SA HOME LOANS

The National Credit Act (NCA) was introduced to reform the credit landscape in South Africa and create an accessible, transparent, and fair credit market for all. Since coming into effect in June 2006, the NCA has been a cornerstone of consumer protection — especially when it comes to lending, borrowing, and managing credit responsibly.

What Is the NCA and Why Does It Matter?

The NCA replaced outdated laws (the Usury Act of 1968 and the Credit Agreements Act of 1980) and brought sweeping changes aimed at:

- Promoting a fair, accessible, and non-discriminatory credit market
- Protecting consumers from unfair or exploitative lending practices
- Standardising the way credit information is disclosed
- Encouraging responsible lending and borrowing
- Preventing reckless credit granting:

  - One of the purposes of the NCA is to ensure that Credit Providers grant credit responsibly (encourage responsible borrowing), discourage reckless credit granting and fulfilment of financial obligations by consumers. As a Credit Provider we are required to conduct an affordability assessment prior to entering into a credit agreement with consumers. We are required to comply with the credit assessment criteria's prescribed in the Regulations.

  - In terms of the Act, a consumer is regarded as over-indebted if the majority of available information at the time a determination is made indicates that the particular consumer is or will be unable to satisfy (in a timely manner) all the obligations under all the credit agreements to which the consumer is a party. In order to determine this, the following is assessed: having regard to that consumer's:
    - Financial means,
    - Prospects,
    - Obligations; and
    - Assessment of the consumers history of debt repayment

- Assisting over-indebted consumers through debt counselling
- Regulating how credit bureaus manage and report information

- Establishing two important institutions:

    - National Credit Regulator (NCR) – Supervises credit providers and credit bureaus– oversees the credit industry
    - National Consumer Tribunal (NCT) – Handles complaints and disputes

Who Does the NCA Apply To?

The NCA applies to credit agreements between credit providers and certain types of consumers.

Consumers include:

- Natural persons (individuals)
- Sole proprietors
- Trusts with two or fewer natural person trustees
- Some juristic persons (e.g., companies, close corporations, partnerships, trusts with three or more trustees or where one trustee is a juristic person) whose asset value or annual turnover, together with the combined asset value or annual turnover, equals or exceeds the threshold value of R1 000 000 at the time of entering into the credit agreement.

An example of a credit agreement covered by the NCA is a mortgage loan for the purchase of property — secured by a mortgage bond.

The NCA only applies where the parties deal at "arm's length" — meaning there's no special relationship (like close family or internal stakeholders) that could influence the fairness of the agreement.

What is not regarded as a credit agreement?

- A policy of insurance or credit extended by an insurer solely to maintain the payment of premiums on a policy of insurance
- A lease of immovable property
- A transaction between a stokvel (*invitation only rotating credit union or saving scheme*) and a member of that stokvel in accordance with the rules of that stokvel.

Who Is a Credit Provider?

A credit provider is any person or organisation that offers or extends credit.

In terms of the National Credit Act (NCA), all credit providers in South Africa must be registered with the National Credit Regulator (NCR). If not, any credit agreements they enter into may be considered unlawful and unenforceable.

We confirm that all necessary registrations within SA Home Loans Group have been completed to ensure full compliance with the NCA.

Your peace of mind is important — we're committed to responsible and lawful lending.

What About Credit Bureaus?

Credit bureaus must also be registered with the NCR. Their responsibilities include but are not limited to maintaining accurate consumer credit records and reporting credit activity in a lawful and fair manner.

What Are Consumers' Rights Under the NCA?

- Apply for Credit
- Not to be discriminated against when applying for credit
- To be given reasons for credit being declined
- To be given documents in an official language that the consumer understands
- To be given documents in a clearly understandable language
- To be given written documentation relating to the credit transaction
- The confidentiality of personal information
- To access and challenge information held by a bureau
- To receive periodic statements

As a registered credit provider, we have certain obligations under the National Credit Act (NCA) that we are committed to complying with. At the same time, clients also have corresponding responsibilities — including providing accurate and complete information. We kindly ask for your cooperation when we request specific documents or details, as this helps us meet our legal obligations and serve you, our valued clients, responsibly.

Debt Counselling

- Debt Counselling is a debt relief measure provided by the National Credit Act, aimed to assist over-indebted consumers struggling with debt, through negotiations with credit providers for reduced payments and restructuring of debts. Consumers struggling with debt may apply for Debt Counselling with a Debt Counsellor registered with the National Credit Regulator.
- For more information on Debt Counselling, kindly refer to the below link
  NCR Website

If you can't find the answer to your question here, please contact our specialist consultants on 0860 2 4 6 8 10 – weekdays from8am to 5pm.

For more information regarding the NCA, you can access the full act below:

National Credit Act