

The GVH Ordered Alza to Compensate Consumers in Addition to a Fine of HUF 40 Million

17 February 2022, Budapest - The Hungarian Competition Authority (GVH) found that Alza.hu urged its users in an aggressive manner to buy some of its products as soon as possible by sending messages containing mostly untrue content. The GVH imposed a fine of HUF 40 million on the operator of the online shop and also ordered the company to pay a consumer redress scheme of at least HUF 450 million.

Last year the GVH launched an investigation against the operator of Alza.hu and its Czech parent company for the use of inappropriate marketing methods. The procedure revealed that the portal unlawfully urged users to purchase goods as soon as possible by putting them under psychological pressure with eye-catching, flashing pop up messages (eg. „*Currently X customers are interested in the product*” or „*This product was purchased by X customers this week*”etc.). This in itself is unfair as it disrupts the calm decision-making process of customers. Moreover, the data presented in the pop up messages were in most cases not confirmed by the calculation methods. For example, the message "*Currently X customers are interested*" did not show the actual number of customers interested at that moment, but the total number of views over the past full day from the group of undertakings in Europe. The GVH's Competition Council imposed a HUF 40 million fine on Alza.hu Ltd. and its parent company Alza.cz a.s. for the infringement. Among other things, the decision took into account the operators' acknowledgement of the infringement, their waiver of the right to appeal and the revision of their internal corporate policies to ensure the adequacy of their commercial practices. The GVH also took into consideration the fact that, shortly after the opening of the procedure, the companies themselves abandoned the practices objected to by the GVH.

When determining the fine, the GVH also took into account the compensation package, offered by the online shop for the benefit of its consumers. Under the regulatory obligations imposed by the commitments, every consumer who made a purchase from Alza's online store in 2019 will receive a coupon worth HUF 3000. The discount can be used for one year on any purchase over HUF 10.000. The coupons will be sent by Alza via email to all eligible persons by 17 April 2022, but this information will also be communicated via SMS, their website, social media and the press. As part of the reparation package, the Group is also providing information to raise awareness of the importance of conscious consumer behaviour. In case the total value of the use of the coupons does not reach HUF 450 million, Alza will provide direct compensation to consumers through additional obligations arising during the procedure.

If the amount of reparation is still below the HUF 450 million threshold value, the firms will have to pay the difference in fines. The webshop operators will have to provide the authority with detailed audits of the execution of their obligations.

Office registration number of the case: **VJ/16/2020.**

Press Office of the GVH