ANNUAL REPORT 2021

A YEAR IN LIMBO ...

CREDIT OMBUD
Enforcing Fairness in Credit and Credit Bureaux Matters

MISSION STATEMENT

THE OFFICE OF THE CREDIT OMBUD WILL

Effectively resolve disputes between members of the credit industry and credit receivers (consumers and businesses) with regard to credit and credit information matters.

Act as an educator of the public in matters pertaining to the credit industry.

At all times act honestly, independently and fairly; balancing the rights of all parties.

VALUES

FAIR

We will act in the best interests of all parties, taking both sides into consideration and considering the merits of each case carefully.

INDEPENDENT

We will not take sides and will remain impartial at all times. No individual or organisation will be in a position to unduly influence us.

HONEST

We will deal openly with any issue brought before us, asking the relevant questions and communicating clearly and transparently.

2021: A YEAR IN LIMBO...

Following the uncertainty of 2020, most of us still felt the sense of that same uncertainty in 2021.

The time to reflect was extended, and we were gifted more time to appreciate serenity, silence and solitude.

It reminds one of looking at a sand dune, quietly awaiting change – will the wind move the sand up, down, left or right?

While the calm lines and shapes in the desert paint a picture of calm, there is always that sense of uncertainty: what lies beneath?

And as we know, deserts are not devoid of life, but provide room to breathe. Even the plants give each other some space. We live in a time where we constantly search and fight for peace, yet a flower that blooms in the desert proves that adversity can be overcome.

If "limbo" is defined as a period of waiting in uncertainty, however, it was not one of inactivity or waiting for the Credit Ombud. Rather, it was one in which the Ombud took active steps to ward off uncertainty and a state of limbo – much as the desert dunes don't stand still, but are unrelenting in their progress.

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CHAIRPERSON'S MESSAGE

TEFO RADITAPOLE

"IT IS A PLEASURE TO PRESENT THE ANNUAL REPORT OF THE CREDIT OMBUD FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021.

The journey over the past two years at the Credit Ombud was fraught with difficulties. It is remarkable in how we persevered in the wake of adversity. We faced many challenges as we repositioned the Credit Ombud to grow again. The performance numbers show tremendous growth in all the key indicators for 2021. Our call centre dealt with 32 448 calls from consumers, and this generated 18 424 general enquiries. Our case management team opened 3 976 disputes and closed 4172 disputes. These figures represent increases of 27% and 34% respectively.

The finances of the Credit Ombud are in good health. In this report, we present the audited annual financial statements of the Credit Ombud for the financial year. We achieved a clean audit, and Council is comfortable that the financial controls that were implemented are adequately safeguarding the office. It is particularly pleasing that we secured a small surplus this year.

We also monitor all other risks to the organisation on a quarterly basis and as Council, we are comfortable that all risks are managed effectively.

Council also oversees the engagement of the office with the regulatory authorities. We welcome the establishment of the new Ombud Council in terms of Chapter 14 of the Financial Sector Regulation Act, 2017 (FSRA). The Credit Ombud is now recognized as an "Ombud with Jurisdiction" in accordance with section 194 of the FSRA. In this regard, I confirm that the Credit Ombud complies with all financial sector laws and regulatory obligations, including section 217(1)(a) of the Financial Sector Regulation Act, 2017 (FSRA). I also confirm that Council, in accordance with our Constitution, ensures compliance through its strategic monitoring of activities.

Council welcomed the report of the World Bank Diagnostic Team which was published in the second half of the year by National Treasury. The report is a well-considered analysis of the Ombud system in South Africa. In particular, Council supported the main recommendation of the amalgamation of the voluntary ombuds in the financial sector. Our team continues engagements with our sister organisations to make progress in achieving this goal.

Our relationship with the NCR is growing stronger every day as we implement the provisions of the Memorandum of Understanding (MoU) between the organisations. We are encouraged that management has now put in place procedures and protocols for disputes against subscribing members to be transferred from the NCR to the Credit Ombud. We are also happy that our team is conducting joint activities with the NCR to create consumer awareness of their rights and responsibilities as envisioned in the National Credit Act, 2005.

In this Annual Report we reflect on the contribution of one of the Council members, Ms Marie van der Merwe, to the Credit Ombud. Marie sadly passed away during the year. She was a committed member of Council, and we sorely miss her. Marie was known as a fierce advocate for consumer rights and made a major contribution to enhance the Credit Ombud as an organisation that enforces fairness in the credit industry.

Finally, I want to express my appreciation to Council members who served the Credit Ombud well over the year. I want to thank the Ombudsman, Howard Gabriels, and the management team, Lee Soobrathi and Avitha Nofal, for their prudent management of the organisation in a challenging environment. To the staff of the Credit Ombud, on behalf of the Council, we appreciate your loyal contribution to the office. The staff demonstrated resilience in successfully adapting to the new environment we work in.

Thank you.

Tefo Raditapole

OPERATIONAL REPORT

HOWARD GABRIELS

> THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 WAS A YEAR OF RECOVERY FOR THE CREDIT OMBUD.

The COVID-19 pandemic had a devastating impact on the operations of the Credit Ombud. Apart from its effects on operations, the pandemic devastated the lives of families who lost loved ones, while individuals became unemployed. Many credit consumers could no longer fulfil their obligations to make payments on loans. Credit providers faced challenges as they suffered massive cash flow crises and had to accommodate consumers with payment holidays and other measures of support.

At the Credit Ombud, our staff were also negatively affected by the pandemic. We invested heavily in our IT infrastructure to ensure that every employee could work remotely. In addition, we had to upgrade the security on all our systems to ensure that we were compliant with the POPI Act. One of the major management challenges was to learn how to manage staff who were no longer present in the office. The recovery in 2021 is in large part attributed to the resilience of our staff who put in an extra effort to address the needs of the thousands of consumers who contacted our office during this time.

Our work at the Credit Ombud is driven by the strategic direction set by our Council in 2019 called the "Fit for Purpose" strategy. This strategy stood us in good stead as we had to contain our costs and manage the organisation in a very challenging environment. I appreciate the support of our chairperson, Mr Tefo Raditapole and all the Council members for their guidance throughout a very tough time. During this year one Council member – Ms Marie van der Merwe – sadly passed away. Marie was also the president of the South African National Consumer Union. She was a committed consumer activist and played an active role in making sure that the Credit Ombud continued to grow. We take a moment to reflect on the contribution Marie made to the Credit Ombud. We pay a special tribute to her and will miss her dearly.

Some of her fellow Council members had the following to say about Marie:

> *"Marie van der Merwe was a valuable asset to the board, her knowledge and insight on consumer issues was immeasurable. The Credit Ombuds Council will forever miss her. May her soul rest in eternal peace."*

> *"As Marie traveled her journey of life, one can assume that some days she was a warrior and some she was a broken mess, however most of her days, she was a bit of both. What one saw in our engagements, she was always there, standing , fighting and trying her best to make the world a better place. She fought and stood for what will benefit others more than herself. She was a warrior in her own right"*

> *"Marie was not only a colleague but also a friend. She was always professional, reliable and willing to do any task she was given. Marie had a wide knowledge and we never hesitated to nominate her for any Board or Trust. Her report back on meetings attended was always informative and interesting. A big pillar has fallen in SANCU and we miss her dearly."*

> *"Marie's energy and passion for consumer education was contagious. She leaves a void that will not easily be filled".*

> *"With seemingly limitless levels of compassion and competence, Marie brought both old school caring and up to date governance principles to the Credit Ombud as she applied herself to ensuring the best interests of consumers were aligned with responsible business practices... What a legacy!!"*

The statistics reported on elsewhere in this Annual Report present evidence that 2021 was indeed the year of recovery. In 2021 we received 32 448 calls and smses to our call centre – this was an increase of 8% compared to 2020 (30 120). This resulted in 18 424 general enquiries which is up 13% compared to 2020 (16 338). We opened 3 948 disputes, an increase of 27% (2020: 3143). We closed 4 172 disputes compared to 3 111 in 2020, an increase of 34%. The average number of days to close a dispute improved to 44 days. Over the year 69% of disputes were settled in favour of consumers and the average cost per dispute declined to R2 508.67 per dispute. In our consumer satisfaction survey, 82% of the consumers indicated that they are happy with our services, and 88% said they will refer others to the Credit Ombud.

Consumer education and awareness is a central mandate of the Credit Ombud. Over the year we conducted a comprehensive campaign to make consumers aware of their rights and responsibilities in the credit industry, and of the role that the Credit Ombud plays in resolving disputes with credit providers. As part of our campaign, we issued 18 press releases and through this, 207 articles were published in newspapers and magazines; 105 interviews were conducted on radio; 14 interviews were conducted on television. In social media we have more than 4 061 followers. Our media activities generated an advertising value equivalent (AVE) of R27.4 million.

In our outreach campaign to consumers, we conducted 36 work-shops and mall activations in Gauteng, Limpopo, Mpumalanga and KwaZulu Natal. Most of these workshops and mall activations were done in partnership with various organisations, including the National Credit Regulator, Gauteng Department of Economic Development, the Information Regulator, the KwaZulu Natal Department of Economic Development and Tourism and with other Ombuds.

Throughout the year we continued to engage with our members and the associations that represent our members. We met with more than 60 individual members of the Credit Ombud. We held regular meetings with Micro Finance South Africa, the National Clothing Retail Federation, and the Large Non-Bank Lenders Association. We thank them for the support they have given to the Credit Ombud. We also engaged with various consumer bodies, including the Black Sash and the South African National Consumer Union.

In this Annual Report, we present the Audited Financial Statements for the financial year ending 31 December 2021. Once again, we produced a clean audit. We produced a small surplus of R60 098 for the year. We are happy that the internal controls that were introduced early in 2020 have effectively helped us to produce this result.

During the year there were some major developments in the regulatory environment. Chapter 14 of the Financial Sector Regulation Act, 2017 (FSRA) became operational. At the beginning of the year, the Minister of Finance appointed the Ombud Council, under the leadership of Adv Deane Wood. Ms Eileen Meyer was appointed as the interim Chief Ombud. The Financial Sector Ombud Schemes Act was repealed in May 2021, and in October 2021 the Ombud Council granted the Credit Ombud recognition as an "Ombud with Jurisdiction" until 30 April 2022 in terms of section 301 of the FSRA. Over the year we built a positive working relationship with the Ombud Council.

National Treasury published the report by the World Bank Diagnostic Team titled South Africa: Financial Ombud Diagnostic at the end of July. The Credit Ombud made extensive comments on this report, and we await the response of National Treasury in the new year. The main recommendation from this report is that the voluntary ombuds and the FAIS Ombud merge into a single National Financial Ombud. The Council of the Credit Ombud support this proposal and we have been actively working with the voluntary ombuds to achieve this goal. Over the year, the Credit Ombud developed a solid working relationship with the other ombuds – the Ombud for Banking Services, the Ombud for Short Term Insurance and the Ombud for Long Term Insurance.

On 1 March 2021 we signed a Memorandum of Understanding (MoU) with the National Credit Regulator (NCR). The MoU provides for several areas of cooperation between the NCR and the Credit Ombud, which include the following:

- As an alternative to disputes being investigated by the NCR against subscribing members of the Credit Ombud, the NCR shall refer non-bank credit agreements and credit information matters to the Credit Ombud;
- The Credit Ombud will report to the NCR on a quarterly basis regarding the resolution of disputes referred by the NCR;

- Cooperation on capacity building and training programmes;
- Cooperation on consumer education and awareness as well as outreach initiatives; and
- Cooperation on research and information sharing.

In terms of this MoU, we had two meetings with the NCR during the year to evaluate the progress we are making with the implementation of the provisions of the MoU. We also held two workshops to capacitate our staff and the staff of the NCR on our various procedures and operational matters. We have established protocols for the transfer of disputes against subscribing members between the NCR and the Credit Ombud. We also participated in several consumer awareness campaigns with the NCR. Generally, I am happy with the progress, and we have built a strong and professional relationship with the NCR.

