

Vodafone received a significant reduction of its fine amounting to several hundred million HUF due to its various compliance actions

The Gazdasági Versenyhivatal (GVH – the Hungarian Competition Authority) significantly reduced the fine imposed on Vodafone Magyarország Mobil Távközlési Zrt. (Vodafone), because the telecom association showed an extraordinary level of compliance and it also proved that it had taken explicit steps to change its behaviour. The amount of the fine imposed on the undertaking (approximately 200,000,000 HUF) is therefore less than half of the amount that would have otherwise been imposed on the basis of the Notice on Fines, taking into consideration the fact that the GVH has previously condemned Vodafone on several occasions for implementing unfair commercial practices and it is therefore regarded as a repeat offender.

The GVH investigated whether Vodafone had communicated to consumers genuine figures about the price of its phones when in its commercial campaigns promoting its offers to its consumers, published from October 2013, it did not showcase the *excess monthly fee* which was to be paid in addition to the discount price of the devices (1 – 19,999 HUF) during the commitment period.

According to the decision of the GVH, Vodafone provided misleading information about the real price of the devices in its commercials when it did not showcase the *monthly (extra) fee*, which in fact had to be paid and which meant that even during the commitment period after purchasing the phones consumers were burdened with extra costs in addition to the so-called unit price which was advertised as the basic service. This may have given the average consumer the false impression that – even though only when committing to a loyalty period – they were being offered a particularly favourable price, and they may have falsely believed that only the highlighted part of the price had to be paid in relation to the device (beyond the monthly base-fee, which is, however, related to the telecommunication service).

The GVH deemed the above-described type of communication unlawful. Despite the fact that Vodafone did not admit to the infringement, as a sign of its cooperation

- it strengthened its compliance programme to an extent that went beyond the usual market practice;
- it changed its commercial practice and eventually the sales construction of its devices as well; and
- it offered the affected consumer group the possibility to freely cancel their fixed-term contracts, thus undertaking a significant financial burden.

The GVH regarded the above actions – especially the indemnification-like contract termination offer – as significant mitigating circumstances, and consequently it set the amount of the fine, which was calculated on the basis of the costs of the particular campaigns, at 200,000,000 HUF, taking into account other factors as well.

The GVH emphasised that it regards the potential compensation of wronged or disadvantaged consumers and undertakings, as well as the most effective utilisation of its resources, as primary aims of its competition supervision activities. It may facilitate the achievement of these goals through its fining practice by recognising, as mitigating circumstances, active reparations, compliance efforts and via an increased level of cooperation during proceedings.

The GVH will continue to prominently encourage the compensation of wronged consumers in its competition supervision proceedings.

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Hungarian Competition Authority

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