CONSUMER CREDIT LAW

CCL

LEVEL 2

Debt and Credit Reports

CCL Brand Ambassador Study Guide

Debt review and how people lawfully leave it, credit bureaus, credit reports and what shows on them. The two conversations you will have most often.

What this level covers

Level 1 taught you who CCL is and how to point someone to help. Level 2 goes one layer deeper into the two things people ask about most: **debt review** and **credit reports**.

These are the conversations you will have again and again. Someone is stuck in debt review and desperate to get out. Someone has been declined for a loan and cannot understand why. Someone has heard they are blacklisted and thinks their life is over. After this level you will understand what is really happening, and you will be able to explain it calmly and correctly.

What you will learn

- What debt review actually is, and why it is often the right place to be.
- The one question that decides how a person can leave it.
- The four lawful routes out, and which one fits which situation.
- The bond exception and the vehicle trap, a detail that catches people out constantly.
- The four myths you will hear, and how to correct them kindly.
- Credit bureaus, credit reports, defaults, judgments and garnishee orders in plain words.
- The three free or paid checks CCL offers, and when to point someone to each.

THE RULE THAT DOES NOT CHANGE

Knowing more does not mean advising more. Your job at every level is the same: understand enough to have a calm, accurate conversation, then **connect the person to CCL**. You never interpret a credit report or tell someone what to do about their debt review.

You need 85 percent to pass the Level 2 test. Read this guide fully before you attempt it.

1 What debt review really is

Debt review is a formal process under the National Credit Act. A registered debt counsellor works out what a person can genuinely afford, restructures what they owe into one monthly payment, and while the process runs, creditors cannot simply come after them.

The three things it does

- **It restructures.** Many separate instalments become one affordable monthly payment.
- **It protects.** While the process runs properly, the person is shielded from creditor action.
- **It is formal.** It runs through a registered debt counsellor and, in most cases, ends up before a court.

Who is involved

Who	What they do
The consumer	The person who owes and who applies for debt review.
The debt counsellor	A registered person who assesses affordability and runs the process.
The credit providers	The banks and retailers who are owed, and who must be notified.
The court	Usually grants a re-arrangement order setting the new terms.
The NCR	The National Credit Regulator, which oversees credit providers and debt counsellors.

Over-indebted, in plain words

A person is over-indebted when they cannot reasonably meet all their credit obligations. That is the test that gets someone into debt review, and, as you will see, it is also part of what can get them out.

The forms you will hear about

- **Form 16** is the debt review application, the way in.
- **Form 19** is the clearance certificate, the way out once debts are settled.

THE MOST IMPORTANT THING IN THIS MODULE

Debt review is **not the enemy**. It genuinely rescues people. CCL does not tell people to leave it. The job is to find the honest answer for that person, and sometimes the honest answer is that they should stay exactly where they are.

2 When debt review stops working

Debt review is meant to be a road out of debt. Sometimes it turns into a road that never ends. These are the signs you will hear in ordinary conversation.

The signs

- **Years in, and the balance has barely moved.** The person pays every month and the amount owing looks the same, or worse, has grown.
- **The counsellor has gone quiet.** Calls are not returned and nobody can explain where the matter stands.
- **The payment no longer fits their life.** Their income changed, a job was lost, a child arrived, and the plan was never adjusted.
- **They do not know if there is a court order.** Very common, and it matters enormously, as the next module explains.

SCENARIO

Six years of payments, and the number will not move

Thandi has paid into debt review every month for six years. She recently asked for a balance and it was higher than when she started. She assumed she had done something wrong.

What is probably happening: the re-arranged instalment may not even be covering the monthly interest, so the debt grows while she pays. This is a known pattern and there is law on it, which you will meet in Module 5.

What you do: you do not diagnose it. You say it is worth having checked properly, and you point her to CCL.

Illustrative only. Every matter turns on its own facts, and CCL never guarantees an outcome.

The opposite case, which matters just as much

Some people want out of debt review for the wrong reason. They are frustrated, or someone has told them there is a quick trick. If the plan is working and the balance is coming down, leaving may expose them to creditors again. That is why CCL checks before it acts, and why you never encourage someone to leave.

WHAT YOU SAY

" Debt review helps a lot of people, so the first question is whether leaving is even right for you."

" If you have been paying for years and the balance is not coming down, that is worth having checked."

" Do not decide on your own. Let the specialists look at the actual numbers first."

3 The one question that decides everything

If you remember one thing from Level 2, remember this. Everything about leaving debt review turns on a single fact.

