



REVISED DHS PROCEDURE TO UPDATE STATUS CODES A1, B, F1, F2, G, G1, I and J

Circular 02 of 2022

1. BACKGROUND

The National Credit Regulator (NCR) has noted a concerning practice by some debt counsellors (DC) who update the Debt Help System (DHS) with status codes **A1, B, F1, F2, G, G1, I and J** without following due process and where the factual circumstances do not merit or permit for such an update. This practice is dishonest and prejudicial to consumers as the effect of such an update brings the debt review process to an end.

The objective of this circular is to inform the credit industry of the change in procedure to update DHS with above mentioned status codes as a measure to address this practice in the best interest of the consumers. Please note that this new procedure does not affect any of the active status codes updates (i.e. **A, C, D3 and D4**).

For ease of reference please see below description of the DHS status codes:

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STATUS CODE	STATUS CODE DESCRIPTION	PRE-REVISED PROCEDURE	POST REVISED PROCEDURE
A	Applied for debt counselling and being assessed	DC activates	DC activates
A1	Voluntary withdrawal by consumer prior to being declared over-indebted	DC updates	No longer applicable and disabled
B	Assessment has resulted in a rejection	DC updates	NCR updates
C	Assessment has resulted in a decision that the consumer is over-indebted	DC updates	DC updates
D3	Formal debt re-structuring through the courts has commenced	DC updates	DC updates
D4	Formal debt re-structuring is completed, and a court order granted	DC updates	DC updates
F1	All restructured debts have been settled except the mortgage agreement	DC updates	NCR updates
F2	All restructured debts have been settled	DC updates	NCR updates
G	Magistrate rescinded the debt review court order / consumer opposed debt review application and has been declared not over-indebted	DC updates	NCR updates
G1	Application for debt review rejected by Magistrate – not over indebted	DC updates	NCR updates
I	Consumer deceased	DC updates	NCR updates
J	Consumer sequestrated	NCR updates	NCR updates

2. IMPLEMENTATION

As at 07 March 2022, any update for status codes A1, B, F1, F2, G, G1, I and J will be disabled and no debt counsellor can effect such updates on the DHS system. To update consumer records to any of these status codes, the debt counsellor must submit relevant documents specified in section 3.5 below to the NCR which upon verification will be updated to the correct status code on DHS by the NCR.

All relevant documents must be submitted to DHSupdates@ncr.org.za. Please note that this mailbox will only be used for DHS status codes update requests and any email unrelated to the status codes update requests will not be attended to.

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Upon implementation of this process, the credit bureaus will not action any related request directly from the debt counsellor, however will action any update as requested by the NCR on behalf of the debt counsellor. Consequently, debt counsellors are expected to follow this process and refrain from sending requests and/or referring consumers directly to the credit bureaus.

3. REVISED DHS PROCEDURE TO UPDATE STATUS CODES

- 3.1 All requests must be made in writing and directed to the dedicated email address specified above.
- 3.2 The request must clearly set out the debt counsellor's name, registration number, full physical address, contact details and a brief description of the update required.
- 3.3 If the request is for more than one (1) consumer, the debt counsellor may include details and documents of all consumers in one email provided they do not exceed the **15MB** limit for the NCR to receive documents on email. Alternatively, the requests can be split into smaller and separate emails. For the NCR to identify the split requests accordingly, the request must be labelled accordingly (e.g. NCRDC000-Request to update Status Codes-Part 1 of 3, etc.)
- 3.4 For ease of reference, all requests must be labelled to first reflect the debt counsellor's registration number followed by "request to update a status code(s). (E.g. NCRDC000-Request to update a status code)
- 3.5 The following documents must be attached to the request, whichever is applicable:

3.5.1 For update to Status Code B- Assessment has resulted in a rejection

- a) Duly signed Form 16;
- b) Clear record of when the consumer furnished all information and documents to the debt counsellor as per regulation 24(1)(b) of the National Credit Act(NCA);
- c) Affordability assessment showing consumer is not over-indebted; and
- d) Issued Form 17.2(a) served on the consumer and all credit providers.

