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## CODE OF CONDUCT FOR COMBATING OVER INDEBTEDNESS

### 1. Introduction

By subscribing to this Code of Conduct, we, **Quillium Group**, acknowledge that over-indebtedness and the consequential financial distress suffered by affected debtors and their dependents can have a significantly detrimental impact on society and on the sustainability of the credit industry.

We support the provisions aimed at preventing over-indebtedness and assisting over-indebted consumers that are contained in the National Credit Act (“the Act”) and undertake to implement measures to facilitate the efficient and effective resolution of debt reviews.

We believe that it is in the interest of both the industry and consumers that we further implement a range of complementary voluntary measures to assist, inform, educate and provide tangible relief to consumers experiencing debt-related financial hardship. We commit ourselves to implementing the provisions of this Code of Conduct to give effect to these objectives.

### 2. Our commitments

Our key commitments to assisting over-indebted consumers are as follows:

2.1. We will ensure that our business has the necessary infrastructure, personnel who are suitably trained and mandated, systems and policies and procedures in place to give effect to the provisions of the Act relating to debt counselling and debt re-arrangement, to inform overindebted consumers about available recourse, and to refer them to appropriate assistance;

2.2. We will, in addition to our normal engagement with our customers who experience difficulties in meeting their obligations, co-operate with other credit providers subscribing to this Code and affiliated debt counsellors in consenting to debt re-arrangements under the rules

of this Code, which are aimed at rehabilitating over-indebted consumers' financial situation by providing the necessary cash flow relief whilst treating the rights and obligations of all parties to the proposed rearrangement in a fair and reasonable manner.

2.3. We will work expeditiously with registered debt counsellors and the justice system to ensure fair and quick resolution debt reviews.

2.4. We will, in the interest of informed and fair lending decisions and avoidance of over-extension, fully, timeously and accurately report to registered credit bureaus on all our debtors.

2.5. We will implement measures to promote consumer awareness about the dangers of too much debt and the recourse available to overindebted consumers. We will also engage in and support initiatives to promote the ability of consumers to better manage their finances.

### **3. Internal systems, policies and procedures to deal with over-indebted consumers**

We will, in the normal course of our business activities, advise consumers experiencing difficulty in meeting their financial commitments to approach one of their creditors, or the National Debt Mediation Association, hereafter called NDMA national helpline directly.

If the consumer has defaulted on his/her payments or is consistently late in paying, we may initiate the contact and invite him/her to approach us to discuss their financial situation. If the discussion reveals that the consumer is experiencing or is likely to experience difficulty in meeting all his/her obligations under credit agreements timeously and in full, we will explain the options in practice and law that the consumer has to address his/her situation.

These options *inter alia* include the right to restructure their assets and liabilities in negotiation with their creditors in a manner that would resolve the situation on a self-help basis, to pursue the statutory debt counselling process outlined in the National Credit Act or to pursue any other remedy that may be available and suitable to address their situation.

We will suspend the initiation of any enforcement action against over-indebted consumers not already underway at the time, once we are advised, by an affiliated debt counsellor that an application for debt re-arrangement, in terms of the rules under this Code, has been accepted, until the earlier of:

- 3.1 The date of a notification from the debt counsellor that the debt review process has been terminated (by the counsellor or consumer); or
- 3.2 The date on which a court has found the consumer not to be over-indebted; or
- 3.3 60 business days from date of receipt of the notice from the debt counsellor as prescribed by the Act, unless a court date has been set for the hearing of the matter before the expiry of this period, in which case the court hearing will determine the outcome, in order to enable the above processes, we will identify suitably trained staff for dealing with over-indebted consumers in relevant business areas, allocate clear responsibility to them and implement systems, policies and procedures in these business areas to in the normal course of our business activities:

- 3.4 Identify customers who struggle in meeting their debt obligations due to over-indebtedness and inform them of their rights and recourse through, for example, section 129 notices; and
- 3.5 Empathetically advise and direct debt-stressed consumers to appropriate sources of assistance to resolve their situation, including statutory and non-statutory measures.

We will further ensure that the managers and staff in our collections functions are empowered with the necessary decision-making mandates and that the necessary policies and procedures are implemented to promote efficient debt re-arrangement through debt counsellors registered with the National Credit.

Regulator, as well as those recognized by the voluntary debt re-arrangement scheme outlined in section 4 below.

#### **4. Debt re-arrangement by consent**

We will under this Code and through the facilitation of the NDMA establish debt re-arrangement rules, standards and procedures between ourselves as credit providers, subscribing to this Code, and affiliated participating debt counsellors aimed at maximizing the resolution of applications of debt review under the NCA through mutual consent.

Generally, this will lead to a reduction in monthly obligations of the consumer, enabling them to meet their essential living costs, whilst servicing their debt commitments. The debt re-arrangement will continue until the consumers' financial situation has normalized and they can resume meeting their contractual obligations in a normal manner on the remaining debts in their portfolio. Consumers will not be able to enter into new credit contracts while servicing their existing debts through the re-arranged agreement until their situation is normalized.

