

BONUS MODULE

VEHICLE FINANCE & HOME LOAN NEGOTIATION GUIDE

How to negotiate lower payments on your car or home loan
before you lose the asset.

Part of The Creditor Negotiation Playbook

Why Vehicle & Home Loan Debt Is Different

The scripts in the main playbook work for unsecured debts — personal loans, credit cards, store accounts, cellphone contracts. Those debts are backed by nothing except your promise to pay.

Vehicle finance and home loans are **secured debts**. The car or house is the security. This changes everything:

- **The stakes are higher** — if you stop paying, you could lose the asset (repossession or sale in execution)
- **The bank has more leverage** — they hold security, so they're less desperate to negotiate
- **But they STILL prefer to negotiate** — repossession is expensive, slow, and often recovers less than what you owe
- **The legal process takes time** — which means you have a window to act

The good news: the same principle applies. Banks would rather get a reduced payment from you than spend money on lawyers, auctioneers, and courts. You just need to know what to ask for — and the conversation is slightly different from unsecured debt.

PART 1: Vehicle Finance

Whether it's a personal car or a work vehicle, falling behind on vehicle finance is terrifying. The car is how you get to work. Losing it could mean losing your income too. Here's what you need to know and what to do.

What happens when you fall behind

- 1. 1–2 months behind:** You'll get calls and SMSs from the bank's collections department. At this stage, they're trying to get you to pay. This is the BEST time to negotiate — they're still in "soft collections" mode.
- 2. 3 months behind:** Your account may be flagged for legal action. They must send you a **Section 129 notice** before proceeding (see Module 2 in the main playbook). You have 10 working days to respond. **Use them.**
- 3. 4–6 months behind:** If you haven't responded or made an arrangement, the bank may start court proceedings for repossession.
- 4. After court order:** A sheriff can come to collect the vehicle. It gets sold at auction — usually for far less than market value. If the sale doesn't cover what you owe, **you still owe the difference** (called the shortfall).

WARNING: Repossession is the worst outcome for BOTH you and the bank. You lose the car AND still owe money. The bank gets a fraction of the car's value at auction and has to pay legal fees. This is why they'd rather negotiate. Use that to your advantage.

What you can ask for

- **Reduced monthly payment for 3–6 months** — same as unsecured debt, but harder to get on vehicle finance. The bank may require you to prove hardship (payslip, bank statement, letter from employer).
- **Term extension (restructure)** — spread the remaining balance over more months. This lowers each monthly payment. The NCA allows vehicle finance terms up to 72 months. If you're at 54 months, extending to 72 gives you breathing room. **Note:** you'll pay more interest overall, but your immediate cashflow improves.
- **Capitalisation of arrears** — if you're 2–3 months behind, the bank can add the arrears amount onto the remaining balance and spread it across the remaining term. Your monthly payment goes up slightly, but you're no longer "in arrears."
- **Payment holiday (1–3 months)** — a temporary break from payments. Interest still adds up during this period, so your total cost goes up. But it stops the immediate bleeding.

- **Interest rate review** — if your rate is higher than the current market, ask for a rate reduction. They'll usually only do this if your account has been in good standing historically.

The balloon payment problem

If your vehicle finance has a **balloon payment** (also called a residual value), you agreed to lower monthly payments in exchange for one large lump sum at the end of the contract. Many people can't afford this when it comes due.

Your options:

- **Refinance the balloon** — the bank may agree to take the balloon amount and spread it over a new term (12–36 months). This effectively becomes a new, smaller loan. You keep the car.
- **Sell the car privately** — if the car is worth more than you owe (including the balloon), sell it, pay off the finance, and pocket the difference. Private sales almost always get more than trade-in or auction prices.
- **Trade in and downgrade** — trade the current car for a cheaper one. The dealer handles the finance settlement. You end up with a lower monthly payment.
- **Return the car (voluntary surrender)** — this is a last resort. You give the car back. The bank sells it. If the sale doesn't cover what you owe, you still owe the difference. But it stops further arrears and legal costs from building up.

■ **TIP:** Before you contact the bank, check what your car is currently worth on AutoTrader (www.autotrader.co.za) or WeBuyCars. Knowing its value gives you leverage in the conversation. If the car is worth less than you owe, the bank knows repossession won't recover their money — which makes them more likely to negotiate.

