



GAZDASÁGI  
VERSENYHIVATAL

## **Maximum fine imposed on Euro Correct Consulting organising purchasing groups**

### **Euro Correct Consulting Kft. misled consumers in its advertisements published in the printed media – established the Hungarian Competition Authority.**

The Hungarian Competition Authority (hereinafter GVH) launched a competition supervision proceeding against Euro Correct Consulting Kft. (hereinafter ECC) since the undertaking failed to provide information or did not provide unequivocal information in its advertisements about the essential features of the purchasing groups (e.g. the indefinite length of time for obtaining the purchasing right, or the risk factor related to it). In three similar cases, the GVH has already established the infringement of ECC that used to run under the name Euro Credit Kft. as well and the GVH has imposed a total fine of HUF 36,5 million (approx. EUR 135 thousand).

Despite the fact that the infringement of ECC has already been established in several cases, the undertaking has carried on publishing its advertisements which were capable of misleading consumers. The advertisements provided by the undertaking in the printed media kept on suggesting the general impression as if the undertaking provided loan and credit. For instance the expression “Fixed instalments!” appearing as an emphasized element in the investigated advertisements refers to this. According to the GVH, after reading the advertisements referring to the extent of the amount, duration of the contract and monthly instalments offered for the consumers, the latter might come to the conclusion that by making use of the service advertised, they can right away obtain the amount required which is to be paid back by monthly instalments.

Basically, ECC is not interested in providing loans, but organising and managing purchasing groups. However this feature of its activity remains hidden before the consumers inquiring about and making use of the service even at the time of signing the contract in several cases.

Based on all the above mentioned, the GVH has established that ECC misled consumers in its paper advertisements, therefore the undertaking has received the highest fine prescribed by the Competition Act: ten percent of its net turnover realised in the preceding business year, HUF 41,6 million (approx. EUR 154 thousand). When determining the amount of the fine, the GVH considered as an aggravating circumstance that the unlawful advertisements of ECC were available for a long time and reached a wide range of consumers. Moreover its advertisements targeted a vulnerable consumer group (i.e. those who are on the black list of banks, on the so-called BAR-list, pensioners, those with low income), which by entering a purchasing group got into a long-term legal relationship with the undertaking. The GVH has also evaluated as an aggravating circumstance that the undertaking is considered as a

recidivist since the GVH has already established the same infringement committed by ECC on several occasions.

In the past five years, the GVH has altogether conducted nine proceedings against different undertakings that organise purchasing groups, almost all the proceedings were closed by the establishment of the infringement and by the imposition of the fine. In the course of the proceeding the GVH may not and does not assess the content of the service, but it rather investigates the content of the advertisements, statements recruiting members. In its proceedings the GVH concluded one by one that the behaviour of the undertakings organising the purchasing groups was each eligible to mislead consumers and to violate the act on the prohibition of unfair commercial practices. However in vain did the GVH establish the infringement, impose a fine and oblige the undertaking for a commitment in most of the cases, the undertakings – though modifying a bit their advertisement practices – went on pursuing them. It is not rare either that this kind of undertakings cease to operate from one day to another, and then under a new name but with the same commercial practice they go on functioning. Based on all these mentioned above, it is not surprising that the GVH is currently conducting investigations against five purchasing groups.

Besides the GVH, the Hungarian Financial Supervisory Authority (NFH) and the National Authority for Consumer Protection (PSZÁF) have also come across the activity of the purchasing groups. Each authority has reacted to the advertisements provided by the undertakings organising the purchasing groups and to the special elements arising from the nature of the service in compliance with its scope of activity and legal possibilities. The NFH has initiated supervisory proceedings and the PSZÁF has concluded authority contracts with the undertakings while the GVH has investigated the purchasing groups in the course of the above-mentioned competition supervision proceedings. However due to lack of statutes regulating the activity of the undertakings organising the purchasing groups, the authorities could not undertake to remedy the arising problems. As a consequence, despite the fight of the authorities against the undertakings organising the purchasing groups, neither the information-providing, nor the functioning practice of the undertaking have changed fundamentally, not to mention the number of consumer complaints which has not decreased significantly either. Very probably the situation will remain the same until statutory provisions regulating the activity of the purchasing groups come into force.