



What are the pros and cons of debt review?



Debt Review is a legal process, which has legal consequences: pros and cons. You must be fully informed before you embark on it, lest you find yourself in a situation from which you cannot escape.



Pros



Can help you find a more manageable way to repay your debts when you cannot afford the repayments.



It is relatively easy to qualify: you need only be over-indebted (meaning what you have left after paying essential expenses is not enough to pay all your debts) and have a steady income.



You enjoy protection from creditors seeking to take judgment against you or to repossess your home, car or goods and to sell them to recoup what you owe.



If you're a victim of reckless lending because you have been lent more than you can afford, you may enjoy some relief from repaying that debt.



Debt counselling is regulated by the National Credit Regulator and debt counsellors must be registered with the regulator.



If you are not satisfied with your debt counsellor, you can move to another.

Cons



While in debt review, you have no access to credit. Unless you have an emergency fund, this leaves you vulnerable.



You cannot enter into debt review if you have resigned, or if you've been retrenched or fired from your job and are unable to find work.



If you fall on hard times while in debt review, and can't honour the court order, your debts can be removed from debt review and creditors can act against you.



There is an upfront cost and an ongoing cost to debt counselling.



Once you're in debt review, you cannot get out until your debts are paid in full.



Debt counselling is a misnomer. You may not receive any actual counselling on how to manage your money and avoid debt.