

Am I still liable for old debt?

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A Fin24 user wants to know if she is still liable for her debt five years after she stopped making payments. She writes:

I opened a retail account as a student in 1999 and failed to pay it up.

Recently the creditor has been calling and sending me SMSs to pay the account.

Does one still need to pay an account after five years of not paying it?

Does it matter if you have not made any arrangements to pay in all that time?

Friedl Kreuser of [Summit Financial Partners](#) responds:

The Fin24 user is absolutely correct. Once a debt has "prescribed", it must be written off and you are no longer liable to pay it.

Unfortunately, many debt collectors will still try to collect on such debt, often knowing that it has prescribed, but hoping that the consumer will not notice.

Certain collectors go so far as to "buy" prescribed debts from credit providers in hopes of collecting payment from unsuspecting consumers.

Once the consumer starts paying the debt again, prescription falls away and the debt is once again activated.

Every consumer should know when their debt has prescribed. A debt prescribes when:

1. A credit provider has not claimed payment/sent a letter of demand/issued summons; and
2. A consumer has not made any payments/acknowledged the debt directly or indirectly for the time periods specified below:
 - Personal loans, credit cards, retail accounts and vehicle loans: three years
 - Mortgage loans, debts by court orders and money owed to the SA Revenue Service: 30 years

If a credit provider or debt collector is demanding payment for a prescribed debt, challenge them and report them to the Council for Debt Collectors on the following numbers:

(012) 804 9808

(012) 804 8483

(012) 804 3402

Fax number:
(012) 804 0744

- Fin24

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