

Distributor of weight-loss product and advertising agency fined by GVH

Budapest, 8 August 2022 - The Hungarian Competition Authority (GVH) imposes a fine of HUF 32 million on the distributor of Fatbond weight-loss products and an advertising agency for promoting the drugs under wrong classification and with misleading claims.

The investigation carried out by the Hungarian Competition Authority found that the Hungarian distributor of the slimming capsule Fatbond and the advertising agency involved in its campaign advertised the product in an unlawful manner, thereby misleading consumers. The companies sought to comply with the sectoral rules governing medical devices, while the product was also considered a medical aid, which did not fulfil the advertising requirements for consumer safety (e.g. information, warning and instructions for use, etc.). Moreover, the adverts tried to gain the trust of consumers by making unfounded and misleading claims (e.g. "*formula granted three international patents*"). The company engaged a medical professional, a well-known actor, a fitness champion and more than 30 influencers for advertising purposes, which is legally prohibited for medical aids. The competition authority also found the advertising agency directly responsible for the promotion of the product in exchange for a share of the revenue.

The GVH Competition Council imposed a fine of HUF 29 million for unfair commercial practices on SCB Trade Kft, the domestic distributor of the product, which turned out to be a repeat offender. The advertising agency involved in the unlawful promotion, Kék Padlizsán Kft. demonstrated willingness to cooperate with the authority during the procedure by agreeing to introduce a corrective corporate compliance programme, admitting to the infringement, and waiving the possibility of legal remedy. Accordingly, the Competition Authority imposed a fine of HUF 3 million on the agency, with an overall reduction of 70% applied.

The decision of the GVH underlines that there can be overlaps between categories of pharmaceutical products, in which case distributors must strictly comply with the rules for each category concerned – and if there is any doubt or uncertainty, the involvement of experts should be sought before marketing.

Case reference number: **VJ/10/2020**.

Press Office of the GVH