to have the matter resolved, it was only after we intervened that the credit provider agreed to accept the claim. Due to the payout, the consumer benefited for a 12-month period on two accounts to the sum of R58 324.

### **H. Credit bureau listing – fraud**

The consumer complained that no less than 5 fraudulent bank accounts (credit cards and personal accounts) had been opened in his name and he had not been successful in clearing these accounts from his credit profile, despite his contention that they were fraudulent. The bank's initial reply was that they could not assist, as there had never been a complaint received from the consumer alleging fraud.

We contacted the consumer to advise him of the response and fortunately he was able to provide us with proof that he had previously logged the complaint. He had been informed that they were still investigating.

Through our intervention, the investigation was concluded and the

bank confirmed that the accounts were indeed acquired fraudulently. The accounts were written off and the consumer's credit profile restored. The amounts involved totalled R223 741.

#### I. Credit bureau information – prescription of debt

The consumer logged a dispute with our office after lodging a similar dispute a few months earlier with the credit bureaus. His complaint was that he had 3 bank accounts listed on his profile and that these accounts had already prescribed, yet they remained on his credit record.

We initiated an investigation and it was confirmed that the 3 accounts had indeed prescribed. The consumer's profile was updated accordingly. The amounts which originally reflected against the consumer's profile for these accounts totalled R152 290.

#### J. Reckless lending

The consumer advised that she started experiencing financial stress in 2012 because she had to pay for two children at tertiary institutions and another one at school. She applied for the first loan in 2012, and two separate loans in 2013 to make ends meet. She was paying the

3 loans, but in time realised that she had nothing left for her living expenses at the end of the month due to these loan repayments. She then approached the credit provider and made a new payment arrangement in 2015. She advised our office that without any prior notice or consultation, and despite her paying every month, an emoluments attachment order was granted through the court in respect of

*“It isn't where you came from, it's where you're going that counts.”*

Ella Fitzgerald

two of the loans. When she contacted the grantor, the outstanding balances on the three loans were so high, that she was shocked. She explained in her complaint to our office that “it was as if I had taken the loans yesterday and never started to pay at all”. The consumer requested our office to

investigate what had transpired and why the balances were so high. She felt that the credit grantor was abusing its position of power and there was something amiss with the amounts that she was told to pay.

Upon investigation by our office, it transpired that the consumer had obtained 3 loans for R21 000, R40 000 and R21 000 respectively. She defaulted on all three and she also signed the consent to judgment and emolument attachment order documents. At the time of our intervention, the outstanding balances on the three loans were R36 318, R81 226 and R48 072, totalling a staggering R165 616!

We raised the argument that the consumer could never have afforded these loans from the outset with the credit grantor and they had to agree with our assessment in this regard. The outcome was that loan one was regarded as settled in full; on loan two the outstanding balance was reduced from R81 226 to R14 885, and on loan three the balance was reduced from R48 072 to R6 841. Her new total outstanding balance was R21 726.

# CONSUMER AWARENESS AND EDUCATION

**Salem Nolubabalo Dyafu & Siyabonga Makhatini**  
PUBLIC RELATIONS MANAGER      TRAINING CO-ORDINATOR

**“Jazz is a living music; since its beginning it has expressed the feelings, dreams & hopes of the people.”**

Dexter Gordon

In 2016 the PR and Education department placed much emphasis on creating awareness of its existence through campaigns, workshops, exhibitions and stakeholder staff training sessions. With close to 10 million of the over 24 million credit active consumers having impaired credit records, the office has been proactive in reaching out to consumers through the media, face-to-face interactions and strategic partnerships.

## COMMUNITY OUTREACH

The Office of the Credit Ombud has embarked on a mission to address some of the many financial and credit challenges our communities face. Too many consumers do not know:

- Their rights in relation to credit agreements
- Where to turn when they experience financial difficulties
- How to budget or handle their financial affairs to their benefit
- The legal implications of the contracts that they sign.

We have reached out to several communities with the aim of educating them to become financially independent by providing the following services:

- Assisting consumers with historical debt problems to rehabilitate themselves
- Assisting consumers to save/invest rather than using credit
- Financial education
- General financial counselling for consumers in need

- Affordable settlements on accounts in debt collection
- Efforts to curb the escalation of a debt due to high interest and legal fees.

Some of the highlights for 2016 for our community outreach are outlined below.

### Malamulele – Giyani

Malamulele is a township situated in the Limpopo province where consumers are mainly Tsonga speaking. The Office of the Credit Ombud reached out to the community with the aim of educating consumers from an early age. We addressed over 5 000 students and educators. The main challenge for the community of Malamulele is a lack of access to credit information, which results in consumers being at the mercy of unscrupulous lenders.

