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Assessment Findings on VDMS

CIRCULAR No.06 of 2012

ASSESSMENT FINDINGS ON VOLUNTARY DEBT MEDIATION SOLUTION

In June 2012, the National Credit Regulator (NCR) issued circular 04 of 2012 to inform debt counsellors that it was in the process of conducting an assessment of the legality of the Voluntary Debt Mediation Solution (VDMS). This circular is intended to advise debt counsellors of the findings of the assessment done on the VDMS.

Our assessment has revealed that the implementation of the VDMS pilot would contravene the National Credit Act 34 of 2005 ("the Act") and undermine statutory debt counselling. The VDMS pilot is in essence a masked form of debt counselling with attributes similar in nature to statutory debt counselling. It also weakens the protection afforded by the Act to consumers and undermines the spirit and purpose of the Act in respect of debt counselling.

The NCR has instructed the National Debt Mediation Association (NDMA) not to implement the VDMS pilot and also issued instructional letters to participating debt counsellors and Payment Distribution Agencies (PDAs) to withdraw participation with immediate effect.

FOR MORE INFORMATION

Please email The National Credit Regulator at info@ncr.org.za

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