



## **Mobile phone companies often deceive consumers**

Between 2004 and 2007 the Hungarian Competition Authority (GVH) fined undertakings providing mobile phone services HUF 380 million as a total since they deceived consumers.

The GVH established in its decision issued on 7 February 2007 that Vodafone deceived consumers. The telecommunications company advertised its 'Vitamax Joker Plusz' package with the slogan "with the most competitive card tariff". Moreover, in the advertising campaign it was claimed that Vodafone offered "the best" and "the best available nowadays" prices. The investigation revealed that the prices offered by Vodafone were similar to the prices charged by rival mobile operators; consequently the superlative statements referred to above were not justified. For the infringement of the law Vodafone was fined HUF 5 million. (Registration number of the case: Vj-142/2006)

On 23 January 2007 another undertaking providing mobile phone services, Pannon GSM Telecommunications Co. (Pannon GSM Távközlési Zrt.) was fined HUF 40 million for advertising its 'Djuice card + tariff' package' in an unlawful way. In the advertisements the undertaking used statements like "Even for HUF 17/minutes", "Plus 20 sms/month for free". However, the investigation revealed that none of the statements mentioned above corresponded to reality. Consumers were charged more than HUF 17 for a one-minute phone talk and the sending of sms' was not free at all. These conditions were only available if consumers paid a monthly fee. (Registration number of the case: Vj-120/2006)

Pannon GSM Telecommunications – similarly to the other two service-providers – is a repeat offender since within a short time further two cases connected to the company were brought before the GVH. In November 2006 Pannon GSM was fined HUF 16 million for unfair manipulation of consumer choice. Its advertisements between mid-January and March of 2006 concealed the fact that consumers could only get a free datacard if they made loyalty statements bounding them for 2 years. (Registration number of the case: Vj-89/2006)

At the end of December 2006, Pannon GSM was fined HUF 7 million since it deceived consumers. In advertisements broadcasted in July and August 2006, the company offered free use of wap for the weekends. However, the investigation revealed that this possibility was limited and available only for up to 10 MB. (Registration number of the case: Vj-123/2006)

The third and largest mobile phone service-provider was also party in a proceeding of the GVH. Magyar Telekom Nyrt. (Hungarian Telecom Co.) was fined HUF 20 million on 9 January 2007 for unfair manipulation of consumer choice. T-Mobile, the mobile provider of Magyar Telekom failed namely to provide the information in some of its advertisements, which promoted the sale of mobile phones and were published between January and August 2006 that mobile phones offered at a discount price were only available if consumers made loyalty statements bounding them for two years. (Registration number of the case: Vj-131/2006)

Last year, in December, the GVH fined Magyar Telekom because its mobile company - T-Mobile - used slogans like "Even for HUF 5/minute" and "At an unbeatable price" in the

advertisements of its 'Kaméleon' package between mid-April and May 2006. This price charged for 1 minute was only available if consumers paid a fixed basic price of HUF 2000 and the price of three price cutter packages, in an amount of HUF 500 each to get enabled to phone for HUF 5/minute . Moreover, during the investigation T-Mobile could not even prove that its prices were unbeatable. Consequently, Magyar Telekom was fined HUF 80 million. (Registration number of the case: Vj-119/2006)

On the telecommunications market dominated by three market players 9 million consumers are present. Communication with clients is part of the competitive strategy of mobile phone companies. Apart from shaping and strengthening their image the providers offer consumers from time to time lower prices as a result of price competition. There is a huge variety of products and services. It is impossible for consumers to make an objective comparison between the different services. The appearance of the new services show that the mobile phone companies wish not only to satisfy but also to generate and channel the demands of their clients. The market is characterised by the asymmetry of information.

The intensive advertising activity of mobile phone service providers is shown by the annually issued list of the largest advertisers, in which all three above-mentioned companies are regularly among the top 10. From 1 January 2004 until the date on which this press release was published, the GVH initiated altogether 18 proceedings against these market players:

	<b>Reg. number of the case</b>	<b>Service-provider</b>	<b>Fine (million HUF)</b>
1.	Vj-6/2004	Vodafone	15
2.	Vj-130/2004	T-Mobile	40
3.	Vj-150/2004	Vodafone	5
4.	Vj-170/2004	Pannon	30
5.	Vj-191/2004	Pannon	5
6.	Vj-194/2004	Pannon	5
7.	Vj-75/2005	Vodafone	10
8.	Vj-99/2005	Vodafone	terminated
9.	Vj-128/2005	T-Mobile	terminated
10.	Vj-188/2005	Vodafone	2
11.	Vj-48/2006	T-Mobile	100
12.	Vj-68/2006	T-Mobile	10
13.	Vj-89/2006	Pannon	16
14.	Vj-119/2006	T-Mobile	80
15.	Vj-120/2006	Pannon	40
16.	Vj-123/2006	Pannon	7
17.	Vj-131/2006	T-Mobile	20
18.	Vj-142/2006	Vodafone	5

Budapest, 7 March 2007

Hungarian Competition Authority

Communications Section

Further information:

András Mihálovits

Gazdasági Versenyhivatal

Address: 1054 Budapest, V., Alkotmány u. 5

Postal address: 1245 Budapest 5. POB 1036

Telephone: +36-30 618-6618

E-mail: Mihalovits.Andras@gvh.hu

<http://www.gvh.hu>