

# THE INFORMED CONSUMER

OFFICE OF THE CONSUMER PROTECTOR

## What is a consumer?

Most of us are consumers. Remember if you buy, hire, obtain or use products and services, then you are a consumer.

## Why do you need this guide?

This guide will empower you to:

know your rights as a consumer and how to enforce them	2
use your money wisely	4
develop your own budget	6
make a plan with your debt	9
make use of consumer protection authorities	11



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM  
SUPPORT • ENERGISE • CREATE • STIMULATE • GROW



# Your rights and responsibilities as a consumer

## You have the right to:

**Safety.** Consumers should be protected against production processes, products and services that are dangerous to health or life.

**Information.** Consumers must be provided with facts needed to make informed choices and to be protected against dishonest or misleading advertising and labelling.

**Choice.** Consumers have the right to choose from a variety of quality goods and services sold at competitive prices.

**Representation.** Consumers' interests should be represented in the making and execution of government policy and in the development of products and services.

**Redress.** Consumers have the right to redress on their grievances about substandard, unsafe, unduly expensive goods and services, unfair claims and other unfair consumer practices.

**Consumer education.** Consumers have the right to education that will empower them to make informed and confident choices of goods and services.

**A healthy and sustainable environment.** Consumers have the right to live and work in an environment which does not threaten their health and life and which does not pose any danger to present and future generations.

**Satisfaction of basic needs.** Consumers should have access to basic goods and services such as adequate food, clothing, housing, health care, education, clean water and sanitation.





In South Africa there are various laws and regulations protecting consumer rights. These laws have been developed by government to ensure that consumers like you are protected against various unfair business practices.

These laws have been implemented but it remains the responsibility of the individual consumer and the business to ensure that their rights are enforced and respected. There are eight standard internationally recognised consumer rights which are acknowledged in South Africa. These rights can be summarised as:

## You have a responsibility to:

Question quality and safety of products. Read instructions on products and use them as intended.

Understand the terms of a contract before you sign. If an offer sounds too good to be true, it probably is. If you are unsure about something then ask questions and obtain advice before signing.

Compare prices and find out about differences between products.

Make your needs and expectations known. Take part in the activities of consumer groups.

Return to the business if you are not satisfied with a product or service. Do not be afraid to complain. Contact the relevant consumer protection authority to investigate your complaint.

Take part in opportunities to learn more about your rights as a consumer.

Be aware of products that could cause danger to the environment.

Use resources such as water responsibly so that all communities have adequate access to such resources.





# Consumer TIPS

## You and your money

- To pay cash for any item is always the best option;
- With cash in the hand you can shop around for the best price;
- Open a savings account at the bank where you can deposit money;
- Using a debit card is like using cash, but it is much safer;
- Treat your card like cash and do not leave it lying around;
- Begin saving some money every month.

## Buying on credit

- Avoid buying on credit as far as possible.
- If you obtain a loan or any credit such as a furniture or clothing account, you have entered into a contract with the lender of the money and you have the responsibility to pay this money back according to the terms and conditions of the contract.
- Read the terms and conditions of the contract carefully.
- Borrowing money costs you money.
- Ask the credit provider what you will be charged every month for lending the money or what interest the store will charge you on your account.
- It is quick and easy to open an account but it is not always quick and easy to pay it off.
- First make sure if you really need the product. Never use credit recklessly.
- Be honest when you apply for credit.
- Explore alternative options before deciding to enter into a credit transaction.

## Beware of money lenders



- Pensioners and recipients of social grants are targeted by money lenders who exploit them by offering loans at high interest rates.
- A vast majority of these money lenders are not registered with the National Credit Regulator and do not abide by the provisions of the National Credit Act;
- Money lenders are not allowed to have your grant payment card, debit card or Identity Document in their possession.





## Contracts

- A signed contract is a legally binding agreement between two or more parties.
- As a consumer you need to ensure that you take responsibility to read and understand the terms and conditions of the contract before you sign it.
- Contracts are part of our lives, for instance opening an account or signing for a cellphone.
- Take your time, ask for clarity and the contract must be explained in easily understood language.
- Obtain advice on the contract if you are unsure;
- Remember its better to take your time and obtain advice before signing the contract rather than disputing the terms and conditions later.

## Funeral policies

- Be cautious when purchasing funeral insurance policies.
- The purpose of funeral insurance is to provide cover to help pay for the costs of funerals.
- The policy must be underwritten by a registered long-term insurance company.
- The policy holder must receive a copy of the policy document, which must bear the name of the long-term insurance company underwriting the policy.
- The policy holder / member must be provided with a membership certificate, stating information such as the name of the underwriter (insurer); the premium payable; the benefits payable; when does the cover start; what are the exclusions; waiting periods and claim procedures.

