



Council for Debt Collectors

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APPLICATION FOR REGISTRATION

OPENING OF TRUST ACCOUNT

1. In terms of section 20 (1) of the Debt Collectors Act (Act 114 of 1998), ... every debt collector who practises for his or her or its own account, shall open and maintain a separate trust account at a bank as defined in the Banks Act, 1990 (Act 94 of 1990), and shall deposit therein as soon as is possible after receipt thereof the money received or held by him or her on behalf of any person.
2. A debt collector is not an attorney or part of a registered trust, therefore the debt collector cannot open a trust account as the banks know a trust account. A debt collector may open a current account / savings account / or cheque account at any bank. The account may not be used as a private account or as a business account, but solely for the purpose of debt collecting. Should the account not be used to deposit money into, the account must still be maintained. The account should be treated as a trust account by the debt collector and the bank.
3. The Act does not require a debt collector to belong to a fidelity fund nor does the Act make provision for any form of fidelity fund which debt collectors must belong to.
4. Debt Collectors do not fall within the ambit of the Attorneys Act, and as such are not required to belong to the fidelity fund.
5. The Council requires written proof from the Bank that an account has been opened in the name of the registered debt collector and that such account shall be treated as a trust account. (A *pro forma* letter is attached)

Kind Regards

**CYNTHIA GOUWS**



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