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3.5.2 For update to Status Code F1- All restructured debts have been settled except the mortgage agreement

- a) Duly certified Form 19;
- b) All paid up/prescription letters;
- c) Issued Form 17.2(c);
- d) The restructuring proposal and/or court order granted;
- e) Evidence that the mortgage agreement is not in arrears; and
- f) Statement by the debt counsellor that consumer complies with sections 71(1)(b) and 72 of the NCA.

3.5.3 For update to Status Code F2- All restructured debts have been settled

- a) Duly certified Form 19;
- b) All paid up/prescription letters;
- c) Issued Form 17.2(c); and
- d) The restructuring proposal and/or court order granted.

3.5.4 For update to Status Code G: Magistrate rescinded the debt review court order/consumer opposed debt review application and has been declared not over-indebted [Form 17.W(c)]

- a) Notice of motion with clear court details, case number and date of hearing;
- b) Founding affidavit and annexures as filed at court;
- c) Notice of set down; and
- d) Court order granted.

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3.5.5 For update to Status Code G1: Application for debt review rejected by Magistrate – not over indebted [Form 17.W(d)]

- a) Notice of motion with clear court details, case number and date of hearing;
- b) Notice of motion in rescission application indication the court, case number, court stamp and date of hearing;
- c) Founding affidavit and annexures as filed at court;
- d) Notice of set down; and
- e) Court order granted.

3.5.6 For update to Status Code I: Consumer deceased

- a) Copy of consumer ID document;
- b) Death Certificate; and
- c) Proof of notification to all credit providers.

3.5.7 For update to Status Code J: Consumer sequestered

- a) Sequestration court order clearly indicating the court, case number and court stamp; or
- b) Rehabilitation order; or
- c) Letter from attorney confirming rehabilitation due to the passage of time.

3.6 The process for the Credit Bureaus to receive these updates remains automated and unchanged.

4. APPLICABLE TIMELINES

4.1 For Status Code updates 3.5.1, 3.5.4, 3.5.5, 3.5.6, and 3.5.7, the NCR will within seven (7) working days from submission of all required information and documentation, verify the authenticity of such information and documentation, update the DHS system with the applicable status code and respond to the debt counsellor accordingly.

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- 4.2 For Status Code updates 3.5.1,3.5.4,3.5.5,3.5.6, and 3.5.7, the Credit Bureaus will remove the debt counselling flag on the consumer's credit profile within a period of three (3) working days from the date of receipt of the automatic update from DHS. (**Note:** The date of receipt is the response date of the NCR to the debt counsellor's request)
- 4.3 For Status Code updates 3.5.2 and 3.5.3, the NCR will within seven (7) working days from submission of all required information and documentation, verify the authenticity of such information and documentation, update the DHS system with the applicable status code and respond to the debt counsellor accordingly. (**Note:** This is only applicable to the removal of the debt counselling flag on the consumer's credit profile.)
- 4.4 For Status Code updates 3.5.2 and 3.5.3, the Credit Bureaus will remove the debt counselling flag on the consumer's credit profile within a period of three (3) working days from the date of receipt of the automatic update from DHS. (**Note:** The date of receipt is the response date of the NCR to the debt counsellor's request)
- 4.5 The removal of information as per section 71(5)(b) & (c) of the NCA aligned to 3.5.2 and 3.5.3, will be effected by the Credit Bureaus within a period of seven (7) working days from date of receipt of the relevant information and documentation from the NCR. (**Note:** The date of receipt is the response date of the NCR to the debt counsellor's request)
- 4.6 Where insufficient documentation has been submitted or where authenticity verification was negative (e.g. false or fraudulent paid up letters, false or fraudulent court documents, etc.) the registrant will be informed accordingly. The request will then be closed by the NCR. If the debt counsellor wishes to re-submit a request for the same update, the process will commence from the start and no partial submissions will be allowed.
- 4.7 Any debt counsellor found to have submitted false or fraudulent information or documentation to the NCR will be investigated in terms of Section 136(2) of the NCA.
- 4.8 If no response is received within the seven (7) working days, the request must be escalated to Imosupye@ncr.org.za or any other address that may be published by the NCR from time to time.

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FOR FURTHER INFORMATION OR CLARITY PLEASE CONTACT:

- Timmy Van der Grijp on 011 554 2802, tvandergrijp@ncr.org.za OR
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