



GAZDASÁGI
VERSENYHIVATAL

MKB Bank and Erste Bank fined for misleading housing loan ads

The GVH imposed a total fine of HUF 14 Million (approx. EUR 56 thousand) on two financial institutions. MKB Bank and Erste Bank deceived consumers in their discount campaigns with respect to housing loans.

MKB Bank advertised its discount campaign between the beginning of October and the beginning of December 2006 with the slogan: „MKB housing loan in only two weeks”. The bank deceived consumers several times during its campaign. The favourable annual percentage rate indicator (APR) advertised in some spots did not apply for all kind of loans. It applied to Swiss franc-denominated housing loans only in case of the shortest interest-period, if the bank did not manage to settle the credit request as fast as promised. The GVH established that MKB’s discount campaign related to Swiss franc-, euro- and forint-denominated loans, however the spot contained only the APR connected to one of the three kind of loans, the most favourable one. MKB was fined HUF 10 million (approx. EUR 40 thousand) for the infringement. By calculating the amount, the GVH considered as an aggravating circumstance, that the bank with a significant market share popularized in a deceiving way its widely advertised product of a confidential nature. The GVH regarded as mitigating circumstances, that MKB Bank completed its discount campaign by the proper information after the initiation of the competition supervision proceeding, and the undertaking has not been found guilty for the infringement of competition law provisions before. (Case number: Vj-17/2007.)

The GVH also fined Erste Bank for its misleading ads. The bank several times promised in the second half of 2006 the 100% cut of disbursement commissions connected to its housing loans and freely-to-use mortgage loans. The GVH established that some of the ads were suitable for the deceiving of consumers. Some media for example announced to consumers that there might be a way of getting rid of disbursement charges, however supplementary information marked with an asterisk were given. The latter contained data about the period

during which the credit request should be submitted; this created the false impression, that the fulfilment of this single condition would be enough for the 100% cut of disbursement commissions. According to the GVH this was only one of the conditions of the 100% cut. Other conditions for a client to be preferred in this manner were to make its wage be transferred to an account kept by Erste and to authorise the bank to carry out automatic debit transfers from the account. Erste Bank was fined HUF 4 million (approx. EUR 16 thousand) for the infringement. (Case number Vj-53/2007.)

The GVH emphasizes that information (in the form of ads or other) addressing consumers is required to enable them to create a realistic impression of the given product (article, service). Exact information must be provided prior to the actual consumer choice (usually: the conclusion of the contract). Pursuant to the competition law enforcement practice, features of the undertaking or the goods must be real and exact during the whole term of the campaign. The accurate and appropriate informing of consumers is especially important in the case of financial services, where due to the nature of the good, the parties mutual trust plays an eminent role. The lack of consumers' financial literacy in this field and therefore the need for trust in financial institutions make the responsibility of the latter more acute in the communication of the relevant characteristics of their products.