



BE CAREFUL credit can be your enemy

Buying on credit is something almost everybody has learned to live with.

Often when we need a new fridge, entertainment system or a car, the only way we can buy it is on credit. But what is credit, how does it work and who can get it?

■ Be careful with credit

Credit helps you buy goods and services without having to pay the full price up-front. With credit you are able to drive the car, wear your favourite clothing, and have the furniture of your choice and pay an agreed amount every month over a certain period.

Buying on credit is not like lay-by where you pay for something every month and then take it home after it is fully paid.

You must be careful with credit, because it can become your enemy. If you lose your job, forget to pay on time or have extra expens-

"We all know that buying on credit can lead to huge financial problems but many still use credit facilities"

For more information on credit bureaus, contact the ombudsman on: 086 166 2837 or call 1020.

es, it will be very difficult to pay your monthly installments.

■ Credit profile

The credit industry consists of three players – the consumer (the person who receives credit to buy a product), the credit grantors (companies that provide products and services to you such as banks and shops), and the credit bureau (the company

where your credit profile is kept).

Credit profiles are the history of a person's or business's repayment behaviour like whether you paid on time, stopped paying, fell behind with your payment, or have bad debts?

"If someone wanted to borrow R1 000 from you, would you give it without knowing if the person can pay you back? Probably not," argues Credit Information Ombudsman Manie van Schalkwyk.

If you could check that the person paid back money borrowed from someone else within the agreed time, you would feel more comfortable to lend them the money. This is where the credit bureau comes in, said Van Schalkwyk.

■ Information

Credit bureaus give information to banks, loan companies and big stores. They then use the information to decide whether to give you credit or not. - *Ndivhuwo Khangale*