To deliver performance of the Credit Ombud is, in the main, due to our staff. Over the year, our staff showed their dedication and resilience, especially in the face of the pandemic that fundamentally changed the way we work. All staff members are fully equipped to work remotely and for most of the year we have not worked from our offices. Towards the end of the year, we appointed two new staff members to cope with the increase in our workload. I appreciate the support of our staff. Let me also express my appreciation to the management team, who continue to work well together to guide and manage the operations of the Credit Ombud. A special word of thanks to Lee Soobrathi and Avitha Nofal.

Finally, I want to thank the chairperson, Mr Tefo Raditapole, for his support and guidance throughout the year. I appreciate that he was always available and gave sound counsel when I needed it most. My appreciation also goes to the Council members.

Thank you!

Howard Gabriels

ANNUAL FINANCIAL

STATEMENTS

Financial Statements for the year ended 31 December 2021

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Ombudsman
Council	TN Raditapole NN Zungu TP Zulu A Hlubi JM van der Merwe J Naude Viljoen M Lawrence
Registered office	1st Floor, Block 3 Fernridge Office Park Ferndale Johannesburg 2123
Postal address	PO Box 805 Pinegowrie 2123
Bankers	Absa
Auditor	Infocus Auditors and Accountants Chartered Accountant (SA) Registered Auditor 1124 Pretorius Street Hatfield Pretoria 0082
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of their Constitution and in line with the Companies Act 71 of 2008.
Issued	07 February 2022
Legal entity	Association of persons

Financial Statements for the year ended 31 December 2021

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The reports and statements set out below comprise the financial statements presented to the members:

Level of assurance

These financial statements have been audited in compliance with the applicable requirements of their Constitution and in line with the Companies Act 71 of 2008.

Published

07 February 2022

Financial Statements for the year ended 31 December 2021

COUNCIL'S RESPONSIBILITIES AND APPROVAL

The council is required by the Constitution and in line with the Companies Act 71 of 2008, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium- sized Entities. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The council acknowledge that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the council to meet these responsibilities, the council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The council have reviewed the association's cash flow forecast for the year to 31 December 2022 and, in the light of this review and the current financial position, They are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the association's financial statements. The financial statements have been examined by the association's external auditor and their report is presented on page 5.

Approval of financial statements

Chairperson

Financial Statements for the year ended 31 December 2021

COUNCIL'S REPORT

The council has pleasure in submitting their report on the financial statements of Credit Ombud Association for the year ended 31 December 2021.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Constitution and in line with the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the association are set out in these financial statements.

2. Council

The council in office at the date of this report are as follows:

Council	Changes
TN Raditapole	
NN Zungu	
TP Zulu	
A Hlubi	
JM van der Merwe	
J Naude Viljoen	
M Lawrence	Appointed, 13 October 2020

3. Events after the reporting period

The council is not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Going concern

The council believe that the association has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The council has satisfied themselves that the association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The council is not aware of any new material changes that may adversely impact the association. The council is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the association.

5. Auditors

Infocus Auditors and Accountants continued in office as auditors for the association for 2021.

Financial Statements for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Non-Current Assets			
Fixed assets	2	7 581	47 830
Staff loans		–	242 847
		7 581	**290 677**
Current Assets			
Trade and other receivables	3	321 208	2 361 315
Cash and cash equivalents	4	9 359 783	8 804 983
		9 680 991	**11 166 298**
Total Assets		**9 688 572**	**11 456 975**
Equity and Liabilities			
Equity			
Retained income		5 338 737	6 166 470
Liabilities			
Current Liabilities			
Trade and other payables	5	4 349 835	5 290 505
Total Equity and Liabilities		**9 688 572**	**11 456 975**

Financial Statements for the year ended 31 December 2021

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2021	2020
Revenue			
Membership fees		10 232 429	11 948 134
Other income			
Other income		47 850	–
Interest received		246 037	338 217
		293 887	**338 217**
Operating expenses			
Accounting fees		20 640	17 326
Advertising		117 319	118 090
Auditors remuneration		45 600	39 725
Bank charges		11 805	8 368
Combined projects		22 301	3 705
Computer expenses		1 051 119	844 404
Consulting fees		–	29 745
Consumer education		29 295	744
Council fees		274 326	316 719
Depreciation		40 249	57 362
Document storage		8 271	–
Employee costs		7 645 867	6 615 871
Entertainment		2 306	15 870
HRM services		28 320	28 820
Insurance		78 027	54 184
Legal expenses		3 822	–
Membership fees		18 043	21 883
Office expenses		7 404	14 397
Postage		–	296
Printing and stationery		22 135	91 326
Rent paid		581 754	653 296
SARS interest and penalties		–	23 282
Security		15 613	12 647
Special audit remuneration		9 200	77 950
Staff welfare		13 534	–
Telephone and fax		156 493	113 617
Training		19 894	18 075
Travel and accommodation		–	4 308
Unrecoverable loss		242 847	–
		10 466 184	**9 182 010**
Operating profit		**60 132**	**3 104 341**
Finance costs		(40)	–
Profit for the year		**60 092**	**3 104 341**

Financial Statements for the year ended 31 December 2021

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Retained income	Total equity
Balance at 01 January 2020	**3 470 054**	**3 470 054**
Profit for the year	**3 104 341**	**3 104 341**
Business combinations	(407 925)	(407 925)
Total changes	**(407 925)**	**(407 925)**
Balance at 01 January 2021	**6 166 470**	**6 166 470**
Profit for the year	**60 092**	**60 092**
Business combinations	(887 825)	(887 825)
Total changes	**(887 825)**	**(887 825)**
Balance at 31 December 2021	**5 338 737**	**5 338 737**

Financial Statements for the year ended 31 December 2021

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from (used in) operations	6	308 803	(274 611)
Interest income		246 037	338 217
Finance costs		(40)	–
Net cash from operating activities		**554 800**	**63 606**
Total cash movement for the year		**554 800**	**63 606**
Cash at the beginning of the year		8 804 983	8 741 377
Total cash at end of the year	4	**9 359 783**	**8 804 983**

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Constitution and in line with the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Fixed assets

Fixed assets are tangible assets which the association holds for its own use and which are expected to be used for more than one period.

Fixed assets is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of fixed assets and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of fixed assets, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of fixed assets are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the association and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Fixed assets is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the association.

The useful lives of items of fixed assets have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 Years
Office equipment	Straight line	6 Years
IT equipment	Straight line	3 Years
Computer software	Straight line	3 Years

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of fixed assets, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

ACCOUNTING POLICIES

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

The association is taxed in terms of section 30 of the Income Tax Act, 1962, and the receipts and accruals are exempt from income tax in terms of 10(1)(cN) of the Act.

1.4 Trade and other receivables

Most membership fees are made on the basis of normal credit terms and the receivables do not bear interest. Where credits on accounts that received the benefits of the association extend beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

1.5 Trade and other payables

Trade payables are recognised when:

- the association has an obligation at the reporting date as a result of a past event; and
- the amount of the obligation can be estimated or confirmed reliably.

1.6 Revenue

Membership income are recognised as revenue once members are invoiced. Membership fees are invoiced yearly, based on the proportional amount as per the approved budget. When the inflow of cash and cash equivalents is deferred, the fair value of the consideration receivable is present value of all future receipts using imputed rate of interest.

Interest is recognised, in profit or loss, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2021	2020

2. Fixed assets

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	330 000	(330 000)	–	330 000	(330 000)	–
Office equipment	30 690	(26 624)	4 066	30 690	(24 694)	5 996
IT equipment	985 741	(982 227)	3 514	985 741	(952 986)	32 755
Computer software	227 887	(227 886)	1	227 887	(218 808)	9 079
Total	**1 574 318**	**(1 566 737)**	**7 581**	**1 574 318**	**(1 526 488)**	**47 830**

Reconciliation of fixed assets – 2021

	Opening balance	Depreciation	Closing balance
Office equipment	5 996	(1 930)	4 066
IT equipment	32 755	(29 241)	3 514
Computer software	9 079	(9 078)	1
	47 830	**(40 249)**	**7 581**

3. Trade and other receivables

	2021	2020
Deposits	91 314	–
Interest receivable	–	16 739
Prepayments	–	4 400
Staff loans	8 500	12 000
Trade receivables	221 394	2 328 176
	321 208	**2 361 315**

4. Cash and cash equivalents

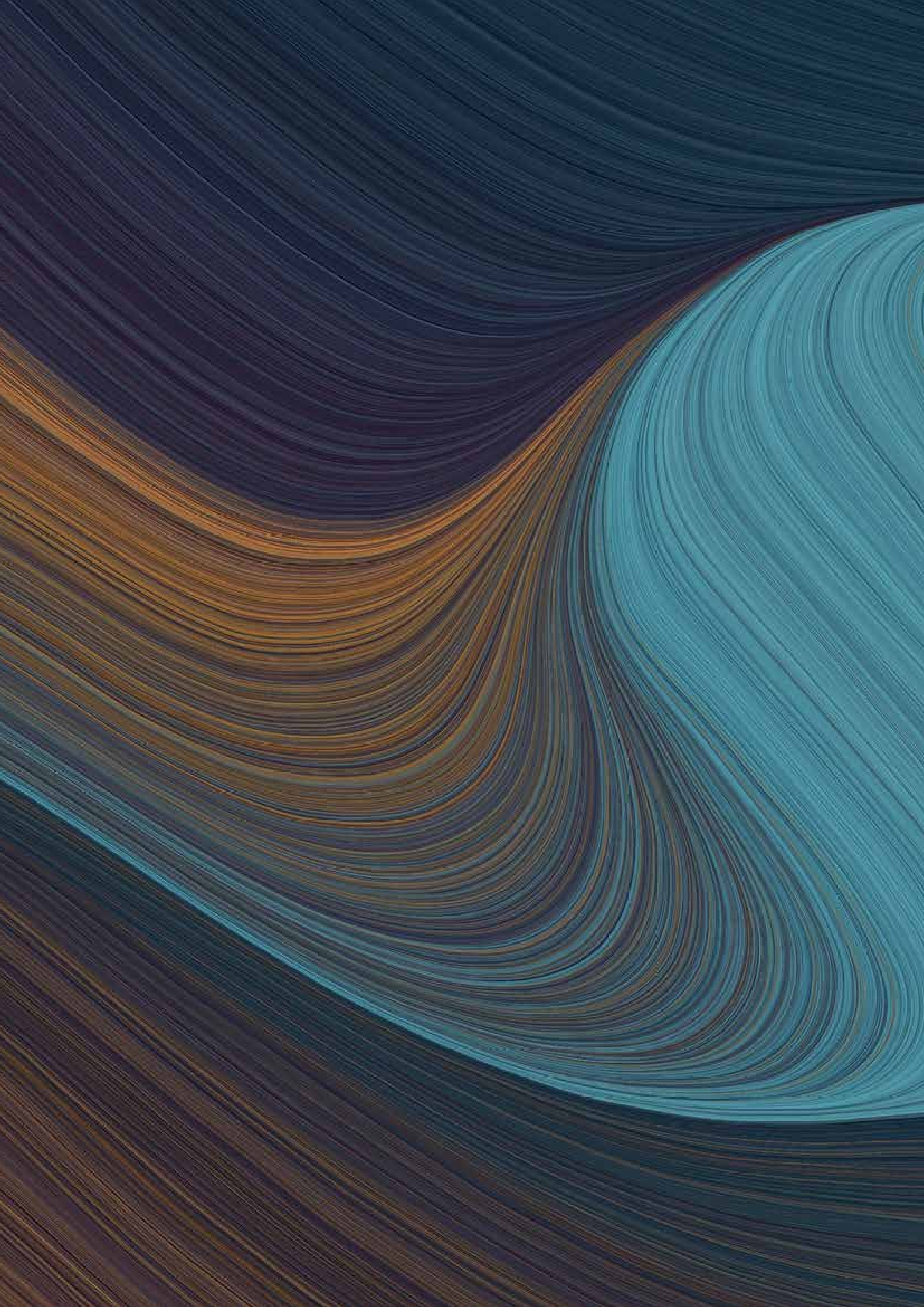
Cash and cash equivalents consist of:

