



GAZDASÁGI
VERSENYHIVATAL

Quick loan promised

Loan disbursement in a few days and unique services were promised by PBB Credit Kft. in its advertising, however these promises did not prove to be true. Therefore, the Hungarian Competition Authority (hereinafter GVH) imposed a fine of HUF 4 million (approx. EUR 15 thousand) on the undertaking for the infringement of the prohibition of unfair commercial practices.

Between March 2008 and May 2009, PBB Credit Kft. promised a quick disbursement of loan within 1-3 days and claimed his services to be unique in its advertisement papers of wide circulation. The GVH initiated a proceeding to ascertain whether the information provided to the consumers by PBB Credit was adequate considering the essential features of the services.

According to the GVH, average consumers interpret the processing time for disbursement mentioned in the advertising as a time-span that begins when the undertaking contacts the consumers in the advertisements and ends when the loan is actually disbursed. For the customers, the important thing is how quickly they actually get to acquire the money. For them the duration of each separate time sequence does not matter; its irrelevant how long it takes to fill in the loan application form, how much later they sign the loan agreement and how long they have to wait after signing the loan agreement until the disbursement of the loan.

In order to meet the deadline promised in the advertising, fast work is required from all the parties concerned: swiftness of the undertaking under investigation, quick credit rating from the part of the credit institution, quick administration at the Land Registry Office and the active cooperation of the client. Whether the loans conveyed by the PBB Credit were actually disbursed within the promised time span could not be revealed from the data provided by PBB Credit.

The GVH found that the statements made in the advertising “Quick loan in up to 1 day” and “Quick mortgage loan with banking cooperation within 24 hours” were not real. Although these slogans didn’t claim that every applicant would acquire their loan in one day or within 24 hours, but they indicated these deadlines as the most favourable possibility. However, the disbursement was never effectuated on the day of the credit application and the banks in contact with the party under investigation never promised that.

Concerning the 2-day quick loans, more than 2 days elapsed between the conclusion of the contract and the disbursement of the loan in every case. Accordingly even if the procedure began on the day of the conclusion of the contract, the promise in the advertising was not kept. Moreover, the procedure was considerably even longer (2-20 days). Considering the reasons mentioned above, the GVH concluded that the statements “Quick mortgage loan in Budapest in 2 days, at other major settlements in 5 days”, “Quick loan in 1-3 days” and the “Quick loan in 3 days” were unreal.

The promise of “Quick loan in 3 days” advertised since March 2009 was also found unreal by the GVH. These 3 days are needed only for the administration at the bank; there is so much to do on the very first day itself in the bank that their arrangement might take up to 3 days. Under such circumstances should the PBB Credit prove that on this very first day even the tasks of PBB Credit are feasible. However, the party under investigation did not prove this fact with any data on disbursement.

Concerning the loan constructions conveyed by PBB Credit, the GVH had two reasons to find the attribute “unique” inadequate. On the one hand, according to the statements of the undertaking, each unique condition is separately determined in each and every case. This also means that there is no guarantee that every applicant receives all of the benefits. Moreover, even the fact that the applicant receives at least one benefit could not be proven.

On the other hand, the benefits promised by the undertaking – accelerated credit rating, dismissal of monthly fees, reduction in the amount of the collateral, payment of the notary fee by the bank in advance, eventual reduction of the contract conclusion fee – are not unique services. Most of the financial and banking institutions provide some kind of benefit for their clients to distinguish themselves and their product from other service providers and their products. The GVH does not consider the statement proven even in the case if it implies that PBB Credit itself provides a unique service on the market. The business activity of the undertaking can in no way be considered as unique on the market of financial services.

The GVH found that PBB Credit had conducted unfair commercial practices; the GVH hereby fined the undertaking HUF 4 million (approx. EUR 15 thousand).