### Alexandra shopping centre – Gauteng

Alexandra is one of the townships in Johannesburg that is still behind in development. Many consumers live in shacks and work in surrounding shopping centres. They are credit active consumers, mostly with microloans and clothing accounts. The challenges they face include an inability to differentiate between registered and unregistered lenders, which often causes trouble down the line.

### Community Work Programme (under Co-operative Governance Traditional Affairs /COGTA) – National

The Office of the Credit Ombud is empowering and assisting the Community Work Programme (CWP) on





a national scale. These are individuals in the communities who are given basic employment by COGTA. These consumers are now gaining access to the credit market without information. We have reached many communities as the CWP's don't only gain education from us, but reach out to the broader community and assist us by bringing these consumers to the training workshops.

**Shopping centres outreach – Kwanyamazane and Kamaqhekeza – Nelspruit**

Kwanyamazane and Kamaqhekeza are communities situated in Nelspruit, where consumers are mostly SiSwati speaking. It was brought to our attention that people were not aware of the existence of the Credit Ombud office and the assistance offered, resulting in consumers accepting any sort of unfairness in the credit industry. We conducted a few outreaches within the different shopping centres in the communities and not only did we bring awareness, but we assisted with investigating complaints that community members brought to us.

**Taxi owners and drivers associations – Thaba Nchu and Botshabelo, Free State and Machado and Thohoyandou, Venda**

The aim of the outreach was to assist taxi associations in understanding the contracts they enter into and what their rights are. This was after a realisation that many taxi owners enter into agreements without knowledge and run into trouble at a later stage, resulting in taxi repossessions.

**Department of Economic Development and Tourism – KZN**

The Office of the Credit Ombud has reached out to the community of Abaqulusi Municipality to uplift its members and make a huge difference in their lives. KZN's Economic Development and Tourism MEC Mr Michael Mabuyakhulu was present at the event, together with the mayor and municipality councillor.

**Office of the Premier – Gauteng**

The Office of the Credit Ombud has partnered with the Transversal External Health and Wellness Programme of the Gauteng Province and through that partnership has educated the Gauteng Office of the Premier on the following challenges outlined:

- Garnishee orders
- Over-indebtedness
- Credit information awareness.

**Pensioners – Gauteng**

The challenge on the rise for pensioners is reckless lending and other unfair credit practices, resulting in them being over-indebted and losing their monies with no understanding of the contracts they are made to sign. The Office of the Credit Ombud has stepped in to assist pensioners and recipients of social grants.

**National Treasury**

This was a direct call from the National Treasury to bring awareness to their employees on credit-related matters in order to assist them.

We conducted a total number of 101 workshops, reaching a whopping 17 492 consumers countrywide.

**DOUBLE IMPACT**

Our Double Impact training was designed through the call of the Financial Services Board and Department of National Treasury where they placed consumer education on the national agenda in 2010 and proposed a National Strategy for Financial Literacy. This called for a joint effort by industry bodies, the private sector and the newly formed National Industry Steering Committee (NISC) to address consumer credit skills relating to

- Budgeting (financial control)
- Financial planning
- Decision-making (financial product choice) and
- Understanding the cost and risk of credit.

We conducted 48 sessions across the country, reaching 1 006 of our members/stakeholder employees.

Part of the Double Impact training includes conducting pre-workshop surveys where delegates are tested in four competency categories which are in line with the National Financial Literacy Consumer Education Strategy. Below is an illustration of the overall results conducted by the Human Sciences Research Council [HSRC] in the SA market, as well as actual results from a pre-survey conducted in a training session.

## Consumer Awareness and Education

Community outreach and Double Impact training sessions were conducted across the country, as depicted below.



Below are some of the responses from our Double Impact delegates:

***“The facilitator’s examples are realistic and easy to link to a particular event in one’s life as a current or previous debt owner.”***

Old Mutual

***“Very informative session and very engaging throughout. The message was very easy to understand & practical.”***

SA Home Loans

***“Siya opened up with every information in the slides and made them clear to us. We had a good time and learnt a lot today. Thank you CREDIT OMBUD.”***

XDS Credit Bureau

## **MEDIA**

During 2016, media once again played a vital role in enabling us to reach consumers and carry the message of the Office of the Credit Ombud. We

have been able to report coverage in online, print and broadcast media to the AVE (Advertising Equivalent Value) of over R26 million.

We have been interviewed by the following media houses:

## **T V**

eNCA - Moneyline	itv - Let's talk	kykNET - Verslag	SABC Newsroom	SABC 1 - Shift	SABC 1 - Yilungelo Lakho	SABC 2 - Morning Live
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## **RADIO**

We have been privileged to receive weekly slots from the different radio stations of the communities we have

assisted in order to further reach consumers. These are: Alfred Nzo Community Radio in the Eastern Cape;

Inanda FM in KZN; Kanyamazane Radio in Nelspruit; Energy FM in Limpopo and Radio Pulpit in Pretoria.

