

GVH's experiences regarding timeshare agreements

The definition and characteristics of timeshare agreements have become well known by consumers; however, the misleading information communicated by resale timeshare undertakings has resulted in a number of problems. Both the Hungarian Competition Authority (GVH) and its legally mandated cooperating Competition Counsel Offices, which operate out of Debrecen, Eger, Szeged, Pécs and Győr, became aware of these aforementioned problems through market notices.

In a number of competition supervision proceedings the GVH investigated the misleading information communicated by several resale timeshare undertakings aimed at popularising the resale of timeshares. The GVH established infringements in all of the cases and imposed fines on the involved undertakings.

In the investigated cases, **the firms often sold timeshares in product presentations** for consumers who already possessed timeshare agreements. In these cases the **offers related to the resale of timeshares** were aimed at consumers who were not able to take advantage of the services of the timeshares due to their age or health, and resulted in a bigger burden being placed on the consumers as a result of the increased annual maintenance fee that they were required to pay.

According to the GVH's decisions in the cases, the **phone calls made to consumers inviting them to attend programmes** and **the information communicated at events** were **misrepresentative** on a number of points. The representatives of undertakings

- regularly placed consumers in situations where they had to make immediate decisions because favourable offers were only made available in the programmes;
- falsely promised to resell the timeshares already possessed by consumers in order to induce them to buy new timeshares and also provided them with false information about the prices and the offsetting of the previous timeshare in the new contract as a reduction in price.

The old timeshares were rarely sold. It was generally the case that consumers ended up bearing the cost of two timeshares.

The GVH currently has several ongoing proceedings in similar cases. The GVH would like to highlight **the importance of consumer awareness** in order to avoid consumers falling victim to such misrepresentations. With this in mind, it suggests that consumers

- calmly consider the real intentions of undertakings advertising programmes promising favourable offers (e.g. wellness-weekend with a reduced price, sale of an already possessed timeshare);

- consider the long term consequences of entering into an obligation, the costs associated with taking out a loan or other service for a second timeshare of 20-30 years, and the accommodation offers related to the purchase of a timeshare;
- meticulously read the contract that needs to be signed and the relevant documentation before signing the contract, and that the reading is undertaken in calm circumstances, such as at home in order to enable the details to be talked through;
- note that they are not obliged to accept an offer if they do not wish to do so and are free to leave the product presentation event without suffering any consequences
- exercise their right to withdraw from the contract within 14 days if they change their mind.

Given the above, the GVH would like to draw consumers' attention to the risks associated with the sale of timeshares. Further details about these risks are available on the website of the GVH.

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