



GAZDASÁGI
VERSENYHIVATAL

Broadband paid, narrow-band provided?

The GVH established that Magyar Telekom provided misleading information on its Internet services. A fine of HUF 75 million was imposed.

The Asymmetric Digital Subscriber Line is a form of DSL, a data communications technology that enables data transmission over copper telephone lines which is faster in comparison to that provided by a conventional voice band modem. It does this by utilizing frequencies that are not used by voice telephone calls. This enables the provision of broadband Internet access. This service has been provided in Hungary since 2000. As from 2004, its volume grows significantly: while in January 2005 the number of subscriptions was 250.000, by January 2007 it increased to 632.000 (and in addition, 307.000 cable Internet accesses were also registered at that time).

ADSL based services are provided by Internet service providers, which “pack” together the ADSL service of the telecom service provider with their own Internet service thereby creating broadband offers of different contents. There are a number of such Internet service providers. Due to the entry of a number of smaller undertakings and the development of technology, there is a strong price competition on the market. In order to gain a customer basis, service providers enter into intensive communication campaigns the focus of which is usually two elements of their service, bandwidth and price.

Magyar Telekom, a significant actor on that market has provided inappropriate information for consumers as it

- alleged on its website that with some of its offers „download” speeds of up to 4 Mbit/s, while with others of up to 8 Mbit/s can be reached,
- supplied in its leaflets the same information.

However, as the GVH has established, after a broadening of the bandwidth on 1 March 2007 there were no customers of the 256/4480 kbit/sec and 480/8096 kbit/sec packages who could actually use the advertised maximal bandwidth. According to the GVH even though the expression “up to” or “as a maximum” does not relate to possibilities that will necessarily be realized in all cases, but their availability must be a real and not only a theoretical element. The use of such notions therefore does not render such statements lawful.

Second, in certain of its advertisements of its T-DSL service, Magyar Telekom has not indicated that the advertised prices only applied if the consumer signed a loyalty statement relating to a given period. According to the GVH, mandatory contracting periods make consumers captive and make the switch over to another provider more difficult. In such contracts consumers bear two closely connected duties:

- the obligation to pay the price of the package,
- the obligation to restrict their possible consumer decisions (relating to change to another supplier) for the given period.

The GVH has established that Magyar Telekom's behaviour was misleading, as it did not indicate all the conditions of the service. The GVH underlined that the fact that further information was available on the Internet did not make the advertisement lawful, especially as the mandatory contracting period would have needed to be, and could have easily been, indicated together with the price offer. The lack of that information cannot be counterbalanced by the information available through further „clicking”:

The GVH emphasised that advertisements must be (without any need for additional information) credible, true and accurate so the fact that the advertiser indicated the whereabouts of additional information, or that there was a need to gather further information or the fact that consumers could have access to the entirety of the relevant information relating to the product does not exempt the advertiser from liability for the correctness of its advertisement.

Case number: **Vj-127/2007**.

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Hungarian Competition Authority
Communication Group

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