Alfred Nzo Community Radio		BCR Radio	Capricorn	Channel Africa	Cliff Central	East Coast Radio	Energy FM
Groot FM	Ikwewezi FM	Inanda FM	Kanyamazane Radio		Kingfisher FM	KNR Radio	Lesedi FM
Ligwalagwala FM		Lotus FM	Metro FM	Motheo FM	Motsweding FM		Power FM
Pretoria FM	Radio 2000	Radio Pulpit	SAFM	Talk Radio 702	Tru FM	Ukhozi FM	Umhlobo Wenene

## **PRINT / ONLINE**

Africa News Network	Bona	Cape Argus	City Press	Daily Sun	Drum Magazine	Essays Of Africa
Fin 24	Huisgenoot	Moneyweb	OFM News	Pretoria News	Public Sector Manager	Saturday Star
The Herald	The Mercury	The New Age - National		The Thembisan	Vuma Fm	You Magazine



# STATISTICS

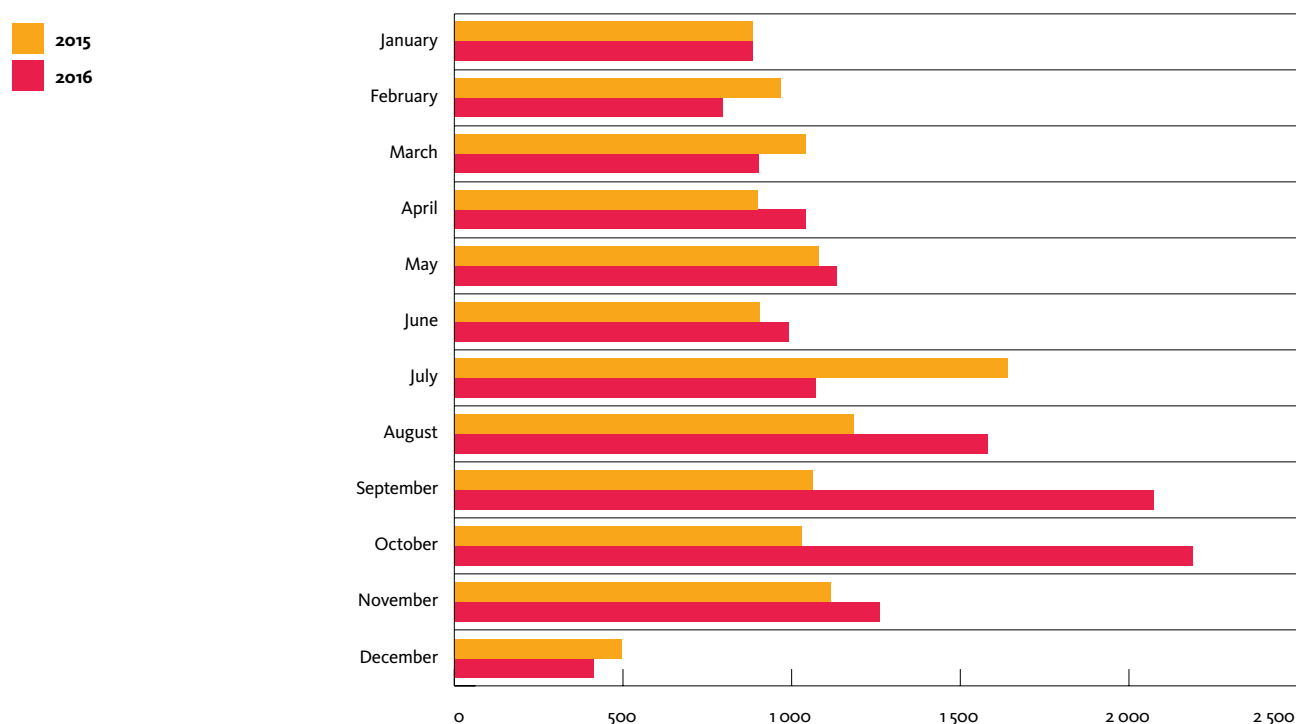
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## COMPLAINTS AND ENQUIRIES