	2021	2020
Bank balances	924 225	382 201
Short-term deposits	8 435 558	8 422 782
	9 359 783	**8 804 983**

NOTES TO THE FINANCIAL STATEMENTS

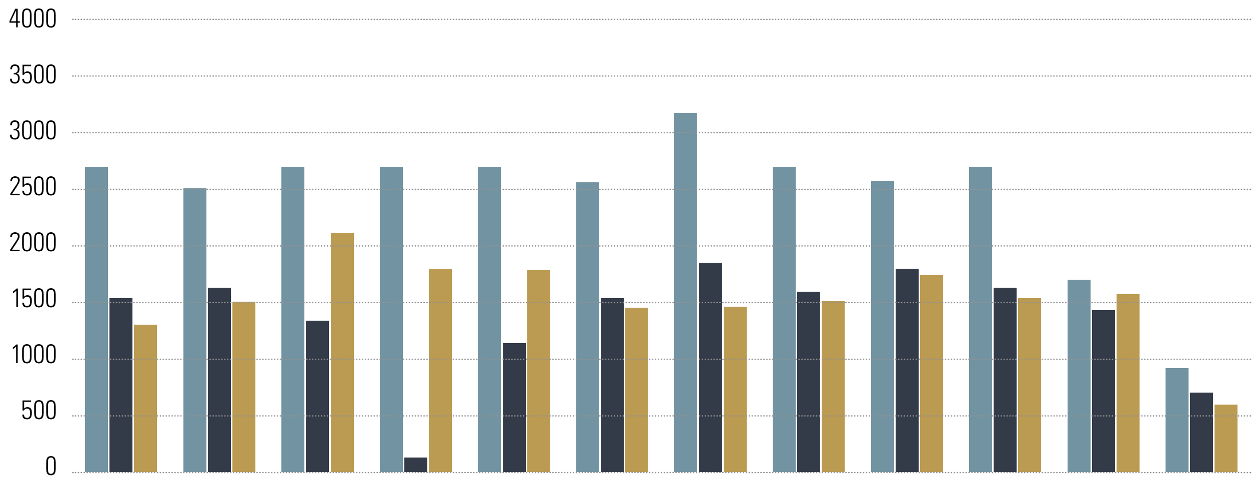
Figures in Rand	2021	2020
5. Trade and other payables		
Accrued employee cost	77 238	70 797
Amounts received in advance	3 956 520	4 662 136
Trade payables	156 579	71 575
VAT	159 498	485 997
	4 349 835	**5 290 505**

Figures in Rand	2021	2020
6. Cash generated from (used in) operations		
Profit before taxation	60 092	3 104 341
Adjustments for:		
Depreciation and amortisation	40 249	57 362
Interest received	(246 037)	(338 217)
Finance costs	40	–
Changes in working capital	(887 825)	(407 922)
Changes in working capital:		
Trade and other receivables	2 040 107	(1 617 073)
Prepayments	242 847	(242 847)
Trade and other payables	(940 670)	(830 255)
	308 803	**(274 611)**



PERFORMANCE STATISTICS

COMPLAINTS AND ENQUIRIES



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	2 686	2 512	2 678	2 706	2 677	2 521	3 220	2 695	2 536	2 694	1 686	899
2020	1 540	1 631	1 310	157	1 126	1 542	1 862	1 607	1 799	1 615	1 461	688
2021	1 300	1 514	2 132	1 811	1 779	1 486	1 496	1 515	1 721	1 520	1 545	605

TOTAL

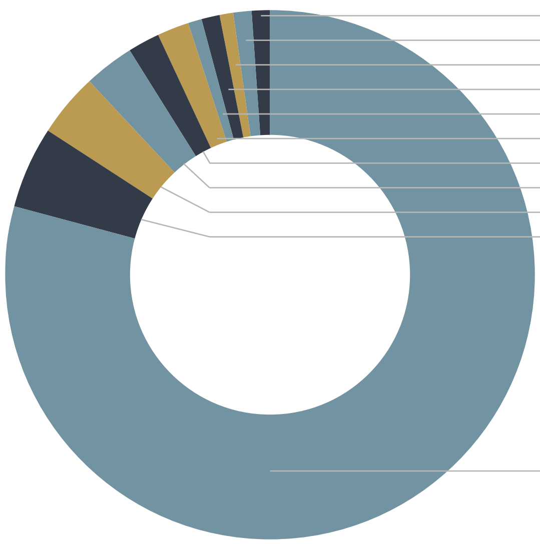
2019	**29 510**	2020	**16 338**	2021	**18 424**

YEAR TO DATE COMPARISON vs 2020

13%

GENERAL ENQUIRIES (SOURCE)

HOW CONSUMERS HEARD ABOUT THE CO

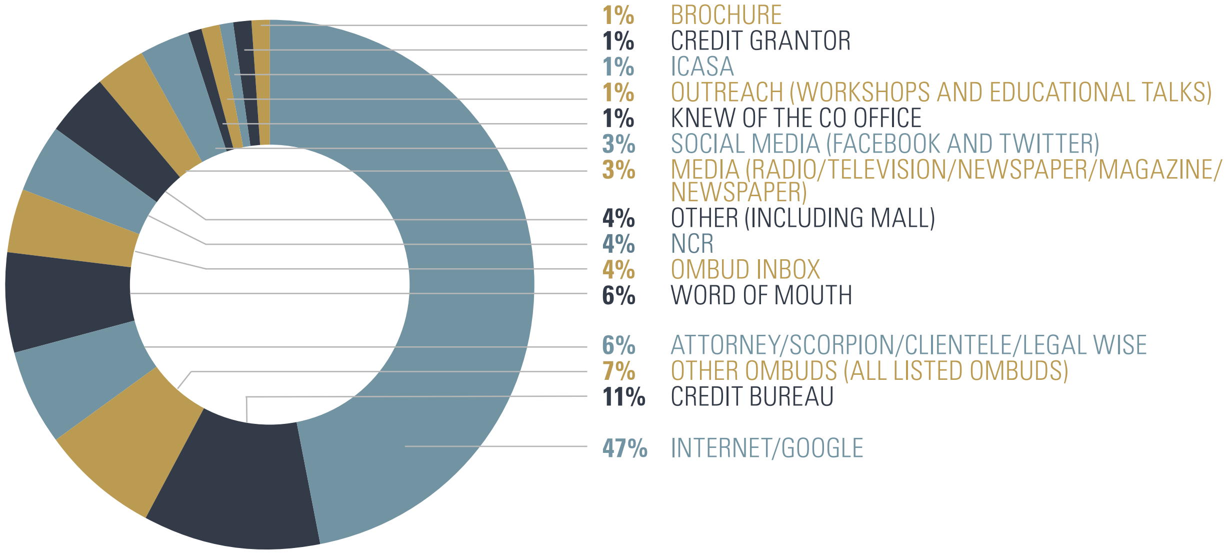


1% OMBUD INBOX
1% ATTORNEY/SCORPION/CLIENTELE/LEGAL WISE
1% NCR
1% REPEAT CONSUMER
1% OTHER OMBUDS SCHEMES
2% SOCIAL MEDIA (FACEBOOK AND TWITTER)
2% CREDIT GRANTOR
3% CREDIT BUREAU
4% WORD OF MOUTH
5% MEDIA (RADIO/TELEVISION/NEWSPAPER/MAGAZINE)

