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Feature

Debt and Culture of Silence

Debt is very much part of our lives, just inevitable for many of us. We have little choice but to borrow from lending institution to buy our dream house, car, pay for a medical evacuation or secure our children's advanced training abroad.

There is nothing peculiar about borrowing and buying goods and services on credit. All one needs to do is borrow within the means and stick to the repayment arrangement as per the agreement with the credit-provider.

Debt-nightmares begin when debt becomes unmanageable. Debt has led many to the brink of destruction, to such an extent that some lose just about everything they own, including their dignity. The lives of those trapped in unmanageable debt are a swamp of stress and emotional pain. Well, the first – and for many the toughest – step towards financial freedom is to pluck up courage to ask for help. Everyone faces financial challenges at some point in their lives yet we on the whole are not comfortable about admitting our debt-dilemmas.

This is one of the key reasons why the Consumer Council of Fiji embarked on the setting up of its Debt Management and Credit Advisory Service to assist Fijians with their financial struggles. It is an integrated counselling service that empowers and assists consumers who are overwhelmed with debt.

This initiative is a joint effort of the two donors, the European Union and the Australian Aid agency, AusAID, who worked closely with the Council to embark on projects dealing primarily with debt, and financial literacy not only on money matters but also on the Consumer Credit Act and the review of consumer protection laws in the country.

This service was launched in September 2011 in the Central Division but by 2013, it had been rolled out throughout Fiji, providing an avenue to relief many debt-stricken Fijian families. To date, the Council has assisted 57 consumers with their account restructures worth \$1,082,577.19 and 127 consumers sought advice on financial products.

This is a milestone for the Council as this reflects the transformation in consumers to find solution to end their debt.

With our Debt Management Service, we also aim to change the financial behavior of the consumers so that they make wise decisions when they take loan in future.

Case Study

Jimmy, a salesman, didn't realize what he was getting into when he and his wife, Losana, decided to purchase furniture and electrical appliances for their kitchen on hire purchase. They had six different hire purchase accounts.

Together with this, Jimmy also had an unsecured personal loan of \$7,000 to repay, which he took after his marriage.

When life was supposed to be rosy for the newly wedded, it wasn't the case. The couple were struggling to cope with their monthly repayments. The worst hit was when Losana lost her job.

The couple were constantly fighting and their stress intensified with default notices and phone calls from the creditors. Despair, pain and uncertainty was frightening until Losana learned about Council's Debt Management Service. The couple sought Council's assistance.

The Council analyzed the couple's case, met with the credit providers and the lending institution on several occasions to negotiate an account restructure and a holiday repayment for three months.

Their dignity was at stake but more than that was their relationship as the stress from not being able to make repayments was affecting their day to day life. The couple's life was back on track. They admitted that they did not understand the cost of borrowing and should have done their math before taking goods on hire purchase.

The Council will continue to create more awareness on debt management so that consumers struggling with their loans can find some solace by seeking help under our Debt Management and Consumer Credit Advisory Service.

Read more success stories in our latest Debt Management Brochure, available on our website www.consumersfiji.org, which was launched in Suva on 26th February 2015