In order to rehabilitate (normalize) the consumer's financial position, it may be necessary for creditors to make temporary concessions around his/her debts and this code commits them to do so where circumstances dictate. Equally, however, consumers will be expected to adjust the structure of their assets and liabilities and make changes to their lifestyle, where necessary and possible, to ensure that their financial difficulties are resolved as quickly as possible.

Credit Providers subscribing to this Code will collectively through NDMA, a not-for-profit organization established and funded by the credit industry, for this purpose:

- 4.1. Receive and refer telephonic consumer enquiries for suitable assistance in respect of over-indebtedness through a national over-indebtedness helpline;
- 4.2. Facilitate and maintain industry agreement on fair and transparent rules for consumer eligibility for assistance under the NDMA code as well as the re-arrangement of the debt obligations of debt stressed consumers;
- 4.3. Establish a national network of affiliated credit providers, debt counsellors and payment distribution agencies;
- 4.4. Monitor and ensure the adherence to the conduct rules in respect of combating over-indebtedness by affiliated credit providers and service providers;

4.5. Promote awareness about the NDMA and the relief it offers consumers and to support worthy and efficient non-profit organizations offering over-indebted consumers educational and/or tangible assistance; and

4.6. Establish an independent adjudication function to resolve disputes between affiliated parties (credit providers, debt counsellors and payment distribution agents) and between debt stressed consumers and affiliated parties intending to facilitate sustainable debt solutions stressed consumers on a consensual basis.

We undertake that we will abide by rulings of an independent adjudicator to facilitate creditor consent where consent on a debt re-arrangement proposal is not achieved in the normal course of debt re-arrangement or to resolve disputes arising from debt re-arrangement processes in terms of its rules. We also agree to be subject to the internal disciplinary processes of the NDMA in respect of the conduct of the credit providers under the rules of the NDMA.

## **5. Consumer awareness and education**

We will display in all our outlets and, where relevant, on our web sites, as well as on the web site of the National Credit Regulator and at the NDMA, the contact details of our internal functions tasked with combating over-indebtedness, as well as details of the NDMA helpline for over-indebtedness.

We will, individually and/or jointly through the NDMA and/or industry associations, take appropriate steps to

5.1. Make available to our customers branded and unbranded educational material to improve their ability to manage their finances, avoid over-indebtedness, warn them about the negative consequences of taking on too much credit and to inform them about the recourse available in cases of over-indebtedness in law and terms of this code; and

5.2. Support national and/or joint industry initiatives, as well as initiatives by independent or non-profit organisations aimed at promoting consumer education and financial literacy.

We will individually and/or collectively make public the initiatives that we have undertaken and supported and the resources allocated by our respective organizations to promoting consumer awareness and education.

## **6. Consumer complaints**

Consumers who are of the view that their application was unfairly rejected by an affiliated debt counsellor, feel that their credit providers unfairly withheld their consent to a re-arrangement proposal under the NDMA rules or have a complaint related to the conduct of any NDMA affiliated party can lodge a complaint with the NDMA for independent adjudication that will be binding on the affected affiliated parties.

## **7. Monitoring and compliance**

This Code is binding on all credit providers affiliated to the NDMA. The NDMA, with the support of the various associations representing affiliated credit providers, will monitor compliance of affiliated credit providers with this Code.

Where affiliated credit providers are found guilty of persistent non-compliance with this code through the disciplinary process of the NDMA, the NDMA will publish such findings on its website and in its annual review until the affected credit provider has taken the requisite corrective action to the satisfaction of the NDMA.

The NDMA will on an ongoing basis monitor and promote compliance with this code amongst its affiliated base and will regularly and transparently report in the public domain on overall levels of compliance by affiliated credit providers and the impact of the code in combating over-indebtedness and its effects.

Where affiliated credit providers are audited entities, their auditors would be required to report on compliance with this code in their normal audit reports in accordance with an NDMA compliance charter.

In addition to the above, we will individually implement measures to assist the National Credit Regulator to monitor the nature and extent of measures we have implemented in our businesses to combat over-indebtedness; the resources that have been allocated to these activities and the effectiveness of the measures implemented.

## **8. Review of the Code**

The NDMA will commission an independent and transparent review of this Code on or shortly after each three year anniversary of the date on which the code is approved by the NCR or sooner if appropriate, which review will inter alia involve consultation with:

- a. Consumers who have utilized the Code in order to obtain relief from over-indebtedness (through an appropriate survey);
- b. Industry associations representing affiliated credit providers;
- c. Consumer organizations;
- d. Other relevant industry and civil society organizations;
- e. Relevant regulatory bodies and government departments; and
- f. Other relevant stakeholders.

The review will consider issues that have arisen from time-to-time, matters arising from disputes and appeals, an assessment of the effectiveness of this Code and the level of compliance with it by participating credit providers.

The NDMA will publish on its website the findings of the independent review, the changes that have been effected to the Code and the reasons for not adopting any recommendations of the independent review.