81% INTERNET/GOOGLE

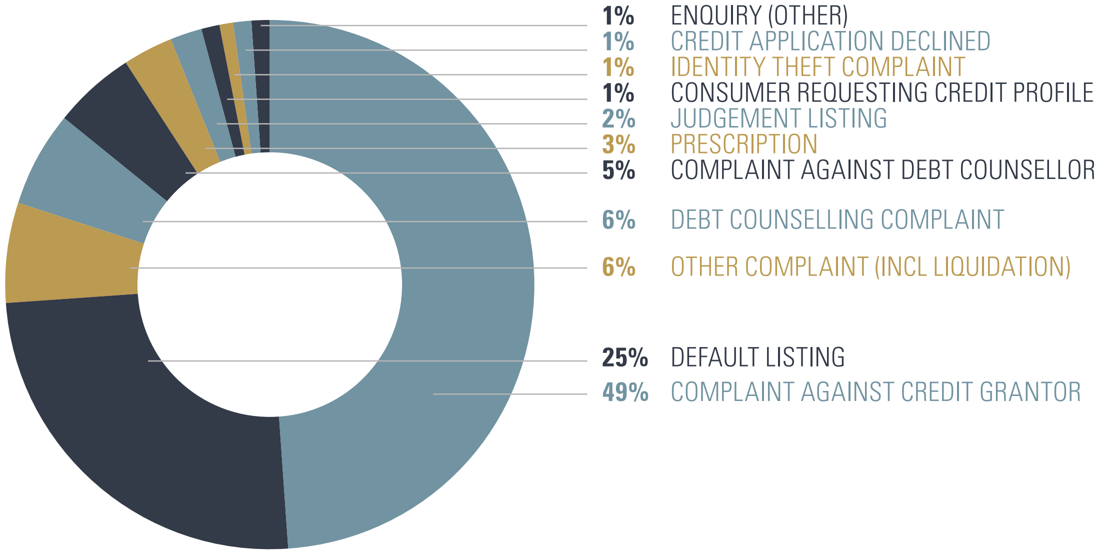
DISPUTES (SOURCE): ALL DEPARTMENTS

HOW CONSUMERS HEARD ABOUT THE CO

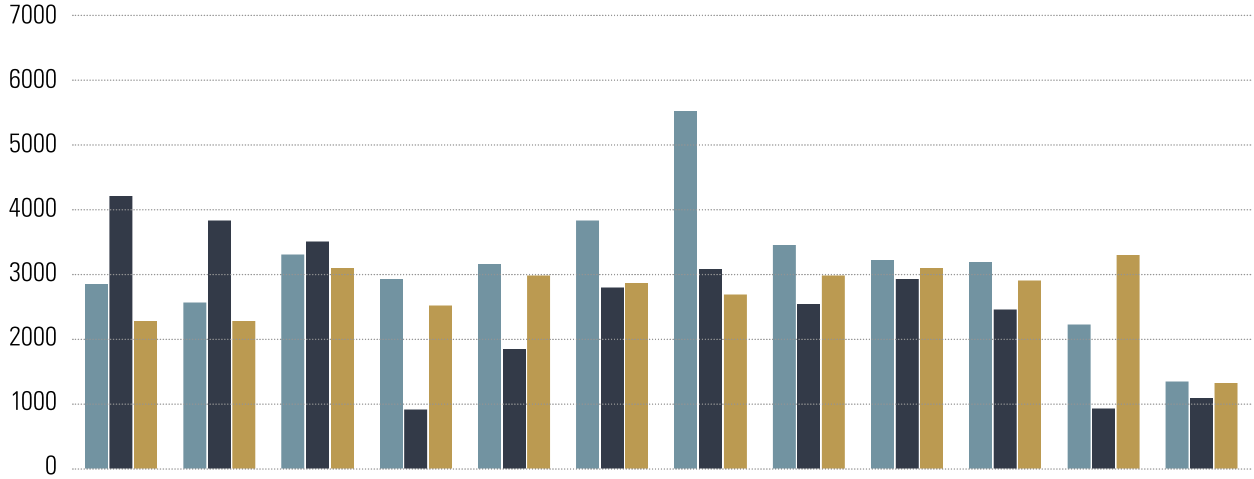


GENERAL ENQUIRY TYPES

BY CATEGORY



CALLS/SMS RECEIVED AT CO CALL CENTRE



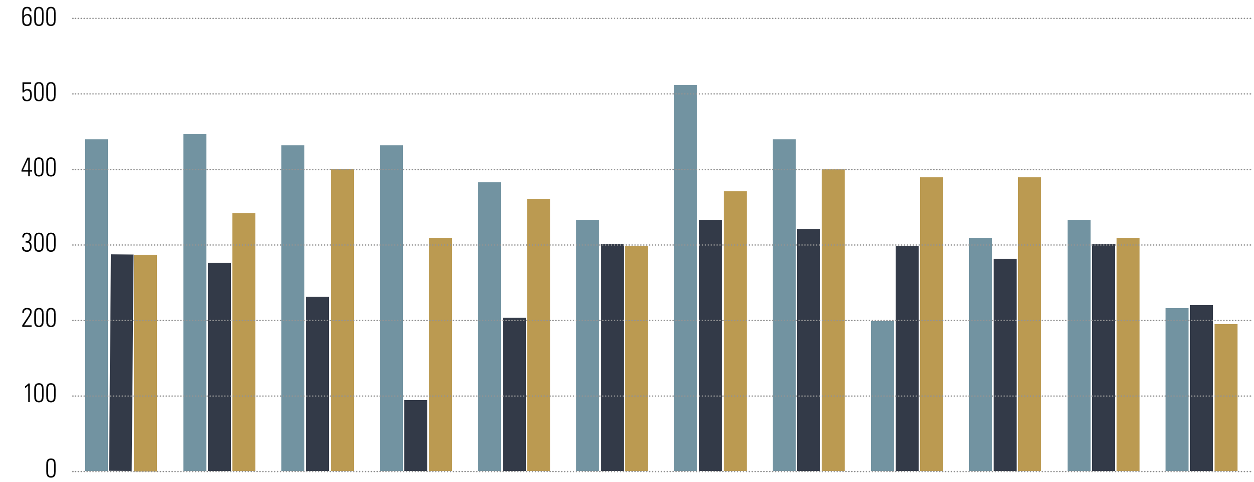
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	2 840	2 565	3 336	2 919	3 135	3 793	5 468	3 399	3 119	3 145	2 163	1 387
2020	4 243	3 796	3 514	983	1 739	2 747	3 157	2 560	2 888	2 436	933	1 124
2021	2 245	2 376	3 117	2 549	2 936	2 884	2 650	3 048	3 169	2 861	3 256	1 357

TOTAL

2019	**37 269**	2020	**30 120**	2021	**32 448**

YEAR TO DATE COMPARISON vs 2020 8%

DISPUTES OPENED: ALL DEPARTMENTS



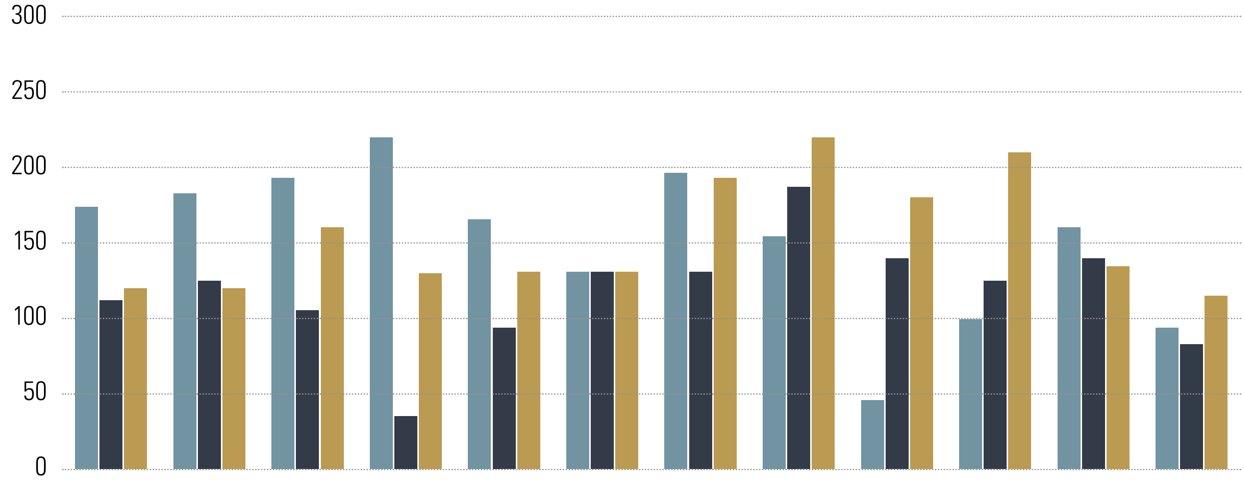
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	431	448	429	428	373	332	511	441	197	309	330	210
2020	282	270	234	95	209	301	338	324	293	279	302	216
2021	277	338	393	310	358	291	369	392	374	374	310	190

TOTAL

2019	**4 439**	2020	**3 143**	2021	**3 976**

YEAR TO DATE COMPARISON vs 2020 27%

DISPUTES OPENED: CREDIT INFORMATION DEPT



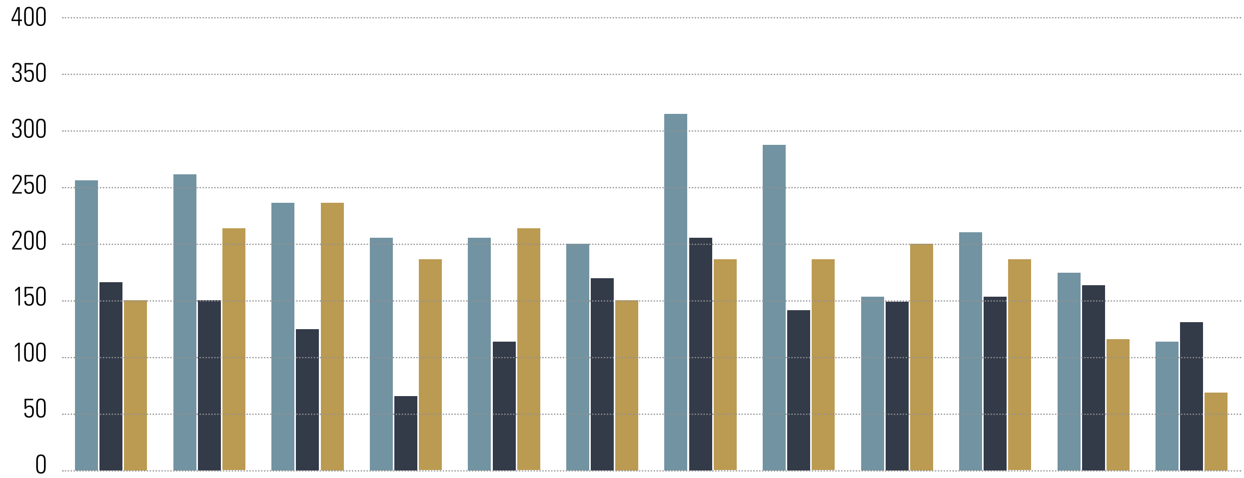
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	174	184	190	221	164	130	194	154	45	98	157	93
2020	111	122	107	30	92	129	132	180	143	125	138	82
2021	121	122	161	126	133	136	192	223	181	209	184	116

TOTAL

2019	**1 804**	2020	**1 391**	2021	**1 904**

YEAR TO DATE COMPARISON vs 2020 37%

DISPUTES OPENED: NON-BANK CREDIT DEPT



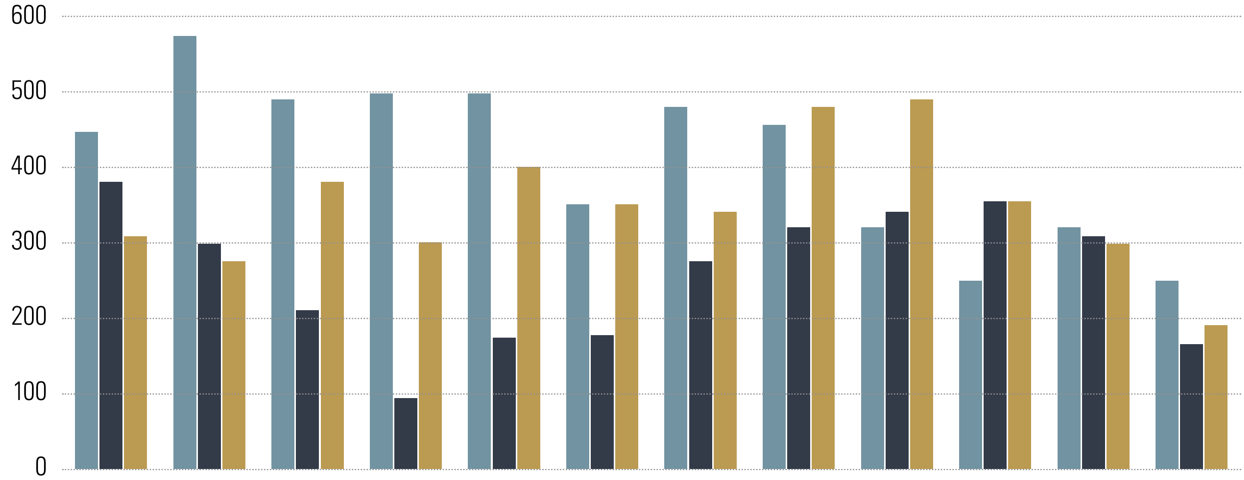
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	257	264	239	207	209	202	317	287	152	211	173	117
2020	171	148	127	65	117	172	206	144	150	154	164	134
2021	156	216	232	184	225	155	177	169	193	165	126	74

TOTAL

2019	**2 635**	2020	**1 752**	2021	**2 072**

YEAR TO DATE COMPARISON vs 2020 18%

DISPUTES CLOSED: ALL



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	456	576	489	494	493	351	476	453	319	252	322	256
2020	384	303	214	94	168	166	282	317	340	357	310	176
2021	314	282	376	301	398	352	342	471	486	356	304	190

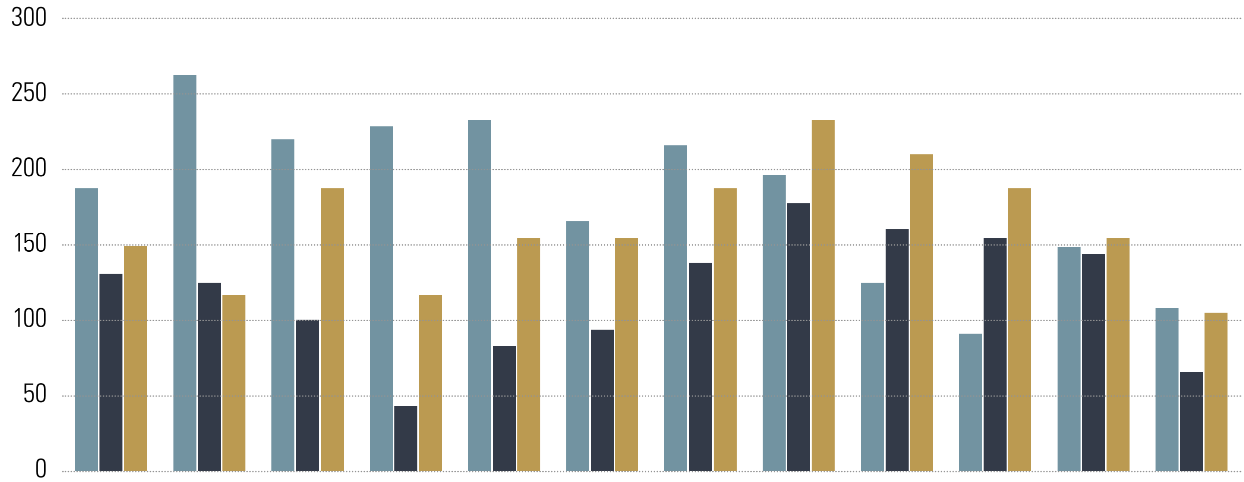
TOTAL

2019	**4 937**	2020	**3 111**	2021	**4 172**

YEAR TO DATE COMPARISON vs 2020

34%

DISPUTES CLOSED: CREDIT INFORMATION DEPT



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	189	263	222	231	239	164	222	193	128	88	147	115
2020	133	132	101	42	81	95	141	179	159	155	143	68
2021	147	121	176	117	158	152	172	231	212	176	156	106