THE QUESTION

Has a court already granted a **debt re-arrangement order** in this person's matter?

Why it decides the route

A re-arrangement order is the court order that sets the new, reduced payment terms. Before such an order exists, the door out is wider, because there is no court order standing in the way. Once an order has been granted, the routes are narrower, but they are still real. They are just different routes.

Position	What it means for getting out
No order granted yet	Wider door. Fresh facts can be put to the court to show the person is no longer over-indebted.
Order granted	Narrower, but real. The route depends on whether debts are settled, whether the order is workable, and whether the process was properly started.

Most people do not know the answer

This is normal. Many consumers were never clearly told whether a court order was granted. That is one of the first things CCL establishes, and it is exactly why a person should not act on their own guess.

WHAT YOU SAY

- " Whether you can leave, and how, depends on whether a court order is already in place."
- " Most people are not sure, and that is completely normal. CCL checks that first."
- " Do not guess and do not act on it yourself. Get it confirmed."

4 The four lawful routes out

There are four recognised ways a person lawfully leaves debt review. Which one applies depends on their position, not on what they would prefer.

Route 1. No order yet, and no longer over-indebted

Where no court re-arrangement order has been granted, fresh facts can be placed before the Magistrate's Court to have the person declared no longer over-indebted. The review then ends and the listing is removed.

Route 2. Order in place, and the debts are settled

Where an order exists and the debts have been paid, the person needs a **Section 71 clearance certificate**, issued by a registered debt counsellor on Form 19. Once it is properly issued, the credit bureaus must remove the debt review flag.

Route 3. An order that can never be paid off

Sometimes an instalment was set so low that it does not even cover the interest, so the debt can never be repaid. Our courts have held that such an order is contrary to the National Credit Act, is void, and can be set aside.

VERIFIED SOUTH AFRICAN LAW

In **FirstRand Bank v McLachlan**, the Supreme Court of Appeal held that a re-arrangement order whose instalment can never repay the debt is contrary to the National Credit Act and void, and can be set aside. Many orders were granted on exactly these terms.

Route 4. A review that was never properly started

If the correct process was never followed, for example there was no valid application, the NCR can find that the person never actually applied for debt review. That ends the review.

SCENARIO

Four people, four different routes

Ayanda has been paying two years, no court order was ever granted, and her income has doubled. Route 1 may fit. Bongani finished paying everything last year but is still flagged. Route 2, he needs a clearance certificate. Thandi pays an instalment that never touches the interest. Route 3 may fit. Sipho signed papers at a shopping centre stand and nothing proper was ever filed. Route 4 may fit.

The point: same problem on the surface, four different legal answers underneath. That is why nobody should self-diagnose, and why you point people to CCL rather than guessing.

Illustrative only. Outcomes depend on the facts, and CCL never guarantees a result.

Where a court application is required for any of these routes, it is taken forward by independent affiliate attorneys on the person's instruction.

5 The bond exception and the vehicle trap

This module contains a detail that catches people out constantly, including people who should know better. Learn it properly, because it is one of the questions CCL is asked most.

The bond exception

Normally a person must settle their debts before a clearance certificate can be issued. There is an exception under Section 71 for a **mortgage bond**. Because a home loan is a long-term agreement, it does not have to be fully settled for the person to be cleared from debt review.

The vehicle trap

People assume the same rule applies to their car. It does not. **Vehicle finance has to be fully settled** before the person can be cleared. If someone has been told their car clears the same way a bond does, that is wrong, and acting on it can waste months.

Agreement	Does it have to be fully settled before clearance?
Mortgage bond (home loan)	No. The Section 71 exception applies, so the bond can still be running.
Vehicle finance	Yes. It must be fully settled first.

THE MISTAKE TO WATCH FOR

If someone tells you their car clears the same way a bond does, they have been misinformed. Do not correct them with certainty about their own matter. Say it is worth checking, because the rules differ between a bond and vehicle finance, and point them to CCL.

WHAT YOU SAY

" A home loan does not have to be fully paid off for you to be cleared. A car is different, it must be settled first."

" If someone told you otherwise, please have it checked before you rely on it."

6 The four myths you will hear

These four beliefs are everywhere. Each one is wrong, and two of them are actively dangerous. Correct them calmly, without making the person feel foolish.

People believe	The reality
Once you are in debt review, you are stuck for life.	There are legal routes out. The right one depends on your stage, not on how long you have been in.
Just stop paying and you are out.	Stopping payments does not end debt review. It removes your protection and exposes you to creditor action.
Your counsellor can pull you out if you ask.	Once you have applied, the exit runs through the law, not a phone call.
It clears the day you make your final payment.	You need a clearance certificate, issued and filed correctly, before the bureaus remove the flag.