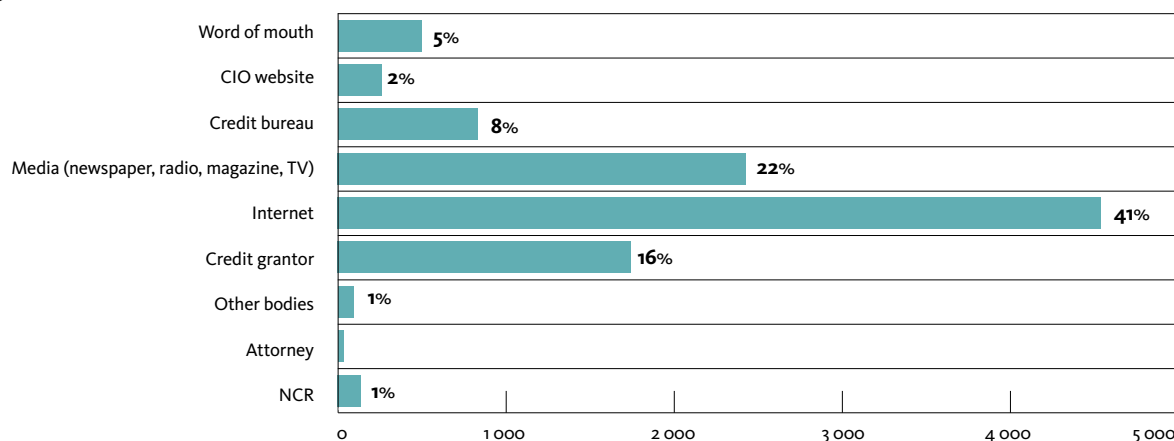
*Period 2015 - 2016*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2015</b>	887	968	1 041	899	1 080	906	1 640	1 185	1 062	1 030	1 116	498	12 312
<b>2016</b>	887	797	902	1 042	1 133	992	1 072	1 582	2 073	2 186	1 262	415	14 343



## GENERAL ENQUIRIES

*How did consumers  
hear about the Credit  
Ombud?*

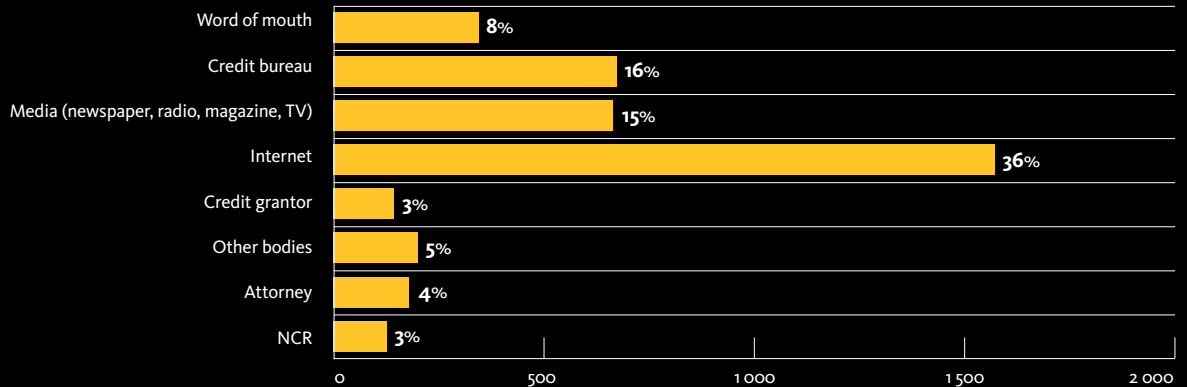


*“Thank you very much for the way you have handled this matter, you have communicated very well!”*