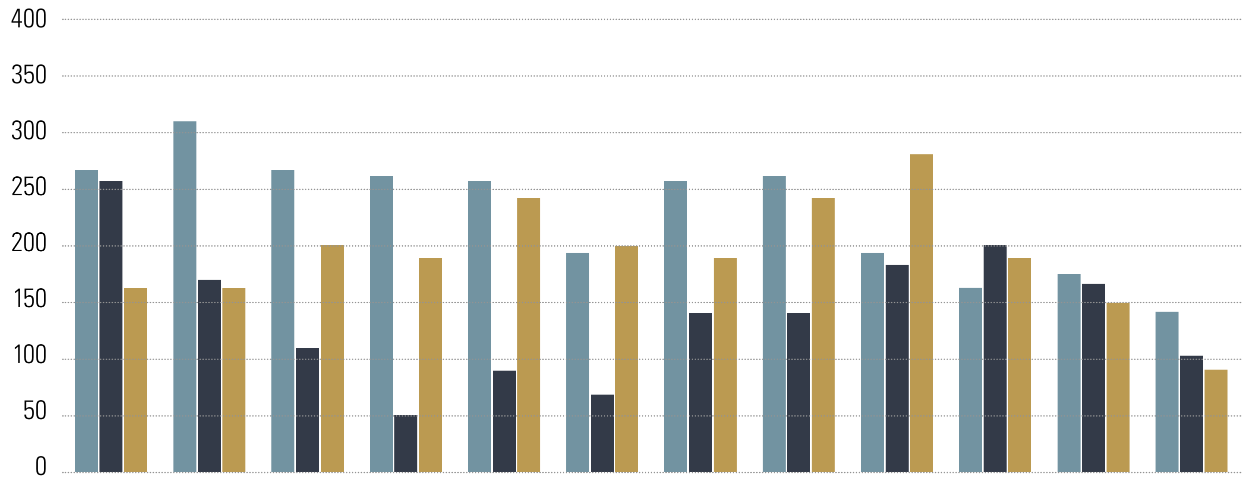
TOTAL

2019	**2 201**	2020	**1 429**	2021	**1 924**

YEAR TO DATE COMPARISON vs 2020

35%

DISPUTES CLOSED: NON-BANK CREDIT DEPT



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	267	313	267	263	254	187	254	260	191	164	175	141
2020	251	171	113	52	87	71	141	138	181	202	167	108
2021	167	161	200	184	240	200	170	240	274	180	148	84

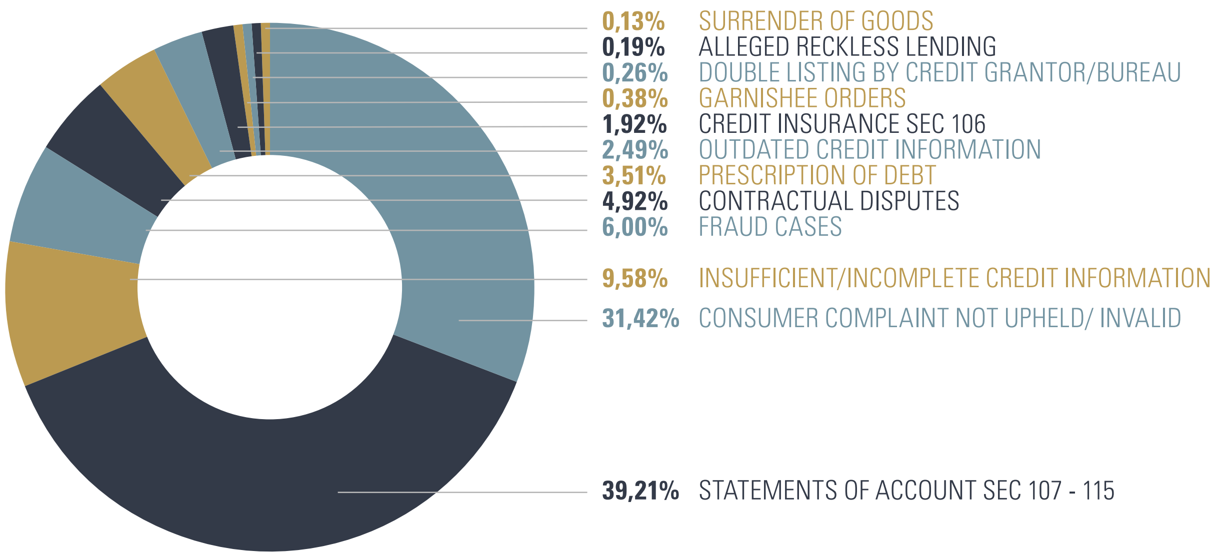
TOTAL

2019	2 736	2020	1 682	2021	2 248

YEAR TO DATE COMPARISON vs 2020 34%

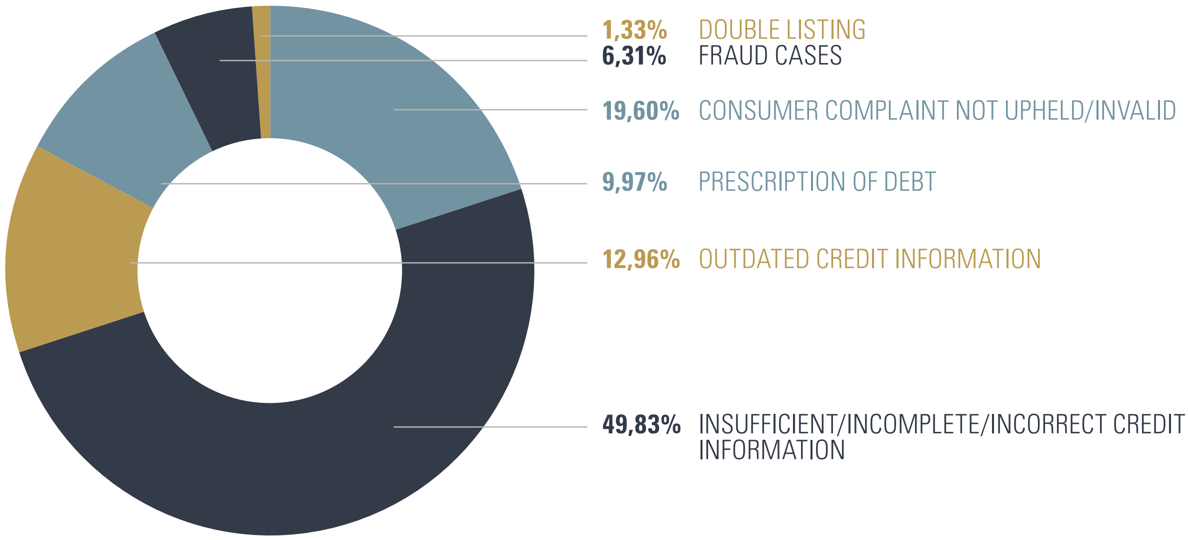
DISPUTES CLOSED BY JURISDICTION

ALL



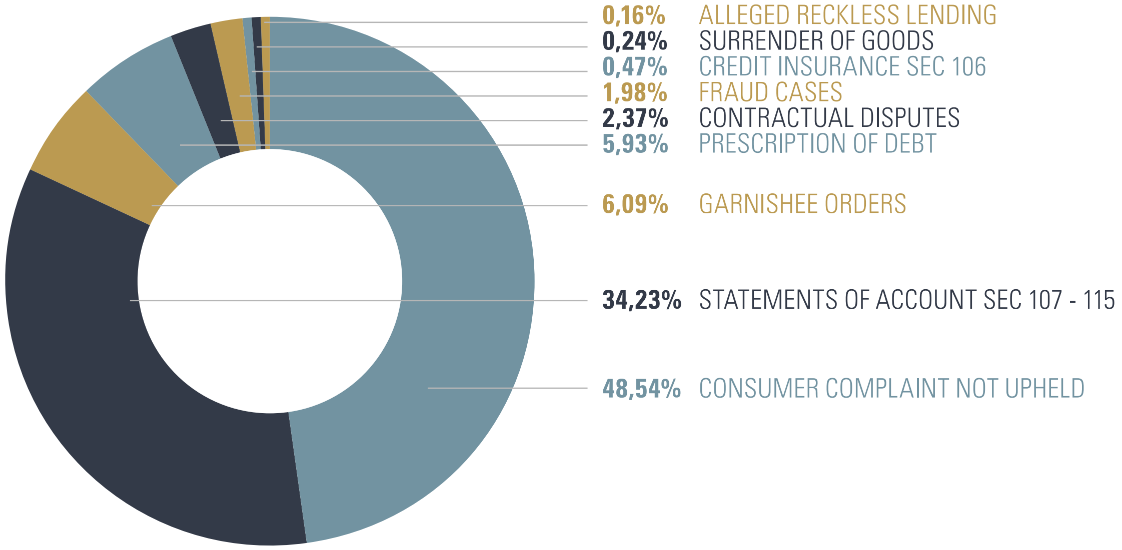
DISPUTES CLOSED BY JURISDICTION

CREDIT INFO

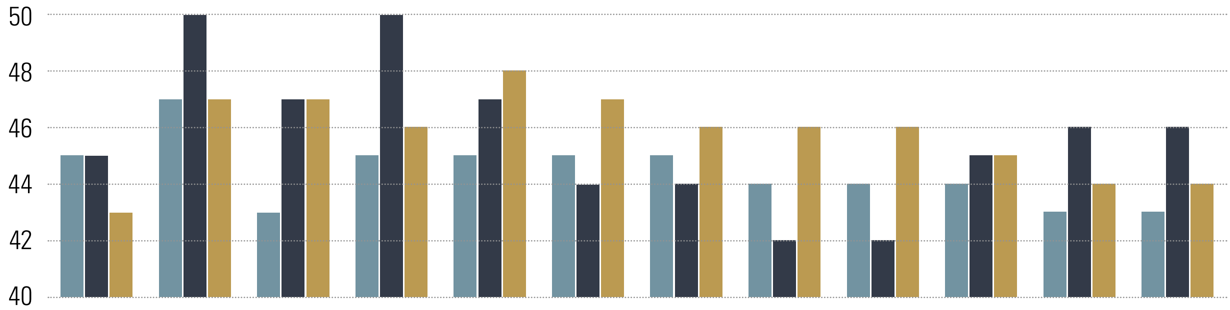


DISPUTES CLOSED BY JURISDICTION

NON BANK CREDIT

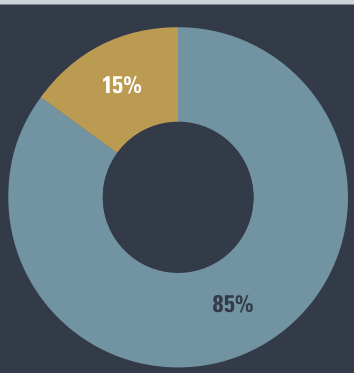


AVERAGE DAYS TO CLOSE



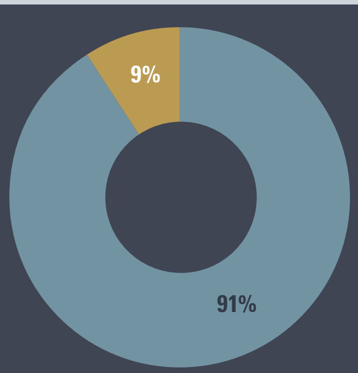
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	45	47	43	45	45	45	45	44	44	44	43	43
2020	45	50	47	50	47	44	44	42	42	45	46	46
2021	43	47	47	46	48	47	46	46	46	45	44	44

