

# Debt Review vs Administration Order Explained

## DISCLAIMER:

This guide is for informational purposes only and does not constitute legal or financial advice. Debt relief options, eligibility, and processes may vary based on individual circumstances and applicable South African law. Always consult a qualified professional before making a decision. Bilnor Staffing Solutions accepts no liability for decisions made based on this guide.

When debt becomes unmanageable, South African consumers have legal options to regain control. Two commonly confused debt-relief mechanisms are **Debt Review** and an **Administration Order**. While both aim to help over-indebted consumers, they work very differently and have long-term consequences.

Understanding the differences helps you choose the option best suited to your financial situation.

## What Is Debt Review?

Debt Review is a **formal debt relief process** regulated by the **National Credit Act (NCA)** and managed by a **registered debt counsellor**.

## How Debt Review Works

- Your financial situation is assessed to determine over-indebtedness
- Monthly debt repayments are **restructured and reduced**
- Credit providers are legally prevented from taking legal action
- A court order or consent order formalises the repayment plan

## Key Features of Debt Review

- Applies to **unsecured and secured credit**
- Interest rates may be reduced
- You may not take out new credit while under debt review
- Debt review remains on your credit profile until cleared

## Who Debt Review Is Best For

- Consumers with **multiple debts**
- Individuals with stable income but insufficient cash flow
- Those who want a structured, legally protected solution

## What Is an Administration Order?

An Administration Order is a **court-granted debt solution** under the **Magistrates' Courts Act**, typically used for **smaller total debt amounts**.

## How an Administration Order Works

- You apply to the Magistrates' Court
- A court-appointed administrator collects one monthly payment

- Payments are distributed to creditors
- The order remains until debts are fully paid

## Key Features of an Administration Order

- Generally suitable for **lower debt amounts**
- Administrator fees may reduce the amount paid to creditors
- Interest on debts may continue
- Less flexibility compared to debt review

## Who an Administration Order Is Best For

- Consumers with **low total debt**
- Individuals without access to a registered debt counsellor
- Those seeking a court-controlled process

## Key Differences

Aspect	Debt Review	Administration Order
Governing Law	National Credit Act	Magistrates' Courts Act
Debt Amount	No formal limit	Typically, lower amounts
Managed By	Registered debt counsellor	Court-appointed administrator
Legal Protection	Strong creditor protection	Limited protection
Interest Reduction	Possible	Often continues
Credit Access	No new credit allowed	No new credit allowed
Removal Process	Clearance certificate required	Court application required

## Impact on Your Credit Profile

Both options:

- Are recorded on your credit report
- Restrict access to new credit
- Require formal clearance before removal

However, **debt review** has a clearer, regulated exit process through a **debt review clearance certificate**, while administration orders often require **legal intervention** to rescind.

## Which Option Should You Consider?

Debt Review may be more suitable if:

- Your debt is high or spread across many creditors
- You need interest relief and structured protection
- You want a regulated, modern debt solution

Administration Orders may be suitable if:

- Your total debt is relatively small
- You prefer a court-managed solution
- Debt review is not available or practical

Both debt review and administration orders are serious financial commitments. Choosing the wrong option can extend repayment periods or worsen your financial position. Always ensure you fully understand the legal, financial, and credit implications before proceeding.