

Gigantic fine imposed on Booking.com by the GVH

The Hungarian Competition Authority (GVH) imposed a fine of HUF 2.5 billion on the operator of the online booking portal booking.com, and at the same time banned the Dutch company from continuing its aggressive sales methods. According to the decision of the competition authority, Booking.com B.V. engaged in unfair commercial practices against consumers by, among other things, misleadingly advertising some of its accommodations with a free cancellation option and exerting undue psychological pressure on consumers to make early bookings.

[As a result of the Competition Authority's competition supervision proceeding](#) initiated in 2018, the authority found the concerned undertaking's commercial practices, which were adopted on its website, to be infringing in three respects:

- in television and internet advertisements promoting its services, the company placed particular emphasis on the "free cancellation" of accommodation. Consumers were in fact only able to make use of this option for a limited period of time and paid a higher price than for the same accommodation without the option of "free cancellation", i.e. the free price was included in the price of the accommodation concerned.
- in connection with the accommodation offers available on the Booking.com website and through the Booking.com mobile application, the undertaking adopted pressure selling tactics at each stage of the accommodation search and booking process. This took the form of the use of attention grabbing (striking in colour, font size or other characteristic) information (e.g. "32 more people are also watching"; "One person is considering booking this accommodation right now", "Highly sought after! Booked 17 times in the last 24 hours"), which gave consumers the impression that the accommodation they were viewing was subject to high demand and limited availability. This practice is likely to exert psychological pressure and disrupts the consumer decision-making process, as it subconsciously evokes emotions and fears in consumers that if they do not book the accommodation as soon as possible they may lose out on it (a phenomenon described in the literature as the FOMO¹ effect). All this distorts the consumer's transactional decision.

This effect is supported by the GVH's [market analysis](#) published in March 2020, which was supported by a [market research survey](#) and the findings that have been made in this area in behavioural economics.

¹ Fear Of Missing Out, fear of missing something.

- the company has not exercised the required level of professional care when displaying the offers of Hungarian accommodation providers when listing the Széchenyi Pihenőkártya (Széchenyi Recreation Card, ‘SZÉP Kártya’) as a preferred means of payment. As a matter of fact, the availability of this payment method was not displayed to consumers in the same way and location for all of the accommodation establishments accepting the SZÉP Kártya, thereby possibly distorting their decisions.

The GVH, taking into account the company’s commission income obtained in connection with Hungarian bookings, which was affected by the infringement, imposed a competition supervision fine of HUF 2.5 billion. In addition to imposing a fine, the GVH also prohibited the undertaking from committing further infringements by setting a deadline to cease the infringing practices for the first two investigated practices.

The decision of the Hungarian Competition Authority is in line with the action of the European Commission and the EU’s national consumer protection authorities (CPCs), as a result of which last December the undertaking undertook [to modify its commercial behaviour](#) in a number of ways to comply with EU rules.

The official registration number of the case is: **VJ/17/2018.**

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