MANNER OF FINALISATION: CURRENT YEAR



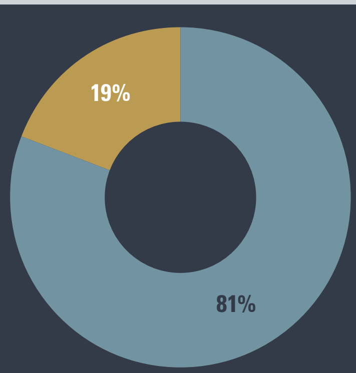
ALL DEPARTMENTS

1. Intervention	3 565	85%
2. Facilitation	607	15%
3. Mediation	–	0%
4. Recommendation	–	0%
5. Ruling	–	0%
TOTAL	**4 172**	**100%**



CREDIT INFO DEPARTMENT

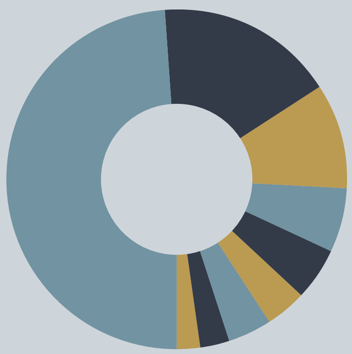
1. Intervention	1 751	91%
2. Facilitation	173	9%
3. Mediation	–	0%
4. Recommendation	–	0%
5. Ruling	–	0%
TOTAL	**1 924**	**100%**



NON-BANK CREDIT DEPARTMENT

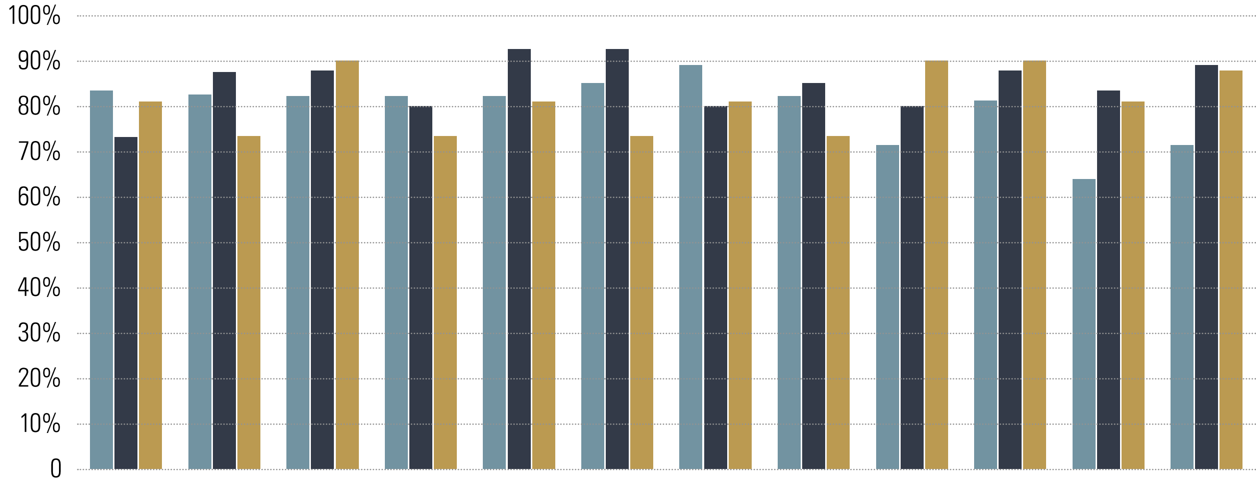
1. Intervention	1 814	81%
2. Facilitation	434	19%
3. Mediation	–	0%
4. Recommendation	–	0%
5. Ruling	–	0%
TOTAL	**2 248**	**100%**

DISPUTES BY PROVINCE



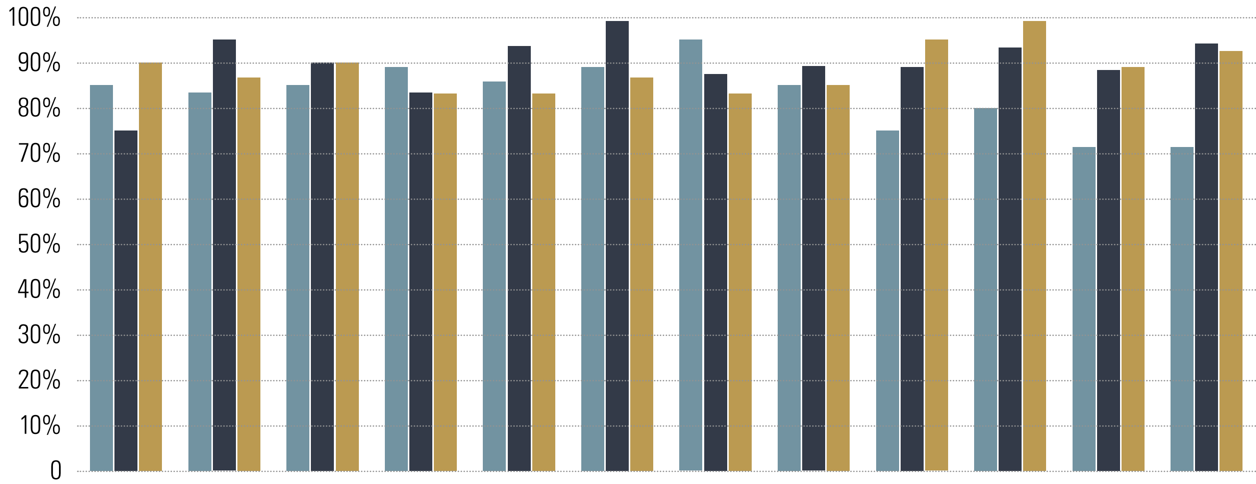
49%	GAUTENG
17%	WESTERN CAPE
10%	KWAZULU-NATAL
6%	EASTERN CAPE
5%	MPUMALANGA
4%	FREE STATE
4%	NORTH WEST PROVINCE
3%	LIMPOPO
2%	NORTHERN CAPE

MONTHLY CONSUMER SATISFACTION SURVEY: TRENDS



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	84%	83%	83%	82%	83%	85%	89%	82%	71%	81%	64%	71%
2020	73%	87%	88%	80%	93%	93%	80%	85%	80%	87%	84%	89%
2021	82%	74%	89%	77%	82%	77%	82%	75%	90%	89%	82%	87%

MONTHLY CONSUMER REFFERAL SURVEY: TRENDS



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	84%	84%	85%	88%	86%	89%	94%	84%	75%	80%	71%	71%
2020	74%	94%	90%	83%	94%	99%	87%	89%	88%	93%	88%	94%
2021	91%	86%	90%	83%	82%	87%	82%	85%	94%	99%	89%	92%

CORPORATE GOVERNANCE REPORT

AVITHA NOFAL

> **THE CREDIT OMBUD IS A RECOGNIZED FINANCIAL SECTOR INDUSTRY OMBUD SCHEME UNDER SECTION 194 OF THE FINANCIAL SECTOR REGULATION ACT, 2017.**

Its mandate is to resolves disputes from consumers and businesses that are negatively impacted by credit bureaux information or when a consumer has a dispute with a member of the credit industry. Additionally, the Credit Ombud acts as an educator to the public in matters pertaining to the credit industry. The mission of the Credit Ombud Council is to facilitate the provision by the Credit Ombud office in performing these functions independently, equitably, speedily and cost effectively. The Credit Ombud Council is ultimately accountable and responsible to all its stakeholders, members and the public for the performance and affairs of the Credit Ombud.

The Credit Ombud Council aims to achieve the highest level of standards of corporate governance and takes reasonable measures to ensure compliance by adherance to the Credit Ombud Constitution, applicable laws and regulations and codes of best practice, transparency, fairness, accountability and responsibility.

The role of the Council is to provide direction, guidance and advice to senior management while effectively carrying out the strategic decision-making of the office in respect to current and future requirements. The Credit Ombud Council seeks to ensure that the corporate governance outcomes of good performance; legitimacy; ethical culture and effective control, as required in the King IV principles, are met. The Credit Ombud Council and the management team remain committed to strengthening and adopting applicable policies that perpetuate integrity and compliance. There is consistent monitoring and at the least, an annual revision of policies, procedures, plans and governance structures.

COUNCIL MEMBER'S FIDUCIARY RESPONSIBILITY

Council members are expected to act judiciously in good faith and for proper purpose in the best interests of the Credit Ombud utilizing the degree of care, skill and diligence that may be reasonably expected of a person carrying out the same functions in relation to the Credit Ombud as those carried out by that Council member when fulfilling their fiduciary duties towards the Credit Ombud. At the beginning of the year, Council members are required to provide a notice of declaration of their current pecuniary and personal interests and to declare that any interests do not conflict with their position as Council member. Council meetings are steered in line with a formal agenda, which ensures that substantive items are comprehensively traversed by the Council.

COMPOSITION OF CREDIT OMBUD COUNCIL

The Council is appointed in the interests of the public and is not involved in the operational dispute resolution decision-making. The Council is made up in terms of the Credit Ombud Constitution. It provides for an independent Chairperson, Tefo Raditapole, a deputy Chairperson, Thandiwe Zulu, representing the consumer body constituency, and a balanced representation of the credit industry, consumer bodies and independents. The credit industry constituency comprises of a maximum of three representatives. Consumer bodies and independents comprise of a maximum of two representatives for each constituency totalling four non-credit industry members. At all times, a minority of Council members may be connected with the credit industry.

There exists a clear separation of the role of the Council Chairperson and the Ombudsman, Howard Gabriels. The Chairperson and the Ombud meet at regular intervals prior to Council meetings.

In 2021, the Council comprised of 7 members*:

- Tefo Raditapole (Chairperson)
  Independent
- Thandiwe Zulu (Deputy Chairperson)
  Black Sash

- Marie van der Merwe**
  South African National Consumer Union
- Arthur Hlubi
  Large Non Bank Lenders Asssociation
- Jeannine Naude Viljoen
  Credit Bureaux Association
- Thuli Zungu
  Independent
- Michael Lawrence
  National Clothing Retail Federation of SA

  * Council members biographies are available on the Credit Ombud website.

  * Ms Marie van der Merwe passed away in July 2021.

COUNCIL MEETINGS

FREQUENCY, QUORUM AND ATTENDANCE

During the year under review, the Council held quarterly meetings to fulfill its duties pursuant to the Constitution. Where circumstances may require, additonal meetings may be convened. Comprehensive reporting on strategic, governance, operational and finanical activities of the office are presented to the Council for deliberation.

The Council secretary supports the Council and distributes meeting packs with information and documents regarding the strategic, governance, operational and finanical recommendations. This allows Council members to satisfactorily prepare before decisions are taken at the Council meeting. Meetings of the Credit Ombud Council were held electronically. Council members have access to guidance and advice on matters of business ethics and good governance.

A total of four Council meetings were held during 2021.

The following table sets out the number of meetings attended by the Council members.

COUNCIL MEMBERS	ATTENDANCE AT COUNCIL MEETINGS
Tefo Raditapole (Chairperson)	4
Thandiwe Zulu (Dep Chairperson)	4
Marie van der Merwe	2
Arthur Hlubi	4
Jeannine Naude Viljoen	3
Thuli Zungu	4
Michael Lawrence	4

GOVERNANCE, HUMAN RESOURCES AND FINANCE COMMITTEE (EXCO) MEETINGS

FREQUENCY, QUORUM AND ATTENDANCE

To discharge its duties, the Council is assisted by the Governance, Human Resources and Finance Committee (EXCO). Ultimate accountability for the Council duties and responsibilities remained with the Council. The committee is chaired by Thandiwe Zulu. EXCO provides a consultative forum for corporate governance and compliance requirements; HR policies; processes and procedures; standards and practices in relation to the appointment of staff; the annual adjustment of remuneration; succession planning and the evaluation of the performance of the Ombud; and finance and audit requirements. The EXCO meets frequently as circumstances would require, but not less than once a year. Four meetings were held in 2021.

The following table sets out the number of meetings attended by the Council members.

