



GAZDASÁGI
VERSENYHIVATAL

PRESS RELEASE OF THE HUNGARIAN COMPETITION AUTHORITY

Hungarian Competition Authority fined Elektro Computer and three banks nearly HUF 170 million (approx. EUR 680 thousand)

The Competition Council of the Hungarian Competition Authority (Gazdasági Versenyhivatal, GVH) established on its trial of 16 February 2006 that the conduct of Elektro Computer, Budapest Bank, Credigen Bank and Magyar Cetelem Bank was suitable to deceive consumers. The defending parties informed consumers about what they stated to be 'credit for free' crediting available for them in 'Elektro Pont' department stores of technical goods and the information was not correct. The Competition Council of the Hungarian Competition Authority imposed the following competition supervision fines on the violator undertakings: on Elektro Computer - HUF 105 million (approx. EUR 420 thousand), on Budapest Bank – HUF 36 million (approx. EUR 144 thousand), on Credigen Bank – HUF 2 million (approx. EUR 8 thousand) and on Magyar Cetelem Bank – HUF 25 million (approx. EUR 100 thousand). At the imposition of the fine the fact Elektro Computer, Budapest Bank and Magyar Cetelem Bank repeatedly infringed competition law was taken into account as an aggravating circumstance.

Under the Hungarian Competition Act, an undertaking's giving information, which is capable of deceiving consumers, about factors related to the sale and distribution of the goods influencing the decision of consumers, in particular, about the method of distribution, terms of payment, gifts associated with the goods, discounts, or the chance of winning, qualifies as an unlawful deception of consumers. The meaning of terms customarily accepted in daily life or in the respective trade must be taken as a guide when establishing whether the information is capable of deceiving consumers. Likewise under the Competition Act, it is prohibited to apply business methods that restrict, without justification, the freedom of choice of consumers. Making the objective appraisal of goods or offers more difficult, or the objective comparison between them and other goods or offers is deemed, in particular, to be such a method. According to the practice of the Competition Council of the GVH, that undertakings which engage in profit and assets oriented economic activities must supply, as a general requirement, correct and exact information to consumers. Competing undertakings are even more expected to give correct and objective information for baiting consumers.

1. In the light of the above the Competition Council of the GVH established in its decision that Elektro Computer, Budapest Bank, Magyar Cetelem Bank and Credigen Bank conducted a practice, which was suitable to unfairly manipulate the decisions of consumers, when they informed consumers by the advertising medium 'Elektro Pont' published in newspaper format and on the Internet too about the possibility they could buy, in the period of 1 June to 4 October 2005, every products marketed in 'Elektro Pont' stores by utilising free credit . This was a false information as on the one hand

the banks limited the free credits they granted in respect of the 'Elektro Point' stores and on the other hand, free credits were only available between value limits differently set by the banks for different types of those credits. Under the rules of Act LVIII of 1997 on Advertising, besides Elektro Computer the three banks were also regarded as advertisers, so thus they are also liable for the unfair manipulation of consumers' decisions.

2. It was also established that Elektro Computer's conduct was also suitable to manipulate unfairly consumers' choice, when in adpapers published on the Internet too, it informed consumers they could buy certain products in the 'Elektro Pont' stores, in the period of 5 to 18 October, by making use of a free credit action though there was no action to grant those credits during the period in question.
3. Furthermore, the Competition Council established that the conduct of Elektro Computer and Magyar Cetelem Bank was suitable to manipulate unfairly consumers' decisions when on billboards published between 1 July and 31 September 2005 they informed consumers that in every 'Elektro Pont' stores some 'Electrolux' products could be bought by utilising a free credit with 0% total cost of credit granted by Cetelem, whilst the availability of free credit was limited in this case, too.

On the basis of the above, the Competition Council of the GVH prohibited the continuation of the infringement by supplying information capable of misleading consumers about free credits available in the 'Elektro Pont' stores, and for their injurious conduct fined the following undertakings: **Elektro Computer – HUF 105 million (approx. EUR 420 thousand), Budapest Bank – HUF 36 million (approx. EUR 144 thousand), Credigen Bank – HUF 2 million (approx. EUR 8 thousand), Magyar Cetelem Bank – HUF 25 million (approx. EUR 100 thousand).**

At the imposition of the fine, the Competition Council took into account as an aggravating circumstance that Elektro Computer, Budapest Bank and Magyar Cetelem Bank followed practices during the last years which were already established by the Council (as far as Elektro Computer and Budapest Bank are concerned, already three times) to be suitable to unfairly manipulate the decisions of consumers.

Case number: Vj-154/2005.

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