**ALWAYS REMEMBER:**  
IF AN OFFER SOUNDS TOO GOOD TO BE TRUE, IT PROBABLY IS



# Your own BUDGET

## How to Budget your Money

When you spend more money than you earn, you are heading for financial disaster. If you know how much money you have to spend and what you are spending your money on, you needn't get into financial trouble.

## What is a budget?

A budget tells you what your income is and what your expenses are so that you can see how much money you have available each month.

People generally get into financial trouble because they:

- Overspend
- Buy on account and cannot afford to repay the monthly instalments;
- Are tempted by special offers from shops to buy now and pay later;
- Do not plan ahead for unforeseen expenses like repairs and increases in interest rates, maintenance costs;
- Borrow money from micro-lenders, friends, family, etc.

## Example of a budget:

<b>INCOME</b>	
Salary	R2500
Spouse's salary	R2000
Total income	R4500
<b>EXPENSES</b>	
Rent	R1000
School fees	R200
Groceries	R2000
Water and electricity	R100
Transport	R400
Clothing	R200
Cell phone	R100
Total expenses	R4000
<b>Money left to save</b>	<b>R500</b>

## Calculating your budget

### Step 1: Calculate your income

Use pay slips and bank statements to add the following up: Your monthly or weekly income, your spouse's income, social grants, maintenance payments and any other income you receive.

### Step 2: List your fixed expenses

Fixed expenses are expenses that you have to make every month and that stay the same every month.

Examples are: Your bond, municipal fees, furniture and clothing accounts, loans, school fees, etc.

### Step 3: List your changing expenses

These are expenses that are not the same every month.

- Changing expenses that you *need* include: Food, water, electricity, telephone costs, repairs, etc.
- Changing expenses that you *want* include: Sport, gifts, fast food, alcohol, cigarettes, entertainment, etc.

**Hint:** Keep copies of all your accounts and payments to keep track on your spending. Calculate every cent you spend daily, no matter how small it is.

### Step 4: Change the way you spend money

Ask yourself the following questions:

#### What are the most important expenses?

These are the necessary expenses that you need to pay, such as rent, bond, life assurance, municipal accounts etc.

#### How can I cut on my expenses?

Study your list of expenses and ask yourself these questions:

- Is this expense too high?
- Is there a way that I can reduce this expense?
- Is this expense really necessary?
- Can I purchase something else e.g. non branded goods?







## Make plans to reduce your expenses

### How much debt do I really have?

The more debt you have the less flexible you are to manage your expenses. Make a plan to pay off debt as soon as possible. If you have any savings from reducing your unnecessary expenses then invest this in your debt.

### How much money will I have available after my debt has been paid off?

The answer will motivate you to pay your debt and to plan for the future. This will allow you to make long term plans for your future e.g. children's education.

### Step 5: Take control of your money

Now that you have a budget you can plan on how you would like to spend your money. Call a family meeting and discuss what you are going to do to reduce expenses and what you want to do to save money. Reduce your expenses on branded products and shop around for equal quality cheaper local products.

### Tips on budgeting:

- Set up your monthly budget. Enter the actual expenses next to your budgeted amounts to notice whether you are spending more or less than what you budgeted. Take all expenses into account when you set up your next month's budget.
- Making savings part of your monthly expenses will help you to commit to an ongoing savings programme.
- Create a savings goal – for education, a new car, a fridge or retirement. For example, saving for a fridge and buying it only when you have all the money saved will save a lot of money in interest.
- If you find your expenses are extremely high, compared to your income, you have to cut back on unnecessary spending. A budget will clearly show this.





# Make a plan with your DEBT

## What does it mean to be over-indebted?

An indication of an over indebted individual is when you are or will be unable to satisfy in a timely manner all the obligations under all the credit agreements to which you are a party.

### What to do when you are over-indebted

When you realise that you are over-indebted:

- The first step is to approach your credit provider and attempt to negotiate lower instalments.
- If this fails, contact a registered debt counsellor in your area.
- A debt counsellor is someone that has been registered by the National Credit Regulator to assist people that are experiencing financial difficulties. The role and function of debt counsellors is prescribed in the National Credit Act, 2005.

### What is The National Credit Act?

The National Credit Act is a national law that was enacted by Parliament so as to regulate the provision of consumer credit and also to prohibit certain unfair credit and credit marketing activities.