EXCO MEMBERS	ATTENDANCE AT FOUR EXCO MEETINGS
Thandiwe Zulu (Chairperson)	4
Tefo Raditapole	3
Arthur Hlubi	4
Howard Gabriels	4
Lee Soobrathi	3
Avitha Nofal	4

COUNCIL APPRAISAL

An annual confidential review and evaluation of the skills and experience and other qualities of each Council member and an assessment of the effectiveness of the entire Council and its Committee, was completed for 2021. As Board evaluations have been accepted as best practices for good corporate governance, favourable results from the survey would demonstrate that the Credit Ombud was well governed which would validate ethical culture and effective practices. The report set out the purpose, assessment approach, evaluation questions, responsible person, analysis of the results as well as the recommendations and feedback. Certain items were idenified resulting in engagement with Council members and the senior management to implement an action plan for implementation.

SENIOR MANAGEMENT TEAM

The Council is supported by the senior management team for the daily operations of the Credit Ombud in respect of governance, targets, finance and risks.

COMPLIANCE FOCUS AREAS

Various topics and articles had been disseminated to the Credit Ombud employees providing training and awareness, as well as updates on industry, regulatory and legislative points of interest. Areas of possible concerns and potential breaches, especially bearing in mind the Protection of Personal Information Act, were highlighted.

CREDIT OMBUD AUDIT REPORT

The external auditor, In Focus Auditors and Accountants, is responsible for independently auditing and reporting on the Credit Ombud financial position. The financial statements for 2021 have been prepared and audited in accordance with the Credit Ombud Constitution and in line with the Companies Act, 2008 ,as well as the International Financial Reporting Standard for Small and Medium-sized Entities. The auditors have confirmed that in their opinion, the annual financial statements as at 31 December 2021 present fairly, in all material respects, the financial position of the Credit Ombud.

STRATEGIC RELATIONSHIPS

Member engagement and relationship with the regulators remain essential for the Credit Ombud to deliver on its mandate. The Credit Ombud meets with members and industry associations on a periodic basis. Meetings are held with regulators like the Ombud Council, Department of Trade and Industry and Competition, National Treasury, Financial Sector Conduct Authority, and the National Credit Regulator, on a quarterly basis.

Following from the Memorandum of Understanding signed between the National Credit Regulator and the Credit Ombud, the inaugural bi-annual meeting was held in May 2021.

Several meetings and training sessions were conducted between the offices.

The senior management team is appreciative to the Chairperson, Deputy Chairperson and Council members for their support in delivering on our current and future strategic direction.

CONTACT CENTRE REPORT

AVITHA NOFAL

"THE CREDIT OMBUD EFFECTIVELY RESOLVES DISPUTES BETWEEN MEMBERS OF THE CREDIT INDUSTRY AND CREDIT RECEIVERS (CONSUMERS AND BUSINESSES) RELATING TO CREDIT AS WELL AS CREDIT AND RISK REPORTING INFORMATION MATTERS.

In conversation with consumers, the contact centre embraces that ***"All conflicts, no matter how intractable, are capable of peaceful resolution"*** – Nelson Mandela.

COVID-19 AND REMOTE WORKING

The effects of the COVID-19 pandemic over the last two years have resulted in considerable harm to the South African economy and more so, to its people, financially. This can be evidenced from the 9.88 million consumers with impaired credit records as was reflected in the Credit Bureau Monitor released by the National Credit Regulator for the fourth quarter of 2021. The reality is that while the Monitor highlighted the financial turmoil being experienced by consumers during the crisis in terms of income loss, for example, the pandemic further exacerbated the difficult financial climate that had already existed. The risk for consumers is that progress towards a financial recovery may be slow and emotionally draining. The inevitable consequence of limited financial resources and elevated debt leads to the dismal situation of further and additional impaired consumer records. Consequently, the priority of the Credit Ombud contact centre was to ensure that the inherent corporate culture of integrity, respect, teamwork and proficiency was fully adhered to.

In response to the challenges that perpetuated during the pandemic, the health and safety of employees remained the focal point of operations in 2021. The prolific words of Nelson Mandela "*It always seems impossible until it is done*" is one of my favourite quotes to refer to the contact centre, especially during the troubled times of the pandemic and the initial challenges of remote working. With this in mind, employees, including the contact centre, continued working efficiently, albeit remotely. With the enhanced security, virtual communication tools and monitoring available, contact centre employees were able to remain disciplined while working from home. Contact centre employees had the following to say:

Daisy Guntert – Turns out my job *can* be done from home... and I am more productive: "Suddenly my location was completely irrelevant to my ability to make a living." (Bernard Vukas)

Sibusiso Mkhize – Working remotely teaches one to be self-sufficient, reliable and trustworthy in terms of executing your daily duties. Not only that, as we all know that we are all affected by the constant petrol price hikes the cost of commuting is devastating, taking a chunk from one's remuneration. What I have realised as well is that many people are back to their normal lives forgetting that the COVID-19 pandemic is not over yet, with the new variants mushrooming daily and having different flu symptoms. Working remotely ensures our safety and providing us with a little to save.

Fundiswa Gwantshu – For me the pandemic has made us adapt to new styles and made us learn and have so many advantages by working from home. I don't have to prepare clothes and lunch box for the office, and I can work at any given time because I have all the tools with me.

Jacob Sefure – Remote working during the Pandemic is a working style that allowed me to work outside of a traditional office environment. It is based on the concept that work does not need to be done in a specific place to be executed successfully. Think of it this way: instead of commuting to an office each day to work from a designated desk, remote employees can execute their projects and surpass their goals wherever they please. We have the flexibility to design our days so that our work and personal lives can be experienced to its fullest potential and coexist peacefully. I enjoy working from home and my kids get to spend time with me.

Lucy Mokhweba – As an employee, I manage my own schedules because I can work anytime even if it is in the evenings. And it is where I can manage and get my work up to date. It saves time – for me this is my benefit for working from home during this pandemic.

The Ombud, having established from the statistics an increase in complaints and general enquiries, calls and smses received and disputes opened at the office, increased the employee complement by an additional two persons.

ACCESSIBILITY AND AWARENESS

In addition to dispute resolution, the Office acts as an educator to the public in matters pertaining to the credit industry. The contact centre is experienced and equipped to respectfully and empathetically manage consumers' expectations by listening to their queries to identify whether matters fall within the ambit of the Credit Ombud and to further determine whether the pre-Ombud processes have been followed. Where a matter does not fall within the jurisdiction of the Office, consumers are referred to the correct ombud office or other dispute resolution entity. If the pre-Ombud process has not been followed by the consumer, the Contact Center Agent would request that the consumer engage with the credit/service provider or the credit bureaux to resolve the dispute. The Credit Ombud case management system would record both of these type of communications as general enquiries. The contact centre's professional behaviour and decisive feedback champions the imparting of knowledge on matters pertaining to the credit industry when consumers are met with "teachable moments". In this way, consumers are informed and educated about their consumer credit rights.

The Credit Ombud has worked tirelessly to ensure that we have systems in place to accept consumer disputes from consumers, disadvantaged and vulnerable due to personal, economic, social pressures and their susceptibility to making poorly informed financial decisions because of the lack of transparency and understanding of information regarding the extension of credit or possible exposure to over-indebtedness.

English is the primary language used at the Credit Ombud – the contact centre, however, is fully proficient at engaging with consumers and stakeholders in one of the other official languages.

At all times, there is compliance in protecting consumers' personal information. Although we continued to receive a steady number of disputes from consumers via telephone calls, smses, post, fax and emails, the internet remains the major source of enquiries at the Credit Ombud. Approximately 81% of consumers had confirmed that they learned about the office by means of the internet.

Our office has staunchly engaged with members, industry and affiliated associations and consumer groups to promote education and awareness initiatives of the redress mechanisms that are available to consumers. In the spirit of accessibility for consumers, through our thorough communication and education initiatives via social media platforms, webinars, workshops as well as radio and televison, we were successful in routing queries from consumers to the contact centre via tele-phone, email, free sms, website and Facebook and Twitter.

STATISTICS

During the year under review, the contact centre received 32448 calls. This was an increase of 8% more calls when compared to the previous year. The calls received resulted in 18424 complaints and enquiries opened at the office. With the establishment and operations of the Ombud Council in full swing and the Credit Ombud being recognized as an industry ombud scheme, we anticipate that there will be an increase in the number of calls and enquiries at our contact centre. The contact centre is excited to embrace its position as the first port of call in the next chapter in dispute resolution.

The main categories of general enquiries received at the contact centre have been complaints against credit providers, default listings at the credit bureaux, debt counselling queries, and prescription.

THE FUTURE

For the year ahead, the contact centre is poised to reduce our waiting times in our interaction with consumers and strengthen our efficiencies and processes in how we operate so as to enhance our trusted services and confidence in our accessible, impartial, quality dispute resolution services.

GRATITUDE

The contact centre remained focused on working in synergy to achieve the overall mandate of the Credit Ombud in ensuring the Office continues to provide an independent, impartial, timeous and efficient dispute resolution process that is free to consumers whose attempts at resolving disputes directly with the credit/service provider have failed.

Thank you to all our stakeholders, the Credit Ombud Council, and my colleagues at the office.

CASE MANAGEMENT
REPORT

LEE SOOBRATHI

I CAN THINK OF NOTHING MORE APT THAN THE FOLLOWING QUOTE BY MARTIN LUTHER KING JR, TO DESCRIBE HOW THE WORK AND LIFE PARADIGM HAS SHIFTED OVER THE LAST 26 MONTHS:

"WE MUST USE TIME CREATIVELY, IN THE KNOWLEDGE THAT THE TIME IS ALWAYS RIGHT TO DO RIGHT."

From my experience over the last 11 years at the Credit Ombud I have come to realize that the wheels of dispute resolution, justice, customer expectation and the pressure to get things done, does not cease. What these past 2 years have taught us is the ability to use time and resources wisely while balancing the execution of the abovementioned foci.

It is for this reason that I am proud to be part of a team that has been committed in executing the ethos and values that are expected from this office and the like. This past year has presented a fair share of teachable moments while allowing us the privilege of using lessons learnt to do better and be better versions of ourselves both professionally and personally. This has strengthened relationships with all stakeholders which paves the way for efficient and proficient dispute resolution.

Case management has been busier than ever, and our team has been well equipped to handle the challenge, while balancing life, remote working and separating the peripheral from what matters to get the job done. Many of our members will bear testament to the steps we have taken as a collective in the credit industry to ensure that the element of fairness remains paramount.

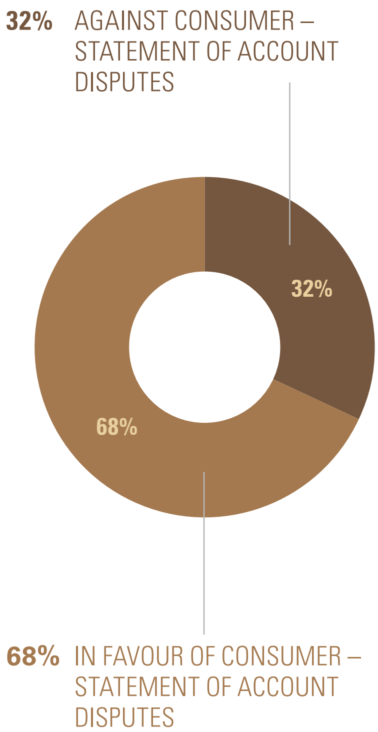
I would like to extend a heartfelt thank you and appreciation to my colleagues for the excellent work done over this past year. Thank you again, to our stakeholders and members who assist us daily to execute the mandate, vision, and mission of the Credit Ombud office.

The office investigates two categories of disputes which are Credit Information and Non-bank Credit. One of the most noticeable trends remains issues relating to statements of account. The statement of account is by far one of the most integral elements to determine the status of an account, past transactions and is fundamental in assisting the office to determine the applied interest, collection, and other charges / products.

While the category 'statements of account' is quite broad, this is further broken up into sub-categories such as interest charges, Value Added Services / product charges, service fees, settlement of accounts, authorized services, allocation of payment and the infamous *in-duplum* rule to name a few.

