FINAID RESOURCE

Debt Consolidation Guide

A practical starting point for understanding debt consolidation and the questions to ask before taking on new credit.

What debt consolidation usually means

• It commonly means replacing several existing debts with one new credit agreement from a registered credit provider.

• It may simplify repayments, but it does not automatically make debt cheaper or suitable for every person.

Before you consider it

• List every debt, settlement amount, interest rate, fee and remaining term.

• Compare the total cost of the new credit agreement, not only the monthly instalment.

• Check whether the repayment term becomes longer and whether you can afford the instalment after essential living expenses.

Debt consolidation is not debt review

• Debt review is a formal debt-relief process under South Africa's National Credit Act for consumers who are over-indebted.

• Do not consent to debt review unless you understand and agree to the process. Ask who is registered and what you are applying for.

Next step

Use the assessment checklist and request a conversation with FinAid before making a decision.

Important: This resource provides general information only. It is not personal financial, legal or credit advice. We will explain your options before any application or agreement is signed.