SATISFIED CREDIT OMBUD CLIENT

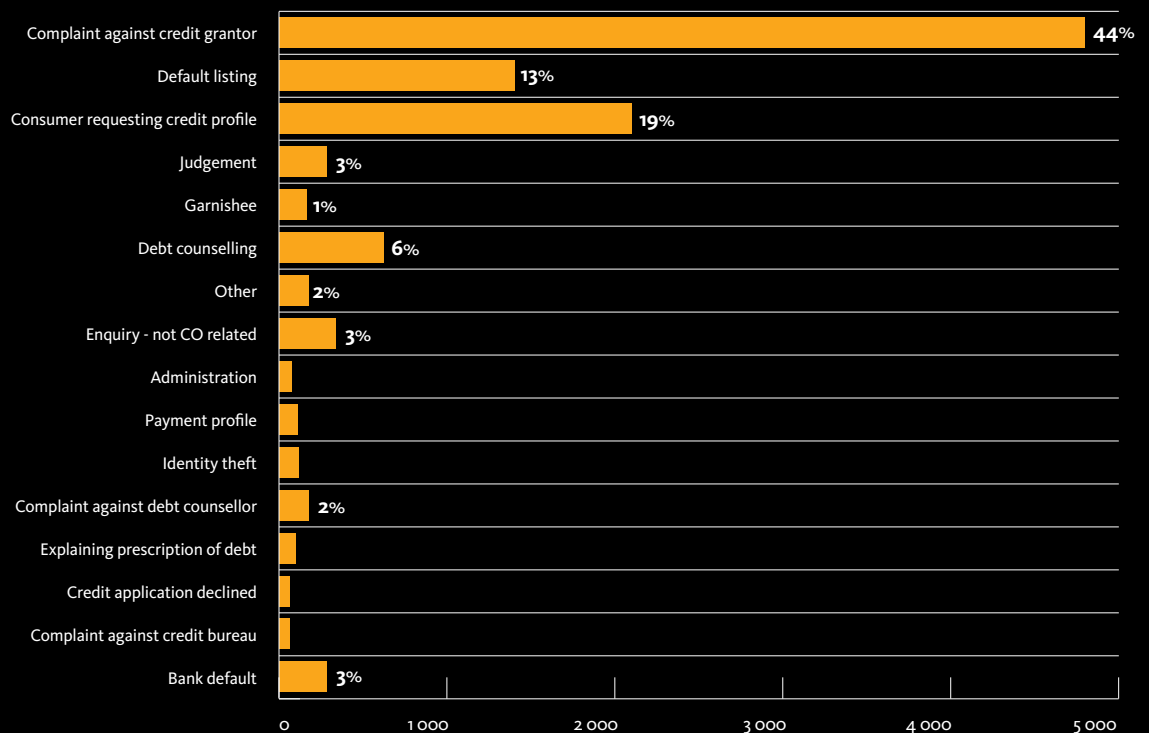
## DISPUTES

*How did consumers hear about the Credit Ombud?*



## GENERAL ENQUIRIES

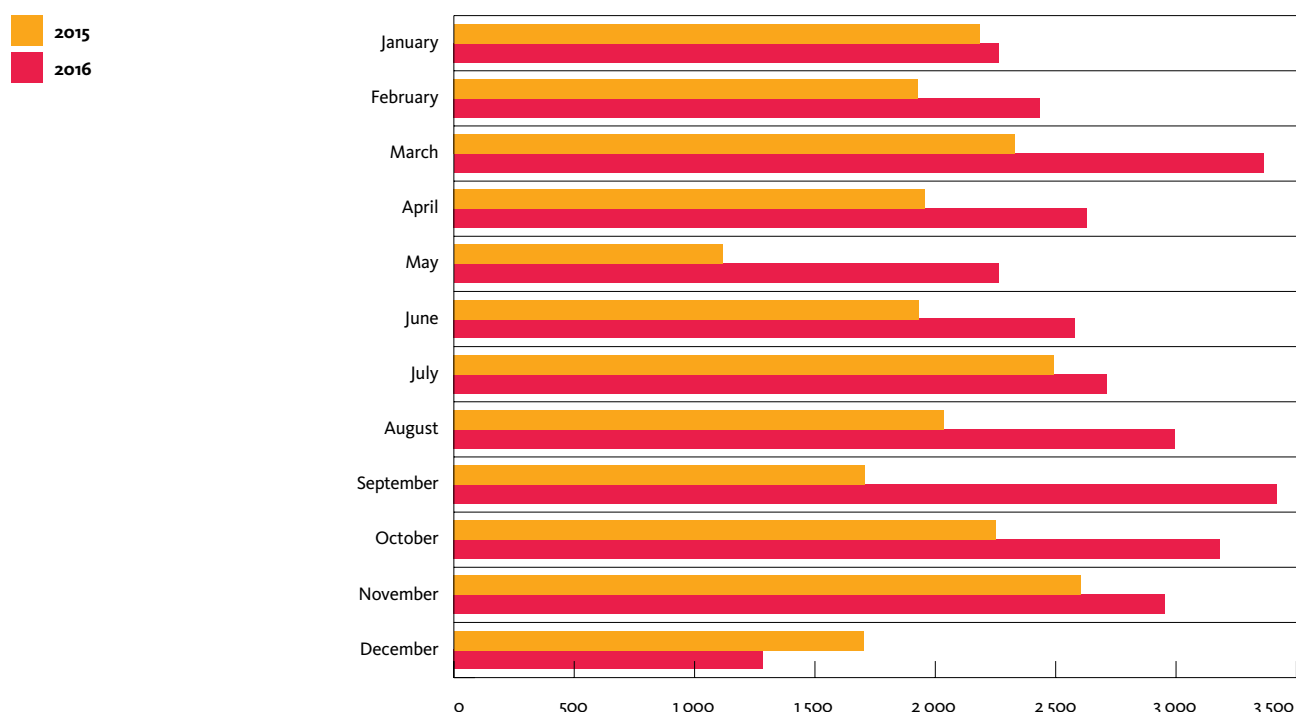
*by type*





## CALLS RECEIVED at call centre

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2015</b>	2 184	1 928	2 333	1 959	1 117	1 932	2 494	2 038	1 710	2 252	2 606	1 702	<b>24 255</b>
<b>2016</b>	2 265	2 437	3 364	2 632	2 263	2 582	2 714	2 997	3 419	3 183	2 954	1 285	<b>32 095</b>

