



BEWARE OF THE BLACKLIST!

Hearing that they have been blacklisted is enough to strike fear in the hearts of consumers, but what does it actually mean?

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Simply put, being blacklisted means having negative information on your credit history, which will impact your ability to get more credit. Discovery Financial Adviser Claire van Wyk explains, “The poor management of your debt is usually an indicator to providers that you may not be a good risk for credit and shows that you can’t be trusted to pay back money you owe consistently or on time.”

Initially, you’ll see the effect of your negative credit score in small yet still significant ways, like when your

application for a cell phone contract is rejected. The impact will gradually escalate until you are unable to apply successfully for vehicle, business or home financing.

Mamello (36) felt the full force of this snowball effect when she had to deal with the reality of being blacklisted. “At first, I convinced myself that it wasn’t the end of the world and I’d pay back the debt and clear my name in no time,” she explains. However, it wasn’t that simple. “Before I knew it, the situation was so bad that after my car was written off, I couldn’t get another.”

RESTORE YOUR RATING

Getting yourself back into the credit bureau’s good books is not nearly as easy as it is getting into their bad ones, van Wyk warns. “You’ll need to settle the debt in full, approach the credit bureau with proof of this and request that the judgement be removed.”

“I have a client who has done this and the judgement has been removed,” continues Van Wyk, “However, the poor payment history has remained for the last two years and he is therefore unable to secure any loans.”

Mamello did eventually clear her name, but it took a lot of hard work to get back to the point where she didn’t feel it hovering above her head like a guillotine. “I had a long look at what had led me to that point and drew up a solid plan to ensure I’d be wiser with my money going forward.”

Which, blacklisted or not, is exactly how Van Wyk advises you should approach your credit. While you can free yourself from the harsh reality that being blacklisted presents you with, it is in your best interests to prevent that judgement from being passed at all. The classic mindset of prevention being better than cure is one that will serve you well when it comes to your finances.

Mamello believes she fell prey to a false sense of financial security that encouraged her to consistently spend more than she had. “I got so comfortable living at a certain standard that even after I was retrenched and had to take a lower salary, I carried on as I always had.”

Being blacklisted was a rude awakening and a reminder that her money would only work for her as well as she worked with it. “In a way, I’m glad I went through what I did. It made me smarter. I’m now more secure than I’ve ever been and perfectly happy with my new car which, although not on my top 10 car wishlist, still gets me from A to B all the same.” **E**

**Name changed for privacy*

MONEY MANAGEMENT TIPS

- Plan your daily, monthly and annual expenses.
- Budget and don’t let yourself go to the breadline.
- Don’t use your maximum monthly income for living costs.
- Do not be subject to lifestyle inflation. Try to have a 10% buffer to accommodate any increases in rates, inflation and unforeseen expenses.