

GVH takes action: competition supervision proceeding launched against Temu

The online marketplace might be using non-existent discounts, psychological pressure and misleading green messages

Budapest, 13 March 2024 - The Hungarian Competition Authority (Gazdasági Versenyhivatal - GVH) has opened a competition investigation against Whaleco Technology Limited, the European operator of the Temu online marketplace. In recent weeks, the GVH has received several notifications concerning the platform's intensive commercial practices. The investigators of the GVH have assessed the submissions, collected information and, on this basis, the competition authority is opening an antitrust investigation into alleged unfair trading practices and deception of consumers by the operator of Temu.

On 27 February 2024, the Hungarian Competition Authority announced that several notifications are pending regarding the commercial practices of the Chinese online marketplace Temu.

Based on the information and data available, Whaleco Technology Limited, a company registered in Ireland, is likely engaging in price indication and promotional practices on its website and through the Temu mobile app, which may be misleading to consumers. The company advertises discounts of "up to 95%" (or higher) on certain product categories, but no such discount is found in the results when clicking on the category.

The GVH observed that the company, in the context of its promotional offers for products available on its website and mobile app, displays pressing messages throughout the purchase process regarding the availability of products, such as "only 4 left", "almost sold out", "bought 1 minute ago", "Hurry! More than x people have added this product to their cart", "Wanted! x sold in the last 24 hours", "x people have recently rated this product with 5 stars". These messages, through their content and visual presentation, are likely to have the overall effect of urging and psychologically pressuring consumers to make a decision to buy the product.

The GVH also observed that the website, by including the statement "Socially Responsible - Doing Good for the World" among the values published and professed on the link "About Temu", was likely engaging in deceptive trade practices with regard to the essential characteristics of the products, in particular with regard to their environmental impact. Furthermore, the GVH also considers that the company is likely to give the false impression that the products it promotes and markets are lawfully marketable, despite the fact that they do not bear the 'CE' conformity mark.

Based on the above, the Hungarian Competition Authority is opening a competition proceeding against Whaleco Technology Limited, the operator of the online marketplace Temu, for allegedly infringing the prohibition of unfair commercial practices against consumers.

The opening of competition proceedings does not mean that the undertaking has committed the infringement. The procedure aims to clarify the facts and thereby prove the alleged infringement. The time allowed for the procedure is three months, which may be extended twice, in duly justified cases, for a maximum of two months each time. The maximum fine that can be imposed in a competition proceeding is 13% of the company's annual turnover at international group level.

The GVH also noticed that Temu promotes its products through Hungarian influencers with large followings on various social media platforms. In this context, the competition authority - [in line with its guidance for influencers published in November 2022](#) - is drawing further attention to the need for opinion leaders concerned to comply with the rules on advertising and the possible legal consequences in case of failure to do so. The President of the GVH has issued a formal notice to a Hungarian influencer promoting Temu's products to bring their advertising activities in line with the law prohibiting unfair commercial practices against consumers.

In recent years, the Hungarian Competition Authority has paid great attention to investigating the market behaviour of large technology companies that affect the interests and position of a significant number of consumers and businesses. In the past years, the GVH has imposed antitrust remedies on [Google](#) and [PayPal](#), among others, and [Apple](#) and [Booking.com](#) have paid significant competition fines in Hungary. The Hungarian Competition Authority closed its investigation against [Wish](#), one of the world's largest e-commerce marketplaces, in February 2023, and at the end of November last year it closed its investigation into [TikTok](#), in which the GVH achieved results with global impact.

Case reference number: **VJ/7/2024.**

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