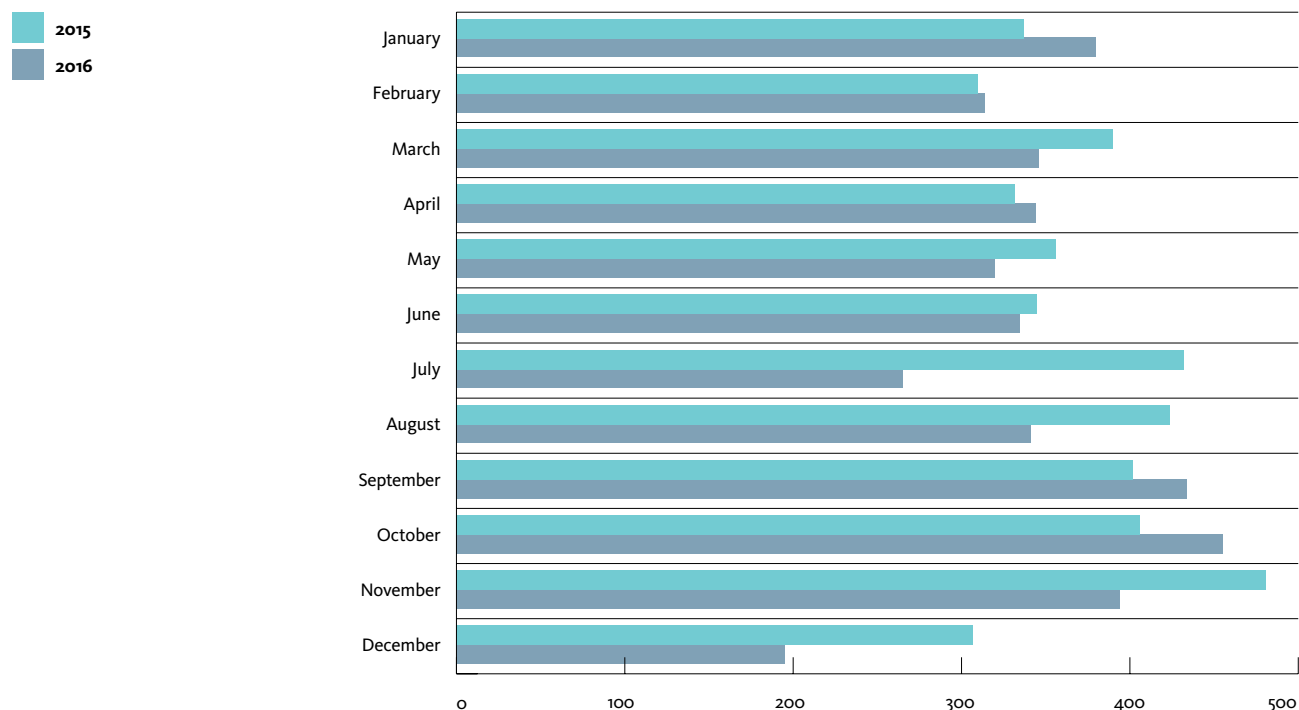


***“Many thanks for your valued support and effort that you put into my claim. I am over the moon after such a long battle. With your valiant effort, you have restored my faith in such institutions. I must commend you in the excellent service you have rendered and the advice offered.”***

SATISFIED CREDIT OMBUD CLIENT

## DISPUTES OPENED

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015	337	310	390	332	356	345	432	424	402	406	481	307	4 522
2016	380	314	346	344	320	335	265	341	434	455	394	195	4 123

