

Press Release

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Enactment of Financial Consumer Protection Act of 2022

The Central Bank of Lesotho hereby announces to the general public that the Financial Consumer Protection Act 2022 has been enacted and come in to operation as on the date of its publication which is 3/6/2022. This law is intended to make provision for the protection of rights of consumers of financial products and services.

In terms of this law, financial services providers are expected to serve consumers in the following manner:-

1. Provide information to consumers in a clear, fair and legible manner before they are bound by an agreement. Consumers should be given a copy of contractual disclosure before acquisition of a financial product or service, and be given sufficient time to deliberate about the benefits or disadvantages of entering into a financial contract.
2. Provide key fact statement that summarises the key terms and conditions of a product allowing for easier comprehension by consumers and comparison across different service providers.
3. Inform a consumer applying for credit that checks will be made at, information collected and provided, to a credit reporting system.
4. Not encourage, incentivize or induce a consumer to obtain an unsuitable product or service, or to enter into an agreement for an amount higher than requested or unable to be afforded by a consumer.
5. Not impose terms in a contract that effectively limit the rights of a consumer to assert his/her rights under the contract.
6. Not limit the ability of consumers to move from one service provider to another.
7. Give consumers a right to choose a product or service in a situation where services are tied or bundled
8. When commencing enforcement proceedings over a credit liability financial services providers should only do so after notifying the consumer about the default and informing them of their rights in that regard. Financial service providers shall be required to issue a written notice explaining the amount overdue and how the default can be remedied by the consumer.

Under this law, financial service providers are prohibited from acting in the following manner:-

1. Making deductions of interests, fees or charges, unless they have been previously disclosed to and agreed upon by the consumer in the contract.
2. Making changes to the initial (contract) terms unless the consumer has agreed to such changes.
3. Discriminate against consumers based on gender, marital status, ethnicity, sexual orientation, religion, political beliefs or disabilities and any other protected class to prevent them access to any financial product or service.
4. Retaining or possessing ATM cards, passports or identity documents of consumers for collateral purposes.

Under this law, the Central Bank of Lesotho as the regulator has the power to conduct inspection or examination on any financial service provider and request information about any activity, practice, policy and procedure of a financial service provider with the aim of insuring protection of consumer rights.

In terms of this law, the regulator has established a Consumer Complaints Unit as a mechanism for complaints handling for consumers who have not had a satisfactory response from financial service providers. Consumers can lodge their complaints to this unit. The Central Bank of Lesotho further encourages all members of the public to read and understand contractual obligations before signing any financial agreements.

For further information and enquiries, please contact the Communications Office of the Bank at: 58880647.