

Child grants aren't income when applying for credit

The National Consumer Tribunal (NCT) has handed down judgement against Aristoscan CC, a micro lender trading as JMK Cash Loans, in which it found the company guilty of various contraventions of the National Credit Act (NCA), including reckless lending.



Nomsa Motshegare

The evidence presented by the National Credit Regulator (NCR) showed that JMK Cash Loans extended credit to consumers who received child support and foster care social grants. In its judgement, the tribunal made a finding that child support and foster care social grants are income to be used for the benefit of third parties and cannot be deemed to be the consumer's income.

"This judgement clarifies that child support and foster care social grants are not to be used as consumer income in credit applications. They are intended to be used for the care and support of the children", says Nomsa Motshegare, chief executive officer of the NCR.

"Credit providers are warned to observe this judgement and ensure that they do not allow consumers to use child support and foster care social grants as income in credit applications", concludes Motshegare.

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