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**National Debt Mediation Association**

**Press Office Feature : NDMA response to - Debt Counselling Industry hails VDMS ban as 'consumer victory'**

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**Industry voluntary interventions can live side by side with statutory interventions**

National Debt Mediation Association (NDMA) appeals for an informed and proper debate on the state of over-indebtedness in South Africa

- NDMA respects the role of the National Credit Regulator (NCR) and will strive to engage constructively with the NCR in this regard;
- NDMA concerned about the attack on its leadership and the distortion of the facts;
- NDMA respects the rights of consumers and will continue to uphold them

The National Debt Mediation Association (NDMA) respects the role of the National Credit (NCR) Regulator and the rule of law.

The NDMA will therefore follow the procedures set out in the National Credit Act (NCA) to address the findings of the NCR regarding the Voluntary Debt Mediation Solution (VDMS) pilot project while at the same time continuing to carry out its mandate in terms of the approved Credit Industry Code of Conduct to Combat Over-indebtedness.

Part of this mandate includes providing a mediation service to debt counsellors and consumers who are not able to resolve their disputes with Credit Providers.

The VDMS pilot was a good faith attempt by the credit industry to address a serious and existing problem faced by millions of consumers who at present face a bleak existence due to financial hardship caused sometimes by events outside of their control.

The issues raised around the VDMS pilot will not impact the normal work of the NDMA and the services it has been providing to consumers and debt counsellors.

Our reports show that the NDMA has made a tangible difference to the lives of hundreds of consumers who had nowhere else to go.

NDMA CEO, Magauta Mphahlele says an orchestrated attack on the NDMA and its leadership in the media by a debt counsellor has been used to create the impression that the NDMA is somehow biased towards credit providers and had deliberately set out to contravene the law.

The problem of over-indebtedness in South Africa is bigger than individuals or individual entities.

It is a national problem that affects millions of individuals and households and that requires constructive debate with the aim to find effective solutions.

The NDMA will continue to pursue the debate and the quest to find solutions using the correct forums.

The over-indebtedness debate should not be turned into a turf war between debt counsellors, the NDMA and credit providers.

An adversarial relationship between debt counsellors and the credit providers can only harm the consumer who will bear the costs of a possible fall out between debt counsellors and credit providers.

The NDMA has an excellent working relationship with a majority of debt counsellors who appreciate the work that the NDMA has done in supporting the statutory process and in creating a harmonious working relationship between debt counsellors and credit providers.

The consensual approach is a core principle of the NCA.

The NDMA will not shy away from the fact that it is funded by credit providers. The consumer or tax payer should not carry the cost.

The cost does not only relate to resolving disputes but also supporting preventative measures, like consumer education, something that the NDMA has done on a large scale.

She says the NDMA's impartiality is best demonstrated by the results of its 2011 annual reports which show that the NDMA found in favour of the consumer in 77% of cases finalised.

"The role of mediation is accepted and recognised widely in many arrears of the law but is new in matters related to debt enforcement."

"The VDMS pilot issues raised by the NCR present an opportunity for the role of the credit industry in combating over indebtedness in the context of section 48(1)(b) of the NCA to be debated."

"It also raises issues on how industry voluntary interventions can live side by side with statutory interventions."

"At this time we have a hybrid model in that the two depend on each other where the NCR Task Team Recommendations have been adopted by the Credit Industry to support the statutory debt review process."

"While the NDMA and the Credit Industry work to resolve the compliance and legal issues raised by the NCR, sight should not be lost of the fact that many consumers continue to fall between the cracks of the various remedies that exist in and outside of the NCA."

"These include administration, sequestration, debt review and normal debt enforcement through the courts" said Mphahlele

**Comments:**

**Debtfree DIGI** [NDMA confusing the issue \(30.08.2012 15:17\)](#)

**HeinzDC:** [The VDMS Virus \(31.08.2012 9:14\)](#)

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