

PRESS RELEASE OF THE HUNGARIAN COMPETITION AUTHORITY

**T-COM fined HUF 150 million for
unfair manipulation of consumer choice**

The Competition Council of the Hungarian Competition Authority (Gazdasági Versenyhivatal, GVH) established in its decision of 20 December 2005 that the Hungarian Telecom (T-Com) unfairly manipulated consumer choice with its “Favorit” and “Favorit Plusz” advertising campaign. The Competition Council imposed a fine of HUF 150 million (approx. EUR 600 000) on T-Com.

The tariff packages „Favorit” and „Favorit Plusz” of the T-Com were introduced to the market on 9 June 2005. With the “Favorit” package, there were no call setup fee and tariff between 4 p.m. and 10 a.m. on weekdays, neither all day long on the weekends in case of local calls. The same conditions applied according to the advertisements to the „Favorit Plusz” package in case of local and national long distance calls. The introduction of the tariff packages was accompanied with an intensive advertising campaign.

In the course of the investigation, the GVH revealed that certain advertisements of T-Com ran afoul of the Competition Act.

One of the most important messages to consumers of the advertising campaign was that the “Favorit” tariff packages offer free telephony. Nevertheless, it was established that the “free” telephony was not available without payment. The other message of the advertising campaign was that the “Favorit” tariff packages offered 18 hours of free telephony per day. At the same time “free” telephony was available only up to the 60th minutes of the individual calls and with an upper limit of 100 hours per month. That is, consumers were not guaranteed to avail themselves every day of the 18 hours per day “free” telephony. Some of the advertisements did not inform the consumers that the special tariffs applied only to calls within the T-Com network, whereas in the case of calls to other networks it did not. Further, the assertion in the advertisement, according to which the period of peak hours was shorter, was not correct either, as it was true only in respect of calls within the T-Com network. In addition to that, the Competition Council found that the comparison by T-Com of the “Favorit” tariff packages with other operators’ packages did not meet the requirements laid down in the Act on Business Advertising Activity.

Based on these findings, the Competition Council established that the advertising campaign of the tariff packages „Favorit” and „Favorit Plusz” of T-Com between 8 June 2005 and December 2005 unfairly manipulated consumer choice and, therefore, the Council imposed a fine of HUF 150 million (approx. EUR 600 000) on T-Com.

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