THE DANGEROUS ONE

If you only stop one myth, stop this one: **never let someone simply stop paying to get out of debt review.** It does not end the process. It strips away the protection that was shielding them and can expose them to the very action they were avoiding.

SCENARIO

The advice from a friend at a taxi rank

A man tells you a friend advised him to stop his debit order for three months so debt review would fall away by itself. He is about to do it.

What you say: that this is one of the most common and most damaging pieces of wrong advice, that stopping payment does not end debt review, and that he should speak to CCL before he does anything. You do not shame him or his friend.

Illustrative only.

WHAT YOU SAY

- " Please do not just stop paying. It does not end debt review, it only removes your protection."
- " There is a proper legal way out, and which one applies depends on your situation."
- " Go to creditlaws.co.za and tap Get Help Now before you change anything."

7 Bureaus, reports and what is on them

A credit report is simply a record of how a person has handled credit. It is kept by companies called credit bureaus. In South Africa there are **four main bureaus**, and they do not always hold identical information, which is why CCL pulls a person's position across all four.

What appears on a credit report

Entry	What it means in plain words
Accounts	Your credit agreements, the balances, and whether payments are up to date.
Payment history	A month by month record of whether you paid on time.
Default listing	A negative listing placed by a bureau, often called being blacklisted.
Judgment	A court judgment granted against you for a debt, which then shows on your record.
Debt review flag	An indicator that you are under debt review.
Enquiries	A record of who has checked your credit and when.

Blacklisting, the word everyone uses

There is no single official blacklist. When people say blacklisted, they usually mean a default listing or a judgment on their credit profile. Correcting the word is less important than understanding what they mean, so do not lecture them about it.

Garnishee orders

If money is being taken directly off a person's salary by court order, that is a **garnishee order**, also called an emoluments attachment order. It is a court-ordered deduction, not something the employer chose, and it is a sign the matter has already been to court.

Declined for a consolidation loan

People often try to fix debt by taking one big loan to pay off the others. When that is declined, they feel they have run out of options. They have not. It is one of the situations where the underlying credit position needs to be looked at properly, which is exactly what CCL does.

REMEMBER

A credit report is a record, not a verdict. Listings can be wrong, outdated or disputable, and a person's position often looks different once all four bureaus are read together. **You never interpret a report.** You point the person to CCL.

8 The three checks you can point people to

CCL has three different starting points. Knowing which to suggest makes you far more useful than simply saying contact us.

1. **The Credit Law Scorecard.** A free online check that takes a few minutes. It asks about debt review, agreements, salary deductions and listings, then tells the person where they stand and what their rights are. Ideal for someone who is anxious but not yet facing anything legal.
2. **The Reality Check, the free overview check.** Free, about three minutes, online or over WhatsApp. It establishes which stage the person is on and whether a defence exists. Ideal for someone who has received paperwork.
3. **The Instant Credit Report.** A paid service where CCL pulls the person's full credit report. Ideal for someone who needs to see exactly what is on their record before deciding anything.

Which to suggest

The person says	Point them to
"I am drowning but nothing legal has happened yet."	The Credit Law Scorecard, free, a few minutes.
"I got a letter or court paper and I am scared."	The free overview check, then straight to a consultant. This is time sensitive.
"I was declined and I do not know what is on my record."	The Instant Credit Report.
"I am stuck in debt review."	Get Help Now chat, so a consultant can establish whether an order exists.

WHAT YOU SAY

" There is a free check on the website that tells you where you stand. It takes a few minutes and costs nothing."

" If you want to see exactly what is on your record, CCL can pull your full credit report."

" Go to creditlaws.co.za and tap Get Help Now, that starts the conversation for you."

9 Your job at this level

You now know more than most people about debt review and credit reports. That knowledge is for having a better conversation, not for giving advice.

The line you do not cross

- You **do not** read someone's credit report and tell them what to do about each listing.
- You **do not** tell someone whether they should leave debt review.
- You **do not** tell someone which of the four routes applies to them.
- You **do** explain the general picture calmly, and get them to CCL.

Why this matters more at Level 2

At Level 1 you knew little enough that advising was obviously beyond you. Now you know some real detail, and the temptation to help by diagnosing is much stronger. Resist it. Getting it wrong could cost someone their protection, their car or their home.

