

Development of consumer protection law over the past 25 years

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The frame

1. Consumer protection: legal environment in 1990
2. GVH: finding a role in the consumer protection enforcement regime
3. Enforcement
4. Consumer protection law in 2016

Consumer protection: legal environment in 1990

In Hungary

- Competition Act of 1990
(prohibition of unfair competition, misleading of the consumers)
- lack of general consumer protection or advertising act

On EU level

- different national laws, national enforcement systems
- specific regulations

GVH: finding a role in the consumer protection enforcement regime

Underlying concept: the protection of the decision-making of the consumer entails the protection of effective competition

Competition itself won't force market players to exploit the biases/misperceptions



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GVH: finding a role in the consumer protection enforcement regime

Effect on competition required

Taking actions both on the demand and the supply side

Fields of activities:

- investigations,
- competition advocacy and
- competition culture development

GVH: finding a role in the consumer protection enforcement regime

Investigations based on

- Competition Acts
- Acts on Advertising
- UCP Act
- sectoral regulations

Major changes in the regulation on 1 September 2008
with the implementation of the UCP Directive (UCP Act)



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GVH: finding a role in the consumer protection enforcement regime

Competencies shared since 2008 but all cases covered

	Financial sector	Other sectors
Unfair manipulation/ misleading advertising B2B	GVH	GVH
Comparative advertising B2B/B2C	GVH	GVH
Substantial effect on competition B2C	GVH	GVH
Lack of substantial effect B2C	Hungarian National Bank	Consumer protection supervision

GVH: finding a role in the consumer protection enforcement regime

Organisation and cooperations

- 2004: Consumer Protection Department
- 2007: CPCN (VJ/64/2013)
- 2010: Customer Service Department
- 2014: 5 Competition Affairs Advisory Offices
- continuously: growing number of cooperation agreements, international cooperations (ICPEN, OECD, UNCTAD)

Consumer protection enforcement

Market trends and recurring problems

- 1991 pepper of „Kalocsa”, weight loss product
- 1992 chance to win, home shopping
- 1995 time-share contract
- 1998 mobile phone services
- 1999 health claims
- 2000 buyer's groups, supermarket promotions
- 2005 cheap airline tickets, mortgages
- 2007 combined savings, costs of credit cards, effect of cosmetics
- 2008 car insurance (KGFB) costs, healing of cancer
- 2009 CDO bonds, bait advertising
- 2010 „Hungarian” products
- 2011- comparative advertising, fuel saving, quick credit, advertising to children, travel costs, misleading invoices

Consumer protection enforcement

Consumer

- average consumer (VJ/44/2013 OTP Bank, credit card)
- vulnerable consumer (VJ/34/2013 Foodorgany, health claim)
- average business partner (VJ/53/2014 Cleaner Pack, office supply)
- consumer learns about the product (78/2012 Telenor, 2-year contracts)

Blacklist

- stock not available, bait advertising (VJ/8/2014 ALDI, printer)
- health claim, Regulation 1169/2011/EC (VJ/34/2013 Foodorgany, health claim)

Consumer protection enforcement

Professional diligence

- control system fails (VJ/18/2012 Penny, Hungarian products)

Comparative advertising

- price comparison (VJ/65/2013 AUCHAN, supermarket)
- the fastest (VJ/77/2013, Vodafone, mobile net)

Online practices

- car insurance (VJ/75/2013 Netrisk, website)
- flight ticket (VJ/94/2012 Ryanair, website)
- pyramide scheme on facebook, e-dm (VJ/74/2012 MKK)

Consumer protection enforcement

Sanctions

- fine - until 2014 10.347.829.000 HUF (appr. 33.000.000 EUR)
NEW NOTICE ISSUED
- commitment (VJ/75/2012 Teva, VJ/84/2014 L'Oreal) – educational campaign, repayment, etc.
- warning – new tool since 2015 against SME's

Further investigations

- investigations against all market players, over 10 banks misleading information about credit card costs



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Consumer protection enforcement

Further actions

- representative action – unfair contract terms of online advertising website (VJ/122/2010)
- prosecute for unfair commercial practices
- sectoral inquiry
retail banking, possibility of bank switching for consumers (2009)
recommendations: new regulation, online comparison platform
- EU sweep - online credits, GVH checked websites in cooperation (2011)

Consumer protection enforcement

Competition Advocacy

- regulation of the activities of buyer's groups

Campaigns for education

- every 4th Hungarian consumer functional illiterate (OECD)
- for consumer: www.nedoljonbe.hu (2012), „Gondolja végig higgadtan” (2015)
- complainance campaign for SME's (2014)

Future aspects

More detailed regulation

More complex enforcement system

More possibilities

Need for „streamlining”, effective enforcement

Further cooperation and development – based on all the experiences collected in 25 years



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Thank you for your attention!

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