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Feature Article

Managing Debt Wisely: A Consumer's Guide to Financial Wellbeing

In today's fast-paced world, financial stability is not just a goal — it's a necessity. From securing daily essentials to making long-term investments like education, housing, or transportation, our financial choices play a key role in shaping our lives. However, over the years, the Consumer Council of Fiji has noted a growing trend of consumers facing serious challenges in managing their personal debts. Mounting financial pressure, rising cost of living, and unexpected life events have left many struggling to stay afloat.

This article explores the growing issue of personal debt in Fiji, the challenges consumers face when managing their finances, and how the Council supports individuals through its Debt Management Advisory Services (DMAS) — including credit advice, budgeting help, negotiation with lenders, and account restructuring support

Understanding Debt and Its Impact

Debt, in its simplest form, is money borrowed that must be paid back — often with interest. While taking on debt is not inherently bad, problems arise when repayments become unmanageable. This can lead to:

- Accumulation of more debt through additional loans or credit cards.
- Damage to credit ratings.
- Stress and emotional turmoil.
- Strained family relationships.
- Risk of losing assets like vehicles or homes.

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Fiji, like many other countries, has witnessed a surge in personal borrowing, especially through hire-purchase agreements, mobile loans, and credit facilities. The ease of obtaining credit, combined with limited financial literacy, has led many consumers into spiralling debt cycles.

The Role of the Consumer Council of Fiji

The Council has long advocated for fair treatment of consumers and promoted responsible financial practices. Recognizing the urgent need for intervention, the Council introduced **Debt Management Advisory Services** — a programme designed to assist consumers in managing their debts effectively.

This service is based on the guidelines outlined in the **Consumer Credit Act**, which aims to protect consumer interests and ensure that financial services are delivered fairly and transparently.

How the Council Can Assist You

The Debt Management Advisory Services is a **free and confidential support programme** that helps consumers develop practical strategies for dealing with debt. Under this programme, the Council offers the following services:

1. Credit Advice

Many consumers sign up for loans or credit cards without fully understanding the terms and consequences. The Council provides expert advice on:

- Understanding your credit agreements.
- Knowing your rights and responsibilities.
- Recognising misleading or unfair credit practices.

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2. Help with Budget Preparation

Budgeting is the cornerstone of financial health. Without a clear picture of income and expenses, it's easy to overspend and fall into debt. The Council works with consumers to:

- Prepare personalized budgets.
- Identify essential and non-essential spending.
- Create realistic financial goals.

3. Facilitating Dialogue with Credit Providers

Often, consumers feel powerless when dealing with financial institutions. The Council acts as a mediator to:

- Open lines of communication between consumers and creditors.
- Negotiate fair repayment plans.
- Reduce aggressive or unfair collection practices.

4. Assisting with Account Restructuring

When financial hardship hits — such as job loss, illness, or a family emergency — it becomes difficult to keep up with repayments. The Council assists consumers to:

- Restructure their debts.
- Seek relief options or payment holidays.
- Avoid legal action or repossession.

Real Stories, Real Struggles

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Consumer Council of Fiji



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Mobile App

Over the past few years, the Consumer Council of Fiji has received hundreds of complaints from consumers across the country — from rural villages to urban centers — highlighting the growing debt burden affecting households, families, and individuals. These complaints reveal a troubling pattern of financial hardship, misinformation, and unfair lending practices.

Some of the most common issues include:

1. Harassment by Debt Collectors Despite Genuine Repayment Efforts

Consumers have reported being harassed through repeated phone calls, unannounced visits to their homes or workplaces, and threats of legal action, even when they've made consistent efforts to repay their debts. In many cases, these debt collection practices violate consumer protection laws and create emotional distress. Some consumers were publicly shamed or pressured in front of their family members, affecting their mental wellbeing and dignity. Such tactics disproportionately affect vulnerable populations, including the elderly and low-income earners.

