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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## **THE NATIONAL ASSEMBLY**

### **QUESTION FOR WRITTEN REPLY**

#### **QUESTION NO. 4553.**

**Mr V Zungula (ATM) to ask the Minister of Trade, Industry and Competition:**

- (1) Whether his department has been informed that the FoneYam smartphone rental plan requires customers to pay a total of over 185% of the phone's original retail value, with the consumer not owning the phone at the end of the term unless they pay an additional fair market value fee (details furnished); if not, does his department intend to launch an investigation into the business practices of FoneYam to determine if they comply with the Consumer Protection Act, Act 68 of 2008, and the National Credit Act, Act 34 of 2005; if so, what are the relevant details;
- (2) what steps will his department take to address the potential exploitation of vulnerable consumers, particularly low-income communities, who may not fully understand the terms and conditions of the rental plan;
- (3) whether his department will investigate if (a) marketing materials used by FoneYam clearly disclose that the customer does not own the device at the end of the rental period and (b) the specified omission constitutes misleading advertising under section 41 of the Consumer Protection Act, Act 68 of 2008; if not, why not; if so, what are the relevant details;
- (4) whether his department intends to engage the National Credit Regulator and/or the National Consumer Commission to clarify if the rental model of FoneYam qualifies as a form of credit disguised as rental; if not, what is the position in this regard; if so, should it fall under the National Credit Act, Act 34 of 2005;
- (5) (a) what policies and/or measures does his department currently have in place to prevent consumer exploitation, particularly in cases where businesses use complex contracts and/or hidden fees to deceive customers and (b)(i) how does his department ensure that businesses comply with consumer protection laws and regulations and (ii) what penalties are in place for non-compliance?NW5097E

#### **REPLY:**

- 1) The National Consumer Commission (NCC) has recently received complaints about the FoneYam smartphone rental plan. To date, the NCC received at least four complaints during the months of May and June 2025. FoneYam is said to be a South African device rental and mobile contract service operated by Tenacity Financial Services, a division of Pepkor Trading

(Pty) Ltd., based in Kuils River, Western Cape. According to the supplier, FoneYam allows customers to rent smartphones through a formal contract and offers accessible ways to obtain devices at low monthly cost.

- 2) FoneYam's rental plan will be assessed against the provisions of the Consumer Protection Act, Act 68 of 2008 (CPA), to determine if the rental plan exploits consumers or not by the NCC. The department through its education and awareness initiatives does highlight the issues relating to contracts to vulnerable consumers by explaining the issues of disclosure, fair and just contract terms and conditions, plain and simple language being used in contracts in an understandable language to the consumer.
- 3) (a) The NCC is currently looking into FoneYam's entire practices and will determine if there is a need for a formal investigation on the issue. In this regard, the CPA has specific provisions that deal with fair and responsible marketing practices which include sections 29 and 41, (b) the mentioned investigation will determine whether the supplier is in contravention of the CPA provisions in the course of marketing its services and products to the consumers.
- 4) The NCC and the National Credit Regulator have a duty, based on their respective legislation, to investigative exploitative conduct against consumers. It will be for the regulators to decide which legal instrument is best suited to address the issue after conducting an investigation. The National Credit Regulator has not received a referral to investigate the FoneYam rental agreement.
- 5) (a) The NCC is empowered to investigate and, where there is a contravention of the CPA, direct suppliers to comply with the CPA or prosecute the violations of the CPA before the National Consumer Tribunal (NCT, (b)(i) and (ii) The NCT can declare the conduct of the concerned supplier as prohibited, issue an administrative fine of up to one million rand or ten percent of the annual turnover of a firm, and/or issue appropriate orders for the redress.

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