

African Bank Ltd press release

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Need a loan? Don't fall for an upfront fee - this is illegal

The National Credit Regulator (NCR) has warned against phoney credit providers, reiterating that only businesses registered with the NCR can provide loans to the public.

Chief Executive Officer, Nomsa Motshegare, says these unscrupulous operators advertise on SMS or email and ask for an upfront fee from customers - which they then disappear with and no loan is granted.

George Roussos, Chief Operating Officer at African Bank, said it is unfortunate consumers are being scammed when they are already in a vulnerable financial position. He confirmed that taking money upfront before providing someone with a loan is illegal.

“There are many people in dire financial situations at the moment, due to the Covid-19 pandemic and lockdown. It is fertile ground, sadly, for opportunists like fake credit providers,” he says.

Roussos adds that online adverts which promise to rehabilitate over-indebted consumers for a fee are often also scams.

“There is no quick-fix to a bad debt or credit record. No unauthorised company, person or lawyer can remove negative data from the credit bureau records, no matter how much you pay them,” he says.

He advises people considering taking out a loan with a credit provider or having their credit record rehabilitated to:

- Check the credit provider's credentials. It must be a legitimate business registered with the NCR. Go to www.ncr.org.za to find a list of registered credit providers.
- Check the credentials of any business or person claiming to work for a credit bureau - phone the company directly and check to put your mind at ease.
- Be aware that legitimate credit providers don't advertise or communicate with customers on social media or on Whatsapp without disclosing their credentials.

6 tips on how to apply for/use credit the right way:

1. Check your credit report and credit score (you can get a free credit report with African Bank even if you are not a customer). If you want to manage credit well and avoid problems, it's important to know how your spending and repayment behaviour affects your credit score report.
2. Find out what type of loan and for which amount you qualify for at a *reputable* financial service provider, like African Bank.
3. Carefully consider why you want the loan. Having a good credit record should not be a gateway to frivolous lending. A loan is a big financial commitment.
4. Always look for a loan that is priced within the regulations set by the NCR and

ensure that the Total Cost of Credit (which includes interest, fees and possibly credit life insurance) is disclosed.

5. Avoid overusing credit. Even if lenders extend you credit, you don't have to take the full amount. Take up the amount required to satisfy the need or problem that you are trying to solve.
6. Action any damage to your credit record. Your credit report could indicate that you are behind in payments when, when in fact, you know you are not, or a criminal could steal your information and accumulate bad debt in your name. Take immediate steps to fix anything which harms your credit standing.

Roussos concludes that only credit providers registered with the NCR are allowed to provide loans and consumers should check their details before making applications.

“Many people end up being scammed or in the clutches of an unscrupulous lender because they don't know their options. My advice is to think clearly, weigh up your options and not act out of desperation.”

In agreement with the NCR, Roussos says anyone who has been scammed by a fake credit provider should open a criminal case at the SAPS.

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