



GAZDASÁGI  
VERSENYHIVATAL

## **Court also found OTP's ads misleading**

**Two judicial decisions have been made recently in administrative lawsuits between OTP (National Savings Bank) and the Hungarian Competition Authority (hereinafter referred to as the GVH). In both cases the Municipal Court of Budapest confirmed that the GVH was right to state that OTP had deceived its consumers by providing misleading ads on credit cards and current account packages. However, the GVH has been obliged to conduct a new proceeding in both cases for determining the amount of the fine.**

The first court proceeding was initiated concerning the credit card ads case. The GVH found that the ads in question were capable of unfairly manipulating consumer choice, as the undertaking stated that consumers "may use the credit limit free of interest within a period of 45 days", "the bank finances your expenses of this kind within 45 days" or "interest free up to 45 days, otherwise the interest is calculated at a low 1,2% a month.

According to the GVH, these passages misleadingly suggest that consumers can use their credit limit without any interest charges within max. 45 days and only from the 46th day on they are obliged to pay interest based on the amount of the loan. However, contrary to the ads of OTP, the interest-free period only applies if the consumers, within the defined period available, repay their whole debt based on the credit limit approved in the contract (that is to say the whole amount of purchases, cash withdrawals, interests, fees and other costs).

Hence the GVH imposed a fine amounting to 100 million HUF on OTP for the infringement. The bank appealed the decision, however in the first instance the Municipal Court of Budapest dismissed the appeal and affirmed the decision. The case continued in the second instance. The Appeal Court of Budapest made a final judgement and decided that OTP had really misled its consumers. As for the determination of the fine, since the marketing costs constituting the basis for fine-setting cannot be established from the case documents, the GVH is obliged to undertake further proceedings.

OTP also initiated a court review of another decision of the GVH in which the bank was found guilty in having misled its consumers. The GVH initiated a proceeding as the financial institution had been advertising its fix-term deposit offers by promising "even 8.5% of interest" between 26th March and 27th April 2007 and "even 8% of interest" between 16th July and 17th August 2007 in its communication campaigns. The investigation established that certain pieces of information supplied by OTP were suitable to mislead consumers, i.e.

that OTP did not always give proper information. For instance, the interest advertised of the special HUF-based lock-up for two-month period was only available for consumers if their savings exceeded the credit balances on 22 March 2007 and 13 July 2007 of their account managed by OTP. According to another requirement the new saving of consumers had to amount to 5 million HUF at least. Therefore OTP Bank was fined 132 million HUF. The financial institution made an appeal against this decision, too. The Municipal Court of Budapest dismissed the appeal in the first instance and confirmed the decision of the GVH. However, the authority has been obliged to initiate a new proceeding, for the determination of the fine.