

QUICKLAW

ANSWERS YOUR QUESTIONS

BLACKLISTED

When are you blacklisted?

You are blacklisted if:

- You fail to pay your accounts on time.
- You fail to pay your accounts at all.
- A civil court judgment is obtained against you for not paying your debt.

What does it mean to be "blacklisted"?

It means that you have a negative credit profile. If you have been blacklisted, you will not be able to obtain credit, for example, open a clothing or furniture account or obtain a loan from a bank.

How do you avoid being blacklisted?

It is very important to pay your accounts on time so that you are not blacklisted. If you are unable to pay on time because you lose your job, for example, you should contact the credit grantor (the bank, clothing or furniture store) and ask them to give you an extension for your repayment.

Why do we have credit profiles?

A credit grantor must consider consumers' credit histories, to make sure that they will pay back their accounts or loans. We have both positive and negative credit profiles. If you have a positive credit profile, credit grantors will look at this favourably and the chances of you obtaining credit are good. On the other hand, if you have a negative credit profile, you will not be able to obtain credit.

How can we check our credit profiles?

- Credit profiles are stored by Credit Bureaus.
- Credit Bureaus must give consumers access to their credit profiles.
- The credit profile may be given to you in person or in writing.
- A Credit Bureau may not give you the information over

the telephone.

- A Credit Bureau may charge a reasonable fee to allow consumers to inspect their credit profiles.

What is a Credit Bureau?

Credit Bureaus are businesses which record and keep credit profiles of consumers and businesses. The purpose of Credit Bureaus is to protect consumers from unlawful business entities and for credit grantors (businesses) to assess their risk, when providing credit. The largest Credit Bureaus in South Africa are Experian Credit Bureau (Consumers), Transunion ITC (Consumers and Businesses) and Kredit Inform (Businesses).

How long will I be blacklisted at the Credit Bureau?

Liquidations	Indefinite
Sequestration	10 years
Rehabilitation orders	5 years
Civil court judgments	5 years
Defaults (failure to pay account on time)	3 years
<i>Administration orders</i>	
After lapsing or rescission	5 years
If not lapsed or rescinded	10 years
Account performance	3 years

Can you remove a default listing before 3 years?

The Credit Information Ombudsman (Ombud) is a department established to assist consumers with credit disputes. The Ombud will assist consumers who have defaulted in repayments due to circumstances beyond their control.

You will need to prove the following:

You did not intentionally default on your repayments.

- Did you default on your debt due to circumstances beyond your control?
- If your default was caused because you lost your job or other income, you must supply the following information to the Ombud:
 - Proof of former employment (provide evidence such as a payslip or a letter).
 - When did you lose your job (provide dates)?
 - How did you lose your job (provide written evidence such as a letter)?
 - What has your employment situation been since the blacklisting (provide dates)?

You did not carelessly cause the default listing.

- Before you were listed, did your payment behaviour show an intention to pay your debt?
- Did you take the necessary steps to avoid the default listing?

You have paid the debt in full.

- Do you have letters from your credit grantors confirming that you have paid in full? (provide evidence of the letters)

Can you remove a listing if you obtained a judgment before 5 years?

You must follow this procedure:

1. You must first pay the full amount owing to the credit grantor.
2. Once you have paid the debt you must request a letter from the credit grantor confirming that the debt has been paid and that they do not object to the judgment being rescinded (cancelled).
3. You must then bring an application to the Magistrate's Court where the judgment was obtained, for the rescission (cancellation) of judgment.
4. You must then take a copy of the court order to the Credit Bureau and they will remove your blacklisting.

What must I do if my credit profile is incorrect?

A consumer can lodge a complaint if they believe that a Credit Bureau holds information which is inaccurate, incorrect, obsolete, irrelevant, invalid or incomplete.

The process for lodging a complaint is as follows:

1. The consumer must contact the relevant Credit Bureau and lodge a complaint.
2. The Credit Bureau has a maximum of 30 days to resolve the complaint.
3. If the complaint is not resolved after 30 days, or if the consumer is not satisfied with the result, the complaint can be escalated to the office of the Credit Information Ombud.
4. The Ombud will then investigate the complaint and attempt to resolve the dispute through mediation.
5. If mediation fails, the Ombud will conduct a fact finding exercise and make a ruling after full consultation with all parties.
6. All Credit Bureaus and their subscribers shall abide by the recommendations and rulings of the Credit Information Ombud.

KEY:

1. BLACKLISTED - a public list where people with bad credit records are recorded
2. DEFAULTED - failure to fulfil an obligation
3. SUMMONS - a command to do something or to appear in a court of law