

European Authorities Warn of Internet Trap

20 January 2023, Budapest - Consumer authorities in the EU are highlighting a tricky practice in the online space: some undertakings are covertly persuading unsuspecting users to subscribe to their services. The Hungarian Competition Authority has already encountered similar cases, and from now on the bank card companies will also help the authorities to act.

The Consumer Protection Cooperation Network (CPC) of the European Commission and the Member States' authorities have taken action against certain online trading practices that use manipulative means to lure consumers into unwanted subscriptions. For example, they ask for their credit card details by promising them a free trial or a good introductory offer - but in reality, they are unknowingly making them subscribe to something for a recurring fee. The undertakings do not provide information on the repetition of deductions or hide it in small print. Around 10% of EU consumers have already been tricked into unwanted subscriptions using similar methods.

The European authorities' investigation also found that the fraudulent undertakings took advantage of the fact that the rules of the credit card companies did not adequately ensure that transactions for regular payments were authorised. Therefore, the authorities requested the three large service providers – MasterCard, VISA and American Express – to cooperate in the fight against fraudulent practices. All three credit card companies have agreed to make the necessary rule changes to ensure that consumers are clearly informed about recurring payments. Among others, American Express required merchants to clearly indicate all material terms and conditions of the offer (including recurring payments) as well as a reminder of the first subscriber deduction. Mastercard and VISA went even further, by also specifying in detail where merchants must display information on recurring payments: in line with the CPC authorities' recommendations, where consumers provide their credit card details.

The Hungarian Competition Authority has already addressed the problem: earlier [it imposed a HUF 1.6 billion fine](#) on a Luxemburg company for providing hidden and deceiving information about the duration, automatic renewal and price of the subscription on its online dating sites, which prevented consumers from knowing the duration and amount of their payment obligations. It was also difficult to get rid of the tricky subscriptions, because the dating sites did not provide the necessary information (e.g. the option and form of cancellation), and consumer complaints were not handled in an acceptable manner.

GVH Public Service and International Section

Further information:



Bálint Horváth, Head of Communication +36 20 238 6939
Katalin Gondolovics, Spokesperson +36 30 603 1170