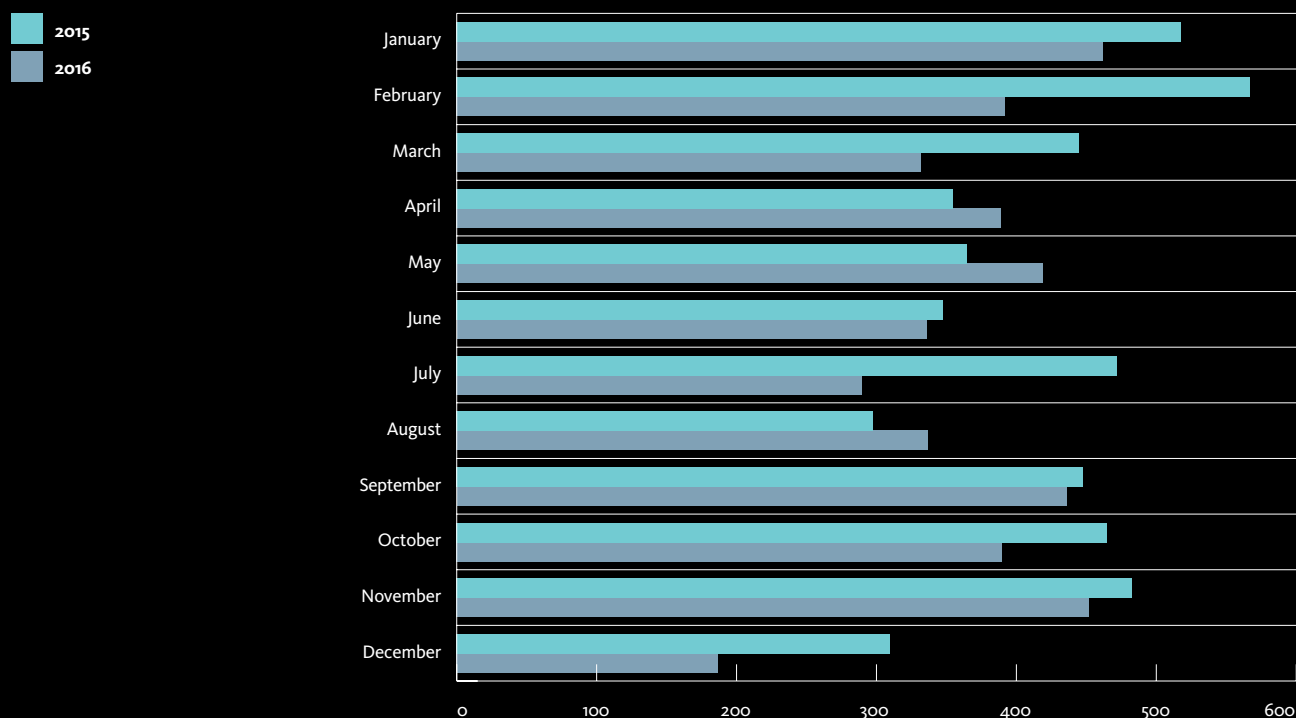


***“I really do not know how to Thank You,  
however thank you for your exceptional  
assistance and help with regards to my  
case – much appreciated.”***

SATISFIED CREDIT OMBUD CLIENT

## DISPUTES CLOSED

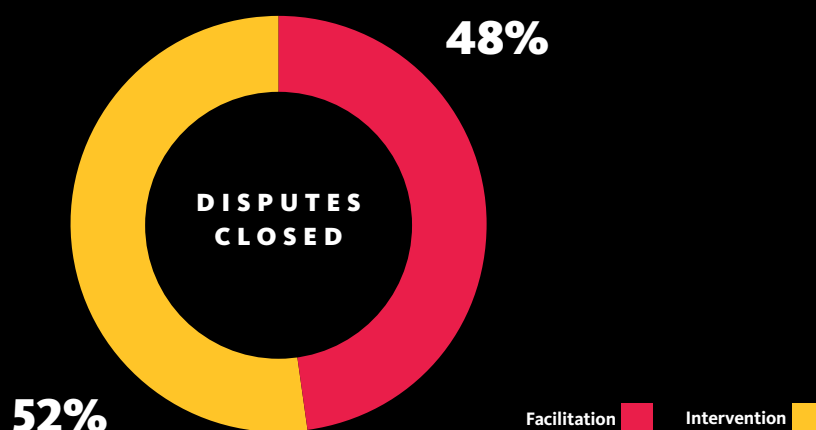
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015	518	567	445	355	365	348	472	298	448	465	483	310	5 074
2016	462	392	332	389	419	336	290	337	436	390	452	187	4 422



