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Low cost airline fined by the GVH

The Hungarian Competition Authority (GVH) imposed a fine of HUF 10 million (approx. EUR 33 thousand) on Ryanair. The low cost airlines deceived consumers by concealing that besides the ticket price several additional costs had to be paid in order to be able to travel.

In March 2008, a competition supervision proceeding was initiated against Ryanair Ltd for the same reasons. The air carrier also offered airline tickets for discount prices (HUF 3 + airport fee) in 2007.

Ryanair did not mention in its ads the so-called extra services and the costs relating to them, like the baggage surcharge and airport check-in fee. According to the business policy of the undertaking, the costs of these services are considered to be extra fees to be paid by consumers, since consumers are granted the choice whether to buy these services or not. Whereas, passengers who have baggage to check in have to pay both for the airport check-in fee and the baggage fee.

Journeys via airplane usually cover longer distances, thus the consumer demand for carrying the necessary luggage is typically connected to this service. This demand may vary according to the different consumer groups. Business consumers travelling usually for a shorter period of time may only have a demand for a minimum-size luggage, while tourists in most cases carry a larger luggage. Check-in is obviously a necessary part of the flight for all of the passengers, since if one has baggage to check in, the baggage must be put on a scale at the check-in desk and will also be labelled there.

In the investigated period and prior to it, as a customary business practice of airlines, the possibility of carrying a pre-determined size baggage and the check-in at the airport - as a kind of "normal" demand - constituted a part of the basic service. Market players applied extra fees only in the case of extra luggage exceeding the normal size. Based on that, in the investigated period - in 2007 - the possibility of checking-in a normal size baggage and the check-in service before the takeoff were considered basic services closely related to air transport services. Therefore, the undertaking should have indicated with due emphasis in the ads and in the communication campaign that its business policy differs from customary commercial practices. Pursuant to all the above mentioned, the GVH did not accept Ryanair claiming that most passengers are travelling only with cabin baggage, thus the lack of warning with respect to the luggage surcharge cannot be misleading.

The fact that the ticket prices did not include the airport fee was only indicated by Ryanair in the small printed section of the ads. None of the ads mentioned that customers paying with credit card were debited a surcharge. Ryanair promised its customers buying airline tickets

rebates amounting to 50-75% in several ads. By determining the price concerned by the rebates, Ryanair only took into account the lowest net price applied directly prior to the publication of the advertisement, thus the promised discount was actually applied only with respect to one part of the ticket price, it did not concern further cost elements.

Consumers identify the price of an airline ticket with the amount they actually have to pay in order to reach their destination, thus the ads of Ryanair were eligible for the deception of consumers. The GVH imposed a fine of HUF 10 million (approx. EUR 33 000) on the airline for the infringement. By calculating the amount of the fine it was considered as an aggravating circumstance, that all ads published by Ryanair during its extensive, long lasting marketing practice contained unlawful statements. At the same time, consumers had the possibility to learn the exact conditions before purchasing, which was considered to be a mitigating circumstance.