Who to call

Finance Provider	Phone	Ask for...
WesBank	0861 288 272	"Collections" or "Restructuring"
MFC (Nedbank)	0860 879 900	"Payment arrangements" or "Restructure"
Absa Vehicle Finance	0860 669 669	"Collections" or "Restructuring"
FNB Vehicle Finance	0800 110 132	"Vehicle finance collections"
Standard Bank VAF	0800 020 600	"Vehicle finance" then "Collections"
Capitec	0860 10 20 43	"Collections" or "Payment arrangements"

SCRIPT: Vehicle Finance Hardship Call

"Good day, my name is [NAME]. I have a vehicle finance account with you, account number [NUMBER]. The vehicle is a [YEAR MAKE MODEL]."

"I'm calling because I'm experiencing financial difficulty due to [REASON]. I want to keep paying and I want to keep my vehicle. I'm hoping we can work out an arrangement."

"My take-home pay is R[AMOUNT]. My total debt payments are R[AMOUNT]. After covering rent, food, electricity, and transport, I can realistically afford R[AMOUNT] per month on this vehicle payment."

Ask specifically:

"Can we restructure the loan over a longer term to bring the monthly payment down?"

"Is a payment holiday of 1–3 months possible while I get back on my feet?"

"Can the arrears be capitalised into the remaining balance?"

If they agree:

"Thank you. Please give me a reference number, the new payment amount, and written confirmation by email."

If they mention repossession:

"I understand that's an option for the bank, but repossession and auction recovery will cost you significantly more than working with me on a reduced payment. I'm offering a solution that gets you paid. Can we explore that before going the legal route?"

NOTE: Vehicle finance providers can usually only restructure your deal **once per year**. If you've already restructured recently, they may not be able to do it again immediately. Ask about alternative options like a payment holiday instead.

PART 2: Home Loans (Bonds)

Falling behind on your bond is terrifying. Your home is where your family lives. The thought of losing it causes more stress than almost any other debt. But banks don't want your house either. Selling a repossessed property through auction is slow, expensive, and almost always recovers less than what's owed. They'd much rather work with you.

What happens when you fall behind on your bond

- 1. 1–3 months behind:** The bank's collections department contacts you. They'll try to get a commitment to pay. This is your window. Use it.
- 2. 3–6 months behind:** If you've ignored them or broken promises 3 times in a row, the account may be moved to a more senior collections or legal department. A Section 129 notice will be sent.
- 3. After Section 129:** If you don't respond within 10 days, the bank can begin court proceedings. They'll apply for a court order to sell your property (called "sale in execution").
- 4. After court order:** A sheriff sells the property at auction. If the sale doesn't cover the full balance plus legal costs, you still owe the difference.

WARNING: The process from first missed payment to auction typically takes **6–12 months or more**. You have time. But every month you wait makes it harder to negotiate. Act as early as possible.

What you can ask for

- **Term extension** — if your original bond was 20 years and you're 5 years in, the bank can extend it to 25 or even 30 years. This drops your monthly payment significantly. You'll pay more interest over the life of the loan, but your immediate cashflow improves.
- **Capitalisation of arrears (re-spread)** — the bank adds your arrears onto the remaining balance and recalculates the monthly payment. Your payment goes up slightly, but you're no longer "behind."
- **Payment holiday (1–3 months)** — a temporary break. Interest still accumulates and gets added to your balance. Use this time to stabilise your income, not to ignore the problem.
- **Interest rate reduction** — if your rate is above prime, ask for a reduction. Banks sometimes offer this to keep a client paying rather than defaulting.
- **Partial payment arrangement** — pay what you can afford for a set period while you get back on your feet. Even paying 70–80% of the instalment shows good faith and may prevent legal action.

Who to call

Bank	Home Loans Collections	Email (if phone queues are long)
Absa	0860 669 669	bondrs@absa.co.za
FNB	0800 110 132	Collarr@fnb.co.za
Nedbank	0860 553 573	HLCollections@nedbank.co.za
Standard Bank	0800 020 600	debtcarecentre@standardbank.co.za
Capitec	0860 10 20 43	Via banking app or branch
SA Home Loans	0860 2 4 6 8 10	Via website portal

■ **TIP:** Home loan departments often have long phone queues. Send an email first explaining your situation and requesting a call back. This creates a written record AND often gets you to the right person faster than the phone queue.

