



Hild Life Annuity Programme deceiving consumers

The Competition Council of the Hungarian Competition Authority (GVH) established in its decision issued on the 4th January 2007 that Örökjárdék Ingatlanbefektető Zrt. (Örökjárdék Property Investment Co.) and Hild Ingatlanbefektető Kft. (Hild Property Investment Ltd.) deceived the consumers with their “Hild Life Annuity Programme” in 2005 and in 2006. The Competition Council of the GVH imposed a fine of 13 million HUF (approx. 51.587 EUR) on them.

In Hungary an elderly person may enter into a life annuity contract by which the ownership of his/her real estate is transferred to the payer of the life annuity. In the life annuity contracts the obligors are usually private persons or local governments, however, private undertakings like Örökjárdék started to enter the market as well.

The financial background of the life annuity contacts is provided by Deutsche Bank London based on an agreement of 15th December 2005 between Örökjárdék and Deutsche Bank London. Hild is responsible for the communication campaign of the Programme and the preparation of the contracts.

Pursuant to the decision of the GVH, Örökjárdék and Hild deceived consumers by providing false information about the financial background of the Programme and the services offered by it. The statement about Deutsche Bank London having a proprietary interest in the company is not correct. Nor can the conclusion be drawn from the agreement between Deutsche Bank London and Örökjárdék that the Bank is, without any limitation, responsible for the financial background, stands behind Örökjárdék and finances the life-annuity contracts. In reality the conditions above are only provided for a certain period of time. Besides, the communication campaign of the undertakings is characterised by exaggerated statements.

The Competition Council in its decision prohibited the undertakings from continuing the unlawful behaviour and imposed a fine on them based on the costs of the advertisements.

An undertaking carrying out economic activities for gaining profit should provide, as general requirement, authentic and accurate information to consumers – the GVH underlined in reasoning to its decision. Consequently, Örökjárdék and Hild infringed the provisions on the prohibition of unfair manipulation of consumer choice of the Hungarian Competition Act.

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