2. Excessive Interest Charges and Hidden Late Fees

Another major concern has been the exorbitant interest rates applied by some lenders — especially in the informal lending sector or through unregulated credit providers. Many consumers, particularly those with low financial literacy, unknowingly commit to repayment plans with unclear or compounding interest. They soon find themselves paying back far more than they originally borrowed. Others are shocked to discover hidden administrative charges or late payment penalties that were not clearly disclosed at the time of signing.

3. Trapped in Multiple Loans Due to “Roll-Over” Practices

Many consumers in Fiji fall into what is known as a debt cycle or debt trap — often caused by "roll-over" lending practices. This happens when a consumer is encouraged to take out a new

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loan to pay off an old one, essentially rolling over the existing debt instead of reducing it. While this might offer short-term relief, it ultimately increases the borrower's liability and dependency on borrowing. This cycle is particularly damaging for young people and first-time borrowers who lack budgeting experience or access to financial education. It also disproportionately affects minimum wage earners, social welfare recipients, and market vendors, who sometimes turn to multiple informal lenders simultaneously just to keep up with basic household expenses.

4. Misleading Contracts and Poor Disclosure of Terms

Some consumers, especially those who are not fluent in English or are unfamiliar with legal or financial jargon, have reported being misled into signing agreements they did not fully understand. In many cases, key information — such as repayment schedules, total cost of credit, or penalty clauses — was either not explained properly or deliberately obscured. Certain hire purchase agreements, for example, did not clearly disclose the total amount to be paid over time, leading consumers to believe they were getting a bargain when, in reality, they were locked into high-cost repayments over several years. Language barriers, rushed sales pitches, and lack of documentation have made many consumers in Fiji particularly vulnerable.

In many cases, timely intervention by the Council helped these individuals resolve their disputes, restructure their loans, and regain financial control. These stories highlight the importance of seeking help early and being proactive about managing your finances.

Common Debt Traps to Avoid

To stay financially healthy, consumers should be aware of common pitfalls:

- **Buy Now, Pay Later Schemes**

While these may seem convenient, they often come with hidden fees and encourage impulsive spending.

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- **Borrowing to Pay Off Other Loans**

This creates a cycle of dependency and increases overall debt.

- **Ignoring Bills or Repayment Notices**

Delaying payment can lead to penalties, lawsuits, or asset repossession.

- **Relying on Credit Cards for Essentials**

If your daily expenses are consistently covered by credit, it may indicate a deeper financial problem.

Tips for Consumers Facing Debt Challenges

1. **Act Early:** Don't wait until the debt becomes unmanageable. The earlier you seek advice, the more options you have.
2. **Know Your Rights:** Familiarise yourself with the Consumer Credit Act and your rights under it.
3. **Keep Records:** Maintain copies of all financial agreements, receipts, and communications with lenders.
4. **Avoid Taking on New Debt:** Focus on repaying what you already owe before signing up for more credit.
5. **Talk to the Council:** We're here to help you. Whether you're already in debt or just need guidance, our team is ready to support you.

Financial Empowerment Through Education

The Council also emphasizes **financial literacy** as a preventive measure. By understanding how money works — including interest rates, repayment terms, budgeting, and credit scoring — consumers can make informed decisions and avoid falling into debt.

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Through workshops, school outreach, media campaigns, and community engagements, the Council continues to raise awareness about:

- Smart spending.
- Safe borrowing.
- Responsible saving.
- Consumer rights in financial contracts.

Conclusion

Being in debt can affect more than just your wallet — it can impact your mental health, family stability, and overall quality of life. That's why the Council approaches debt management holistically, focusing not just on finances, but on long-term wellbeing.

We encourage consumers to see debt management not as a sign of failure, but as a **step toward financial freedom**. Asking for help is the first — and bravest — thing you can do when faced with money problems. If you or someone you know is struggling with debt, don't hesitate to reach out to us.

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