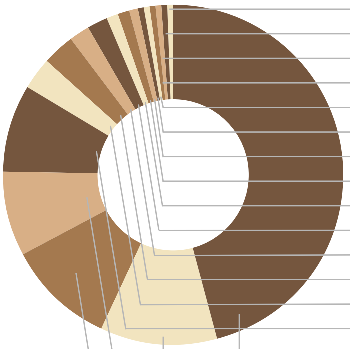
The office addresses a plethora of issues related to a credit agreement and the below provides a snap shot of some of the categories we address.

This category has contributed to 58% of disputes resolved in the Non-bank credit department, of this 32% found against consumers and 68% found in favour of consumers.



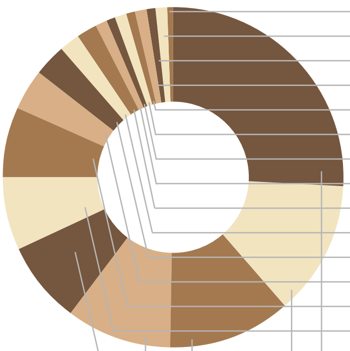
These disputes are further subdivided into the following categories which reflect the trends within the Non-bank credit department:

FOUND IN FAVOUR:



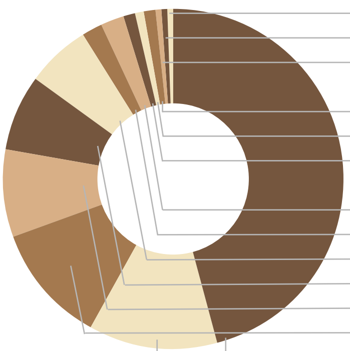
0,2%	LEGAL FEES CHARGES WRITE OFF
0,2%	INCORRECT SERVICE FEE
0,2%	CLOSURE OF ACCOUNT DECEASED ESTATE
0,3%	OVERCHARGING OF COLLECTION COSTS
0,3%	PAYMENT MADE IN ERROR CONSUMER REFUNDED
0,5%	ACCOUNT SOLD TO THIRD PARTY AFTER SETTLEMENT
0,7%	SETTLEMENT BALANCE INCORRECT
0,8%	IN DUPLUM BREACHED BALANCE ADJUSTED
1,3%	ACCOUNT OVERPAID AMOUNT REFUNDED
2,1%	INCORRECT INTEREST BALANCE ADJUSTED
2,4%	REVERSAL OF PRODUCT CHARGES
2,8%	STATEMENT CORRECTED BY CREDIT PROVIDER
3,3%	REQUEST FOR DETAILED STATEMENT OF ACCOUNT
7,8%	NON-AUTHORISED PRODUCT(S)
7,8%	ACCOUNT IN CREDIT/ADVANCE REFUNDED TO CONSUMER
9,9%	ALLOCATION OF PAYMENTS
11,1%	REVERSAL OF FEE SYSTEM ERROR
48,4%	SETTLEMENT/CLOSURE OF ACCOUNTS

FOUND AGAINST CONSUMER:



0,3%	CONSOLIDATION LOAN CREDITORS PAID
0,7%	AUTHORISED CREDIT LIMIT INCREASE
0,7%	CORRECT DEBIT/DEBIT DATE
0,7%	INDUPLUM EX GRATIA WRITE OFF
0,7%	CORRECT CHARGE/FEE (DELIVERY, REGISTRATION, OTHER)
0,7%	CREDIT INSURANCE EX GRATIA REPLACEMENT
1,0%	IN DUPLUM RULE
1,4%	GOODS RETURNED/CREDITED
1,7%	NO PAYMENT LETTER DUE
1,7%	COLLECTION CHARGES
3,1%	SETTLEMENT BALANCE SHORTPAID C LIABLE FOR BAL
4,5%	SETTLEMENT BALANCE CORRECT
6,5%	COVID RELIEF PAYMENT HOLIDAY
7,2%	CONSUMER LIABLE SETTLEMENT/ARRANGEMENT REACHED
7,6%	SETTLEMENT BALANCE SHORTPAID 'EX GRATIA WRITE
10,0%	ALLOCATION OF PAYMENT(S)
11,7%	AUTHORISED PRODUCT(S)
12,7%	INTEREST
27,1%	ACCOUNT STATEMENT CORRECT

With regard to Credit Information disputes the following reflects the main categories of disputes resolved which refer to default listings, Judgement listings and the accuracy of payment profile information, law of prescription and fraud:



0,4%	AGAINST CONSUMER FRAUD
0,4%	IN FAVOUR OF CONSUMER RETENTION PERIOD
0,4%	B2 – CR INFO NOT UPDATED/INCOMPLETE – DEFAULT (CG RESPONSIBLE)
1,2%	AGAINST CONSUMER JUDGEMENT/RESCISSION
1,2%	AGAINST CONSUMER DEFAULT LISTING
1,2%	B4 – CREDIT INFO NOT UPDATED JUDGMENT PAID/RESCIN GRANTOR RESPONSIBLE
2,5%	IN FAVOUR OF CONSUMER JUDGEMENT/RESCISSION
2,5%	IN FAVOUR OF CONSUMER DEFAULT LISTING
6,1%	AGAINST CONSUMER PAYMENT PROFILE
6,6%	A2 – CR INFO INCORRECT – PAYMENT PROFILE (CB RESPONSIBLE)
7,8%	IN FAVOUR OF CONSUMER FRAUD
11,5%	AGAINST CONSUMER PRESCRIPTION
12,3%	PRESCRIPTION
45,9%	IN FAVOUR OF CONSUMER PAYMENT PROFILE CORRECTED

The office has had its hands full over this past year, with the following case studies providing a broad understanding of the disputes investigated as well as the relevant pieces of regulation applicable. While the number of disputes each year may increase, the broader issues relating to Non-bank Credit and Credit information remain the same.

A. RETENTION PERIODS FOR CONSUMER CREDIT INFORMATION

Regulation 17 of the National Credit Act 34 of 2005 (NCA) provides specific periods for the retention of various types of credit information. Often these periods are misunderstood by consumers, and it is the function of the Ombud to ensure that the information reflects correctly and within the thresholds of the NCA.

This information is factual and is an indicator to the credit industry at large of how a consumer has conducted the account and provides valuable data to assist a provider in discharging the obligation in terms of section 81 of the NCA when granting credit.

This complaint referred to an adverse listing that prevented a consumer from applying for further credit. There was a Judgment listed against the consumer's name and though not settled, the consumer demanded that the listing be removed as this prevented him from acquiring further credit. He did not deny liability or the fact that the Judgment was valid, however we strive to assess the veracity of these listings by requesting the relevant documentation leading up to the Judgement.

Regulation 17 of the National Credit Act 34 of 2005 requires a Judgment listing to reflect for a period of five years and may only be removed if the debt has been settled prior to the five-year period expiring. Though a difficult pill to swallow the consumer accepted the outcome.

B. PRESCRIPTION OF DEBT

The law of Prescription and its application is often a very tricky subject, and from our experience over the years this concept has caused much confusion amongst consumers.

The introduction of section S126B of the National Credit Act 34 of 2005 (NCA) has created a greater level of protection for the consumer. There are limitations though and a consumer who voluntarily chooses to accept liability for a debt and offers to settle the debt prior to the requisite period will find themselves liable for payment.

The complainant logged a dispute claiming prescription on a loan account. The submission made by the consumer was that there were no payments made on the account which warranted closure.

Our investigation revealed that the consumer has been reversing the payments made each month, days after the successful debit had gone through, resulting in multiple reversed debit orders.

It was found that the consumer was well aware of the fact that the account was due and payable and that his actions in reversing the debit orders does not render the account as prescribed. Prescription was not confirmed, and the consumer remained liable for the account.

C. INTEREST – SECTION 103(5) OF THE NATIONAL CREDIT ACT 34 OF 2005

Section 103(5) of the National Credit Act 34 of 2005 (NCA) provides a limitation on the costs and charges that can accrue on an account for the period that the account remains in a default status. While the application of this provision(s) remains a contentious issue, we strive to apply an approach that is consistent and are pleased that our members share these sentiments in resolving complexities of this nature.

The complainant disputed the interest charges and other costs on the account (retail account). Upon investigation it was found that the interest charges were in breach of S103(5) of the NCA.

This resulted in a lengthy investigation with multiple submissions made by the provider and the Ombud. The parties finally reached resolution with the finding that the were erroneous charges on the account for which the provider took accountability.

The account was readjusted to zero for which the consumer was extremely grateful.

Again, we strive to ensure that an account is assessed in its entirety and fully compliant with the threshold set by the NCA.

D. FRAUD

Fraud remains a critical concern for every South African and is a prevalent threat to us all. We often receive disputes relating to fraud and it is of grave importance that we assess not only the allegations of fraud itself but the accuracy of the attempts by the provider to correct the account.

In this matter, the consumer's details were compromised and used to grant a loan which was paid into the consumer's account. The consumer unfortunately used these funds and when called upon to make repayment, raised the issue of fraud.

While the provider confirmed that the consumer's details were compromised and confirmed the allegation of fraud, the consumer remained liable for repayment of the capital amount paid into his bank account.

This warranted removal of the account profile from the consumer's credit records with the provider left to pursue a claim against the consumer who refused to pay back the monies dispersed into his bank account.

E. RECKLESS CREDIT

Section 81 of The National Credit Act 34 of 2005 requires a credit provider is to assess key aspects of a consumer's ability to successfully service the repayment of loan agreement. This includes amongst other aspects, the consumer's general understanding and appreciation under the agreement, the consumer's debt repayment history, existing financial means, and prospects of meeting the obligations of the agreement.

In this particular case the consumer was granted a facility agreement in 2019 and later raised the issue of reckless lending claiming that his affordability was in dispute.

A thorough investigation of all information available revealed that the consumer's monthly income was not verified which created uncertainty in the affordability assessment conducted at the time.

While recent caselaw has touched on the point of verifying the monthly income and bank statements of consumers, a provider remains accountable to take steps to verify such information especially when the monthly income differs from month to month.

It was found that affordability was an issue and to correct this the provider agreed to reverse all accrued interest charges and allow the consumer to pay back the capital amount at a much lower rate of interest which the consumer agreed to do.

F. ALLOCATION OF PAYMENT(S)

In the world of today there are various mechanisms available for one to pay an account. With the variety of options available it becomes paramount that consumers utilize the correct reference numbers when making payments, as failure to allocate correctly may result in the account attracting default charges due to non-allocation of payment. This to a provider is seen as a non-payment.

The consumer in this case purchased goods on a six-month interest free plan offered on a facility credit agreement. For some reason the consumer utilized the incorrect reference number when making the last two payments which funds remain unallocated for months.

The consumer's attempts to resolve the dispute were unsuccessful in that the provider held her liable for the months of interest and charges due to non-allocation of payment, which led her to the Ombud. The provider accepted the submissions made by the Ombud in that the consumer had all intention to pay the account, which funds remained in the suspense account for quite some time.

The provider as a result agreed to reverse all interest and default charges which resulted in closure of the account.

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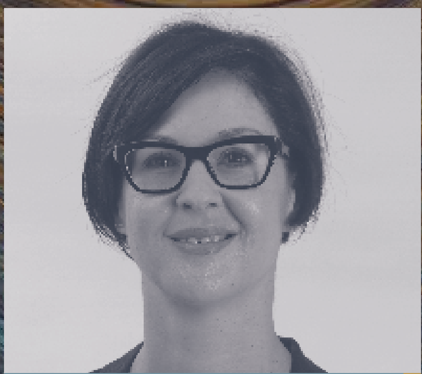

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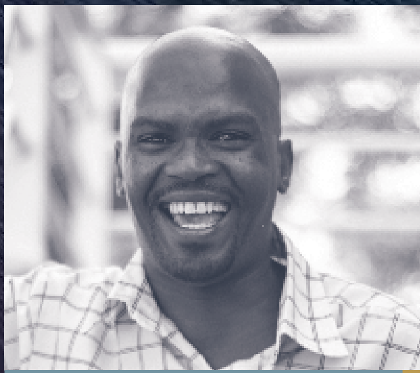

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