

NRC refers Lewis Stores and Monarch Insurance to National Consumer Tribunal

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9 Jul 2015

The National Credit Regulator (NCR) has referred Lewis Stores and Monarch Insurance to the National Consumer Tribunal for alleged breaches of the National Credit Act by misselling employment and disability cover...



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This is the first case of misselling of credit insurance the NCR has referred to the tribunal. The cost of credit insurance policies is also something that is of concern to the Department of Trade and Industry, which intends to regulate this in future.

The NCR conducted an investigation into the credit insurance policies offered by Lewis Stores and Monarch Insurance.

It found that the loss of employment cover that was sold to pensioners and self-employed consumers was "unreasonable" and imposed an unreasonable cost on them because they could not claim benefits under this cover.

Loss of employment cover is meant to settle consumers' outstanding balances under their credit agreements in the event of their retrenchment or redundancy.

The NCR also found that occupational disability cover was sold to pensioners as part of their credit insurance policies, despite the fact that they no longer have an occupation.

"Pensioners and self-employed consumers are not employed and cannot be retrenched or become redundant from employment.

"They should not be offered loss of employment cover as part of credit insurance," NCR company secretary Lesiba Mashapa said.

The NCR has requested the tribunal to order refunds to the pensioners and self-employed consumers, who bought the policies, and that an audit be conducted of such policies sold by the two companies; and impose an administrative fine on Lewis Stores.

Source: BDpro

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