## MANNER OF FINALISATION

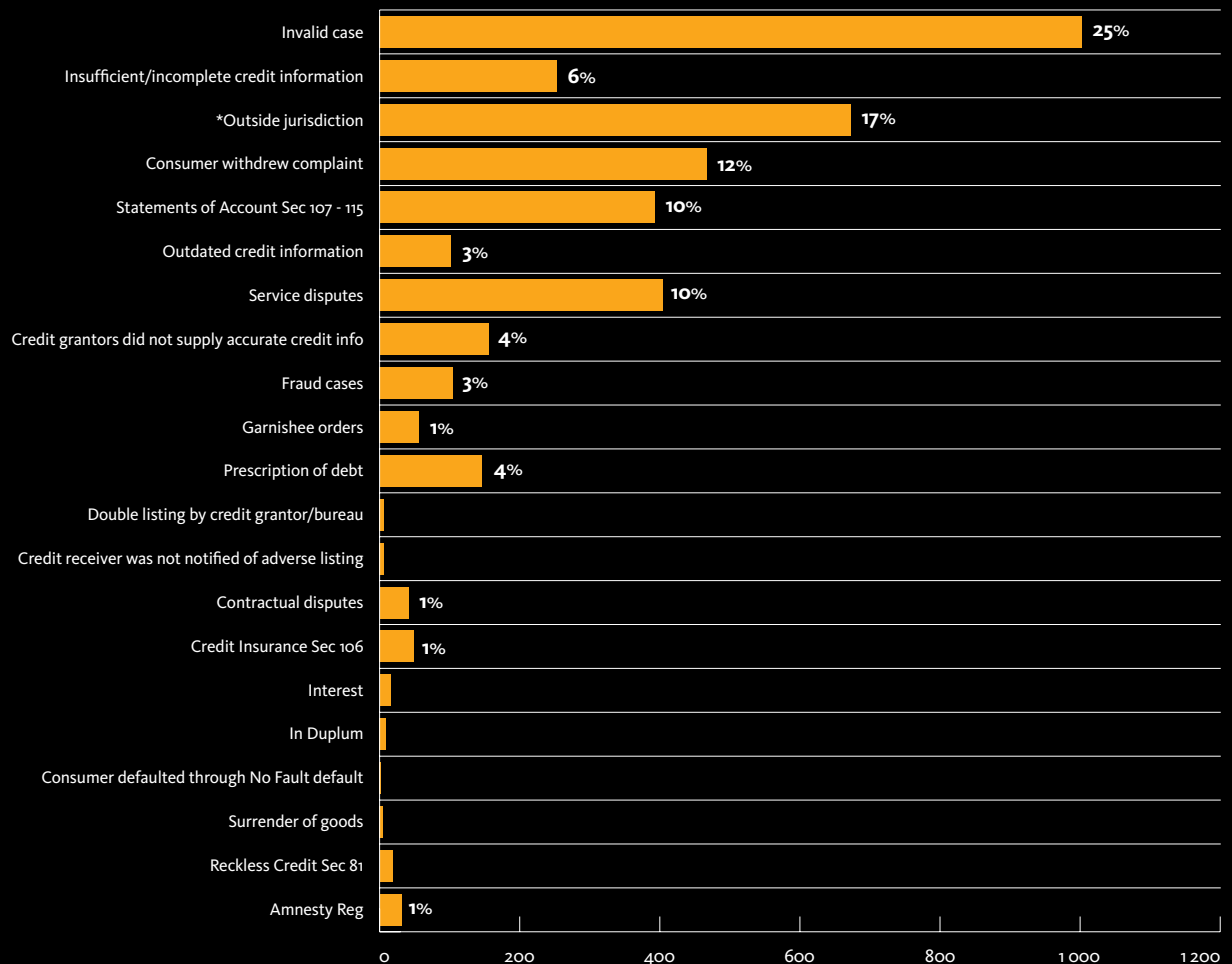
*Disputes closed*

	%
1. Intervention	52%
2. Facilitation	48%
3. Mediation	0%
4. Recommendation	0%
5. Ruling	0%
<b>TOTAL</b>	<b>100%</b>

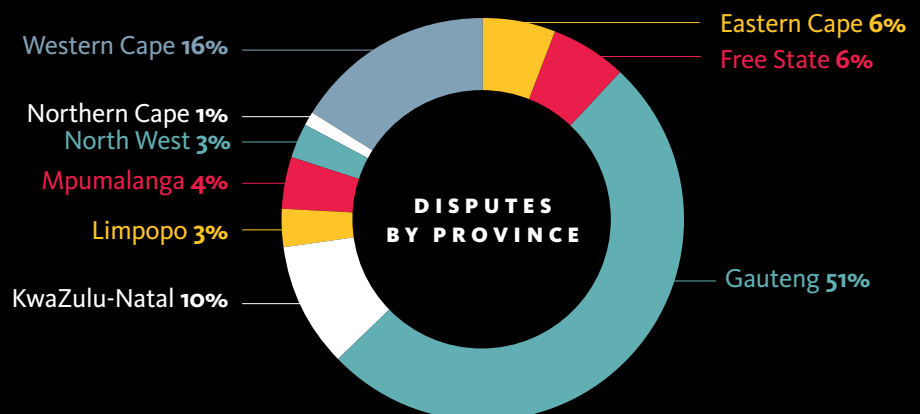




## DISPUTES CLOSED by jurisdiction



## DISPUTES by province



# CONFLICT INTO HARMONY

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Taking our cue from the inspirational jazz scene that surrounds us, the Office of the Credit Ombud provides a credit conflict resolution service all South Africans can applaud.

Working to a strict code of ethics and professionalism, we will continue to act as impartial mediators in situations of credit conflict between businesses and consumers to find a harmonious and equitable solution to the benefit of all.





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