### How does the National Credit Act protect you as a consumer?

The National Credit Act protects consumers who enter into credit agreements by monitoring and regulating their credit transactions. The Act also makes provision for debt counselling to assist consumers who are unable to meet all their financial obligations by the required payment deadlines.

The Act allows you to surrender the possessions for which you are no longer able to make payments. Under an 'Instalment Agreement' or 'Secured Loan' (car/household goods), you have the right to give written notice to the credit provider to terminate the agreement according to required processes.

## What is the debt counsellor's role?

The Act requires all debt counsellors to be registered with the National Credit Regulator (NCR) in order to assist consumers. Once a debt counsellor has established that you are indeed over-indebted, he/she will be able to:

- Give you budget advice;
- Restructure your debts;
- Negotiate with credit providers on your behalf to lower your instalments;
- Reduce your debts to manageable levels with the aim of improving your overall financial situation;
- Provide you with basic information necessary to resolve your day-to-day credit problems;
- Provide you with support and after-care services such as budgeting skills;
- Monitor your payments to credit providers.

## What should you do if you are experiencing financial difficulties?

### Don't hide

If your accounts have already been handed over to debt collectors, contact the debt collector and make arrangements to pay-up rather than hide away. Interest and costs are added to accounts handed over to debt collectors and it is therefore a good idea to contact the debt collector as soon as possible before the costs and interest become too high.

### Know your rights

Before a credit provider seeks permission from a court to repossess your possessions as a way to enforce the debt, the credit provider is required by law to give you prior written notice, informing you of the options available to you, namely:

- Seeking help from a debt counsellor;
- Seeking help from an alternative dispute mechanism; or
- Bringing your payments up-to-date.

You have the right to reinstate the agreement by paying all overdue amounts, including default charges and reasonable costs of enforcing the agreement, before the credit provider cancels the agreement.

### Do not ignore *that* letter

When you receive a Section 129 notice letter or any other letter of demand/final notice from your credit provider, do not ignore the letter: *Act on it immediately*. If you do not understand the letter, seek professional advice from a debt counsellor or other professional.

You can contact the National Credit Regulator on 0860 627 627.

# Get your CONSUMER COMPLAINT resolved

## What can you do if you have a consumer complaint about a product or service you have purchased?

Even careful buyers sometimes encounter problems with goods they have purchased or a service they have utilised. If you do have a consumer related query, you can follow the process below:

### Attempt to settle the problem yourself

- Contact the business you dealt with as soon as possible.
- Identify the specific problem and support it with evidence such as the damaged item, the contract or receipts. When working with documents, keep the originals and work only with copies.
- Be clear on how you want your complaint to be resolved. Keep the shop's policy on refunds and repairs in mind.
- First try to resolve the matter directly with the person responsible for the transaction.
- If this fails, go up the line of authority as far as is necessary (manager, customer service representative, etc.)
- Document your steps. Write down the details of your complaint. Note the names of the persons to whom you spoke and the date on which those conversations took place.
- Make a genuine attempt to settle the dispute yourself.

## What if your attempts to settle the complaint yourself fail?

Contact the Office of the Consumer Protector if you were not able to resolve the problem directly.

See contact details on page 12







## How the Office of the Consumer Protector can assist you

- The Office of the Consumer Protector is a Western Cape Provincial Government directorate that has been established to assist consumers in resolving disputes they have with businesses or institutions.
- The Office of the Consumer Protector investigates complaints received from consumers and intends to resolve these complaints amicably between the two parties.
- The Office of the Consumer Protector also supports 28 Advice Offices across the province. These Advice Offices are independent Non Profit Organisations that provide consumer advisory services to members of their communities.

## How do I contact the Office of the Consumer Protector?




You can lodge a complaint with the Western Cape Office of the Consumer Protector in one of the following ways:



1. Call the toll free number: 0800 007 081. This is a free call!
2. Contact the Advice Office in your region
3. Visit the OCP office at the Ground floor, Waldorf Arcade, 80 St George's Mall, Cape Town
4. Write to us: Letters to PO Box 979, Cape Town, 8000  
Faxes to: 021-483 5872  
e-mails to: [consumer@pgwc.gov.za](mailto:consumer@pgwc.gov.za)

Trained consumer advisors will listen to your complaint and will act on your behalf in an attempt to solve your complaint.



Issued by: The Western Cape Office of the Consumer Protector, Department of Economic Development and Tourism, Waldorf Arcade, 80 St George's Mall, Cape Town.  
Tel no 021-483 5133, email: [consumer@pgwc.gov.za](mailto:consumer@pgwc.gov.za), Toll free no: 0800 007 081