



Contact: Kabelo Teme
Cell: 072 592 1542
Email: kteme@creditombud.org.za
Website: www.creditombud.org.za

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Burn that excess Debt!

It's time to detox and declutter.

January 2021, a month like no other. The new year customarily comes with resolutions; weight loss, spiritual and mental health goals. It does, however, seem as though 2021 has prompted us to deviate slightly from this as the topmost goal is now to focus on being appreciative of our true 'assets' - our loved ones.

While we are humbly appreciative of our 'assets', in the spirit of detoxing and decluttering for the new year, we must understand that excess debt which we may have accumulated does not go away. Discipline is required to give effect to the detox and declutter and, ultimately to get rid of all the excess debt. In this way, you are in control of your debt as opposed to being controlled by debt.

The Credit Ombud appeals to consumers to use January to detox and declutter debt and to consider the following:

1. Only apply for credit when the need arises and not for 'wants'. If you have a need for credit, consider your affordability. Conduct an affordability calculation of your income and expenses.
2. Be self-disciplined and create a monthly budget. Your budget allows you to have a clear perspective of what is your income against your expenses. It can also help to understand your spending patterns and how you may adjust these to reach your goals.

3. Prioritize your spending. Now is the perfect time to re-look at your spending habits and make changes. If you have been fortunate to still have an income, spend less on luxuries and add a little extra towards your debt repayments.
4. Remember that credit comes with interest and other additional costs accruing. You should consider these additional costs when applying for credit.
5. Buying on credit should be for 'big-item purchases', like a home. If you have been prudent to budget for an item, pay cash or purchase through lay-by.

Clutter overwhelms - you do not know where to start to tidy up. A routine way to declutter would be by putting items in order systematically; then deciding whether you want to keep, throw away or donate the items. If you cannot manage to declutter on your own, you call the professionals to help. The aim is to pay off existing debt and not take-on further debt. To do this, we must commit to;

- Fulfilling commitments on financial contracts entered into by ensuring accounts are paid on time, without skipping payments;
- Reduce expenses;
- Do not avoid credit providers looking for payment on outstanding debt due to unforeseen circumstances. Make alternative arrangements with credit providers to pay back what is due.
- In the event that debt is overwhelming, there are options like debt counselling, debt consolidation and administration to assist in decluttering the debt cycle.
- Be determined to save. By 'cleaning up' debt, there is an opportunity to save.
- A credit report assists to ensure that no fraudulent actions have led to adverse credit information appearing on the report and is one of the tools that credit providers use to decide whether credit may be advanced. Contact the credit bureaux for a FREE credit reports: every twelve months.

The process isn't an easy one, however once all the toxins are gone and there's no clutter, we can have a clean start. With financial knowledge acquired while detoxing and decluttering our debt, we will make wiser financial decisions.

Consumers can contact the office of the Credit Ombud for FREE assistance if they experience any issues relating to credit agreements with non-bank credit providers such as the clothing and furniture retailers as well as micro-lenders, fraudulent listings, emolument attachment orders ("garnishee orders") or general complaints about their credit bureaux listings. The office can be contacted on **0861 66 28 37**; on the website www.creditombud.org.za; email us at ombud@creditombud.org.za or send a SMS to **44786** and we will call you.