



K&H fined for deceptive advertising

According to the GVH's (Hungarian Competition Authority) decision, K&H Bank was engaged in unfair market behaviour while promoting its K&H MIX savings product. The GVH imposed a fine of 80 000 000 HUF (approx. 260 000 EUR) on the bank for the infringement.

Between 25 January and 28 February 2014, K&H Bank advertised its K&H MIX savings product in an integrated marketing campaign. The explicitly worded main message contained in every ad, informed the targeted consumers that **the savings plan provided a 7.8% annual interest rate and EBKM (Unified Deposit Rate Index)** and in the ads – except for the television and online ads – **the specific term stating that the promotional interest rate only applied to the “deposit part” was not communicated in a way that was appreciable** for consumers.

The GVH stated that although K&H Bank did display some of the relevant conditions in its commercials it did not cover all the relevant conditions (and there was no reference to further conditions either), thus the promised 7.8% interest and EBKM rate did not satisfy the criteria of truthfulness as the high interest rate – well over the market level – was only available if all of the following conditions were met:

- the amount of the savings had to be between 150 000 and 25 million HUF (500 and 82 000 EUR)
- 1/3 of the savings had to be placed into deposits and 2/3 into investment funds
- the savings could only be deposited in closed-end funds, closed-end asset funds or K&H yield-protected life insurance
- duration of the deposit had to be 60 days
- and only in the case of new saving contracts.

The GVH further concluded that in the ads displayed on ATM screens, billboards, citylight billboards, flyers, window-stickers and in the press it was not implied **that the product is a combined (deposit and investment) savings plan**. The main message of these advertisements did not inform consumers that the promised annual return only applied to the deposit part.

Based on the above-mentioned facts the GVH concluded that K&H Bank had

1. provided misleading information about the 7.8 % interest rate and EBKM
2. deceptively suggested in some ads that the K&H MIX saving plan was a deposit plan

The GVH based the calculation of the fine on the cost of the advertising tools. During the determination of the amount of the fine the GVH regarded as **aggravating factors** that

- the advertisements reached a broad range of consumers
- the undertaking had previously been sentenced twice in the past 5 years for similar infringements

- the product in question – having regard to the non-predictable returns – is of confidential nature.

Case number: **Vj/25/2013**.

Budapest, 5 December 2014.

Hungarian Competition Authority

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