

THE EFFECTIVENESS OF DEBT COLLECTION BY STATSSA

CIVIL CASES FOR DEBT COLLECTION PUBLISHED BY STATS SA

1. Debt collection is a legal process that businesses, individuals, or agencies use to collect outstanding debts. The latest report by StatsSA (28 January 2025) summarises statistics for debt collection cases in South Africa with limited focus on -:
 - 1.1. Total value of Judgements awarded in November 2024;
 - 1.2. Total value of money collected in November 2024; and
 - 1.3. Largest contributors to debt to the total of the Judgements.

TOTAL VALUE OF JUDGEMENT AWARDED IN NOVEMBER 2024

2. In terms of the report:
 - 2.1. Gauteng accounts for between one third and half of the total debt collection litigation in the country by value;
 - 2.2. During the 3 months from September to November 2024, an estimated 101 322 Summonses were issued for outstanding debts and judgments to the value of almost R1 Billion (924 million) were recorded.
 - 2.3. Although the largest single contributor to the total value of the default and consent judgements was money lent valued at R82.8 million, **R98 million** related to goods sold and services rendered.

ASSESSMENT

3. Based on the numbers received, it is clear that tens of thousands of businesses resort to hard debt collection through the courts to recover outstanding debts. In the process, the recover billions of rands a year. Contrary to popular belief, most default judgments are not awarded to banks or money-lenders, but to businesses providing goods and services.
4. In light of the above, it follows that it is better to pursue a debt than to merely let it prescribe. With no-win-no-fee debt collection, there are no fees due to attorneys by the creditor – a portion of the winnings is shared with the attorney if the case is successful.

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5. Creditors often adopt an 'all-or-nothing' approach where they seek to recover all of the debt or none of it at all. Hence, with almost no risk to the creditor, it is obvious that a portion something is much better than all of nothing.

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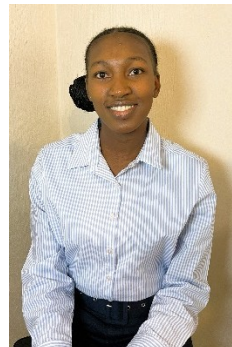
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