THE TEST TO APPLY

Ask yourself: am I explaining **how things generally work**, or am I telling this person **what to do about their matter**? The first is your job. The second belongs to a consultant.

WHAT YOU SAY WHEN PUSHED FOR ADVICE

" I can tell you how it generally works, but I am not the person to tell you what to do about your own case."

" The specialists look at the actual paperwork and numbers, then give you an honest answer."

" Let me get you to them. Go to creditlaws.co.za and tap Get Help Now."

+ Level 2 glossary

Debt review
A formal process under the National Credit Act that restructures debt into one affordable payment and protects the person from creditors while it runs.

Debt counsellor
A registered person who assesses affordability and runs the debt review process.

Over-indebted
Where a person cannot reasonably meet all their credit obligations.

Form 16
The debt review application, the way in.

Form 19
The clearance certificate, the way out once debts are settled.

Re-arrangement order
The court order in debt review that sets the new, reduced payment terms.

Section 71 clearance certificate
The certificate a debt counsellor issues to end debt review. Once properly issued, the bureaus must remove the flag.

The bond exception
A mortgage bond does not have to be fully settled before clearance. Vehicle finance does.

Credit bureau
A company that keeps credit records. There are four main bureaus in South Africa.

Credit report
A record of a person's credit history kept by a bureau.

Default listing
A negative listing on a credit profile, commonly called being blacklisted.

Judgment
A court judgment for a debt, which then appears on the credit record.

Garnishee order
A court-ordered deduction straight from a person's salary, also called an emoluments attachment order.

NCR
The National Credit Regulator, which oversees credit providers and debt counsellors.

Credit Law Scorecard
A free online CCL check that tells a person where they stand and what their rights are.

Reality Check
CCL's free overview check, about three minutes, which establishes the person's stage.

Instant Credit Report
A paid CCL service that pulls a person's full credit report.

+ Practice questions

Cover the answers and test yourself. The real test is harder than Level 1 and needs 85 percent.

1. What single question decides how a person can leave debt review?

Whether a court re-arrangement order has already been granted.

2. A person finished paying everything but is still flagged. What do they need?

A Section 71 clearance certificate on Form 19, issued by a registered debt counsellor. The bureaus must then remove the flag.

3. Does a home loan have to be fully settled before clearance? Does a car?

A home loan does not, because of the Section 71 bond exception. Vehicle finance does have to be fully settled.

4. Someone plans to stop paying to escape debt review. What do you say?

Never do that. It does not end debt review, it removes their protection and exposes them to creditor action.

5. An instalment is so low it does not cover the interest. Which route may apply, and what is the case?

Route 3, an order that can never repay the debt may be void and set aside, following FirstRand Bank v McLachlan in the Supreme Court of Appeal.

6. How many main credit bureaus are there, and what does CCL do with them?

Four. CCL pulls the person's credit position across all four.

7. Money is coming off someone's salary by court order. What is it called?

A garnishee order, also known as an emoluments attachment order.

8. Someone anxious about debt but with no legal papers yet. Which check do you suggest?

The free Credit Law Scorecard on the website.

9. A person hands you their credit report and asks what to do about each listing.

You do not interpret it. Explain that the specialists read the full position across all four bureaus, and point them to Get Help Now.

10. Is debt review a bad thing that people should leave?

No. It helps many people, and sometimes staying is the right answer. CCL finds the honest answer for that person.

★ Level 2 recap

Debt review

A formal NCA process that restructures debt into one affordable payment and protects the person while it runs. Run by a registered debt counsellor. Form 16 in, Form 19 out. It often helps, so leaving is not automatically right.

The one question

Has a court re-arrangement order already been granted? Before an order the door is wider, after an order the routes are narrower but still real.

The four routes out

- **No order yet**, declared no longer over-indebted by the Magistrate's Court.
- **Order plus debts settled**, Section 71 clearance certificate on Form 19.
- **Unworkable order**, void and set aside, following McLachlan.
- **Never properly started**, the NCR can find the person never applied.

The detail people get wrong

A mortgage bond does not have to be settled before clearance. **Vehicle finance does.**

The dangerous myth

Never simply stop paying to get out. It does not end debt review, it removes protection.

Credit reports

Four main bureaus. A report shows accounts, payment history, default listings, judgments, the debt review flag and enquiries. A garnishee order is a court-ordered salary deduction. CCL reads all four bureaus together.

NOW TAKE THE LEVEL 2 TEST

You need **85 percent** to pass. When you do, download your certificate and move on to Level 3, Repossession and Court.