

## RANDS &amp; SENSE

# Not-so-funny money tales

There's no warning as effective as someone else's unfortunate real-life experience. Here are three true\* stories told by ordinary people who found themselves in an unexpected financial tangle.

**Story 1: "I was charged interest on my credit card even though I didn't owe them anything!"**

Moira was most upset to find out that after receiving a full refund on her credit card for returned goods, she was still being charged interest on the original purchase!

Moira bought a new microwave on her credit card and charged it to her budget plan. After taking it home, she realised it didn't fit in her kitchen and returned the microwave the next day. The supplier was unable to provide a suitable replacement and was quite happy to process a refund to Moira on her credit card. "I was delighted with this service and they processed the refund with no questions asked," says Moira.

One month later, when Moira received her credit card statement she saw that the microwave purchase had been incorrectly credited to her revolving plan (or straight) account and the budget plan account was still in debit and attracting interest!

Moira took this up with her bank and they explained that it was not their problem and she was still obliged to pay the interest. The bank said they would transfer the credit but would not back-date the transaction or reverse interest charges.

She was told to take her complaint to the place she bought the microwave from. The microwave shop told her that it was her responsibility to have told the cashier to credit the amount to the budget plan and she must take the matter up with the bank!

"I was going round in circles," says Moira, "and there was nothing I could do about it!"

**Lesson learnt:** When receiving a credit card refund, make sure that the refund is processed against the correct plan on your credit card (revolving/straight or budget).

**Tip:** Always check your statements as soon as you receive them so that errors can be rectified as soon as possible. The later you tell the bank about an error, the more difficult it is to get it corrected.

**Story 2: "I should never have told the store I was going to stop using my card!"**

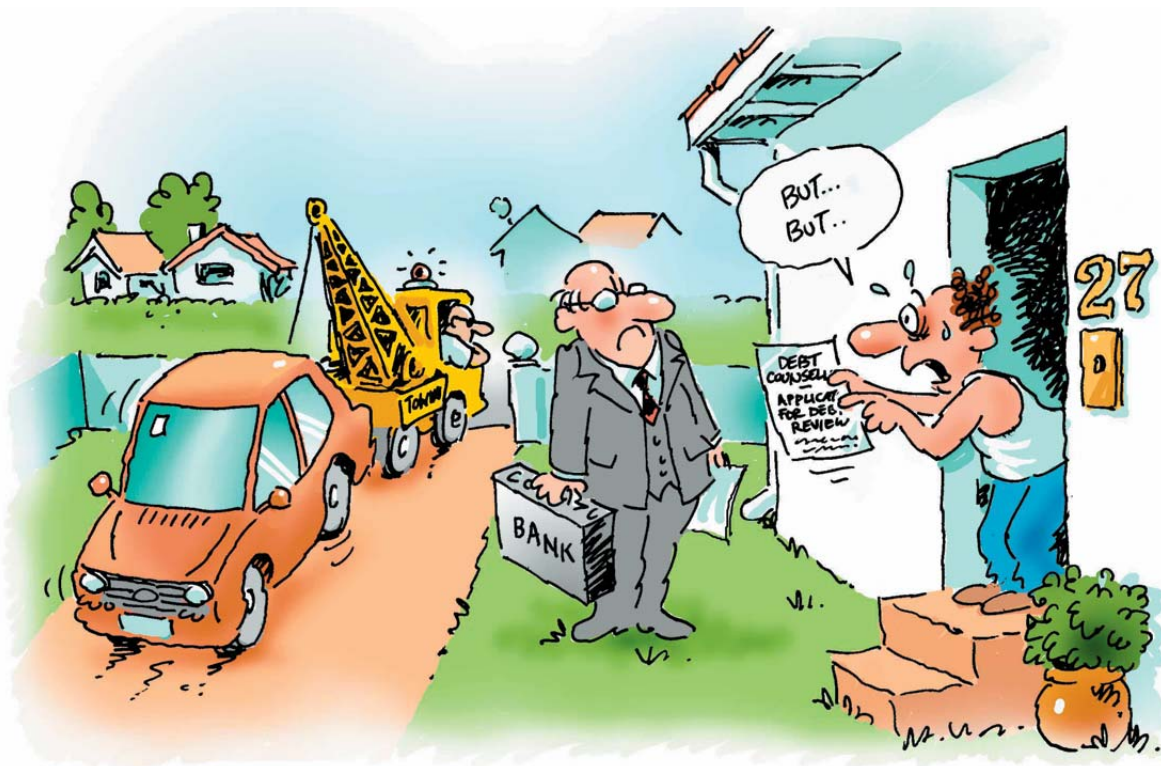
Grace realised she was buying too much on her in-store credit card, and decided the time had come to stop using her store card to buy clothes and she was going to pay cash in future.

She went into the store and proudly told the customer service representative she was not going to use her card any more and would pay off the balance in equal instalments over the next few months.

She then proceeded to cut up her card in front of the customer service representative!

"I needed to cut up my card in public just to prove to myself how serious I was about not wanting to use my card again," says Grace. "However, in hindsight, this was a mistake."

Grace knew that her store card was a six months interest-free account and as long as



she paid the required instalment by the due date each month, no interest was charged on the account.

However, what she didn't know was that when she told the store she was going to stop using the card and pay it off in equal instalments, the store then *changed* her account from a six months interest-free account to a 12 months interest-bearing account! The store just assumed that she wanted to pay it off over a year!

When Grace received her first statement after cutting up her card, she was horrified to see interest charged on her account. She complained to the store and they converted the account back to a 6-month account with no interest.

**Lesson learnt:** If you plan to stop using your credit card and pay off the balance, there is no need to inform the store or bank. If you tell them, they will probably try and convince you to keep using the card or, as was the case with Grace, convert your account into an interest bearing account without you being aware of it!

**Tip:** When paying off a credit or store card balance, don't just pay the minimum amount due. Pay at least 10% of the balance owing each month and preferably keep each month's payment the same (or more) than the previous month's payment. This will keep down the finance charges.

**Story 3: "The bank came to repossess my car. With one phone call I was able to get them to apologise and I kept my car!"**

Brian was shocked when he opened his front door and two representatives from the bank demanded he hand over the keys to his car because he was in arrears.

The previous week he had approached a debt counsellor for advice and after reviewing

Brian's financial situation, the debt counsellor placed Brian under debt review.

"My debt counsellor told me that as soon as I was under debt review, my assets were safe and could not be repossessed," says Brian. "I did not understand why the bank was now coming to take my car away and I phoned my debt counsellor immediately."

The debt counsellor got hold of the bank's debt review department and confirmed that they had received the notification of Brian's application for debt review.

The bank then told their two representatives that the bank was not allowed to take Brian's car and they should stop the process. The two men apologised for the bank's internal communication problem and left Brian and his car alone!

A relieved Brian said, "I was so glad that I spoke to the debt counsellor when I did. Otherwise I would have no car today and I need the car for my job!"

**Lesson learnt:** If you are struggling to meet your monthly debt obligations, talk to your creditors as soon as possible. Don't pretend your problem doesn't exist! Don't wait for your creditors to get hold of you. If your creditors are not prepared to reschedule your debt, then talk to a debt counsellor. It's their job to help over-indebted individuals find a way to repay their debt and maintain a reasonable lifestyle.

**Tip:** If you are over-indebted, phone the National Credit Regulator on 0860 627 627 to find a registered debt counsellor in your area or search for a debt counsellor on [www.ncr.org.za](http://www.ncr.org.za)

\* These stories are genuine experiences related by delegates who have attended workshops on personal money management facilitated by North Star Solutions.

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