SCRIPT: Home Loan Hardship Call

"Good day, my name is [NAME]. I have a home loan with you, account number [NUMBER]. The property is at [ADDRESS]."

"I'm calling because I'm having difficulty meeting my full monthly bond payment due to [REASON]. I want to keep my home and I want to keep paying. I'm hoping we can work out an arrangement to get through this period."

"My take-home pay is R[AMOUNT]. My total monthly obligations are R[AMOUNT]. I can realistically afford R[AMOUNT] per month on my bond right now."

Ask specifically:

"Can we extend the term of the loan to reduce the monthly payment?"

"Can the arrears be capitalised and spread across the remaining term?"

"Is a payment holiday of 1–3 months possible?"

"Can you review my interest rate? I'm currently paying [X]% and I believe the market is lower."

If they agree:

"Thank you. Please give me a reference number, confirmation of the new payment amount and term, and written confirmation by email."

If they mention legal action or sale in execution:

"I understand that's an option for the bank. But I'm reaching out proactively because I want to resolve this. Selling at auction will recover far less than the outstanding balance, and the legal costs will come off the top. I'm offering to keep paying at a reduced amount. Can we explore that?"

Important Things to Know About Secured Debt

Vehicle finance and home loans work differently from unsecured debt in several important ways. Read this carefully.

Secured debt does NOT prescribe in 3 years

The 3-year prescription rule in Module 6 of the main playbook applies to **unsecured** debts only. Home loans prescribe after **30 years**. Vehicle finance technically prescribes after 3 years as it's an instalment sale, BUT the bank holds security over the vehicle and can repossess it regardless. Don't rely on prescription for secured debts.

Voluntary surrender vs repossession

If you truly cannot afford the vehicle anymore and negotiation has failed, you have two options:

- **Voluntary surrender:** You contact the bank and hand the car back willingly. The bank sells it (usually at a better price than forced auction because there's no urgency). You still owe the shortfall (if any), but you avoid legal costs and the process is less adversarial.
- **Repossession:** The bank gets a court order and a sheriff takes the car. It's sold at auction (usually below market value). You owe the shortfall PLUS all the legal costs. This is the worst-case scenario.

If you're going to lose the car either way, voluntary surrender costs you less than forced repossession. But **always try to negotiate first**.

The shortfall trap

When a repossessed car or foreclosed house sells for less than what you owe, you still owe the difference. This is called the **shortfall**. The bank can (and will) pursue you for this amount. It becomes an unsecured debt — which means the scripts in the main playbook for negotiating unsecured debt then apply to it.

■ **TIP:** If you do end up with a shortfall after a vehicle surrender, wait before you panic. Once it becomes unsecured debt, you can negotiate it using the settlement scripts in Module 5 of the main playbook. Banks often settle shortfall balances for 30–50% because they've already recovered the asset and just want to close the file.

Insurance you might not know you have

Check your vehicle finance or home loan agreement for these:

- **Credit life insurance** — many vehicle finance and home loan agreements include insurance that covers payments if you lose your job, become disabled, or die. If you were retrenched, check if this applies. It could cover 3–9 months of payments.
- **Retrenchment cover** — some agreements include specific retrenchment insurance. FNB, for example, offers a Retrenchment Policy that covers up to 9 monthly instalments.
- **Payment protection insurance** — similar to credit life but may cover different scenarios. Read your agreement or call the bank and ask: "Do I have any insurance on this account that covers payment difficulty?"

Many people are paying for insurance on their vehicle or home loan and don't even know it. One phone call to check could unlock months of covered payments. Ask before you negotiate — the insurance might solve the problem for you.

When to get professional help

The scripts in this guide work when you're 1–3 months behind and the bank is still in collections mode. If any of the following apply, you need a professional:

- You have already received a **summons** (not just a Section 129 letter)
- The bank has already obtained a **court order** for repossession or sale in execution
- You have received a visit from a **sheriff**
- You are more than **6 months behind** and have had no communication with the bank
- You owe more than the property or car is worth and cannot afford **any** payment

In these situations, contact:

- **A registered debt counsellor** — debt review provides legal protection against repossession.
NCR: 0860 627 627
- **Legal Aid South Africa** — free legal assistance. 0800 110 110
- **A qualified attorney** — especially if court proceedings have already started

Your car gets you to work. Your house keeps your family safe. Both are worth fighting for. Make the call.

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