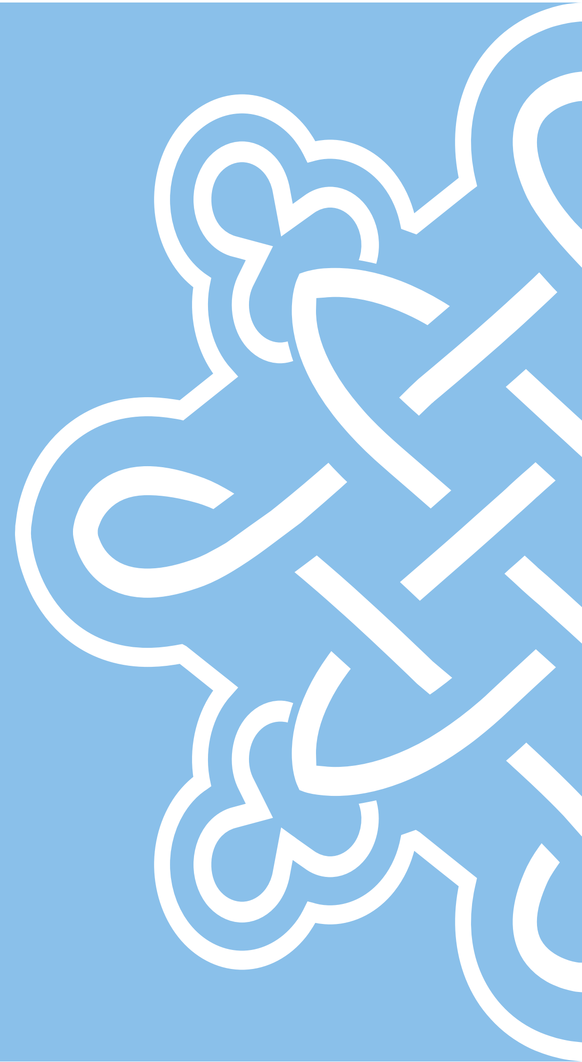
REPORT ON THE ACTIVITIES OF THE HUNGARIAN FINANCIAL ARBITRATION BOARD



2022

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Chair’s foreword

Every year the Board does its utmost to provide new opportunities for making the procedure for all parties as much simple, rapid and cost-effective as possible. We continuously improve our services and accelerate our proceedings. As a result of the IT development implemented in 2022, as of 2 January the Board is also able to receive electronic consumer petitions submitted through its website. Due to this, the number petitions received in electronic form has doubled, involving 997 petitions, while the number of petitions submitted to the Board on paper by post or through the Central Customer Service Desk of the Magyar Nemzeti Bank declined. The “FAB Online Dispute Resolution Platform” can be used not only for the submission of new petitions, but also for filling documents and declarations related to pending cases. This option was selected by further 213 petitioners, and thus in 2022 communication was conducted electronically already with 39 percent of the petitioners.

During the year, we received 2,493 domestic conciliation, 573 equity, 56 cross-border and 3 online dispute resolution (ODR) platform petitions. This year as well most of the petitions were received from resident of Central Hungary, i.e. Budapest and Pest County, accounting for 42.75 percent of all petitions. Most of the petitioners asked for our help in connection with their legal disputes relating to cases concerning money market services. Most of them tried to enforce claims against credit institutions, most commonly in connection with credit and lending financial services. The largest number of the petitions containing equity petitions concerned money market services. A slight increase could be seen in the number of legal disputes related to insurance compared to the previous year. As previously, mainly disputes originating from compulsory motor vehicle liability insurance and property damage were brought before the Board. The number of disputes related to investment services and funds was not significant this year either compared to cases in the money markets and insurance sectors.

The Board approved 742 settlement agreements, issued 5 binding resolutions and made 3 recommendations. The proportion of settlement agreements approved was the highest in equity cases. 46.1 percent of the domestic conciliation and online cases, 51 percent of the equity cases and 60 percent of the cross-border cases were closed with a favourable result for the petitioners, including the settlement agreements approved by the Board, as well as the cases that were formally ended by termination but in fact the parties reached outside the Board’s proceedings. Hearings were held on 2,308 occasions, and the average time needed for closing or ending a case was 62 days.

I thank all financial service providers and petitioners who were partners in reaching the settlements in 2022. I hope that with each settlement agreement we are able to contribute to the maintenance of a long-standing and mutually advantageous partnership between service providers and their customers. Our mission is to provide assistance for this also in 2023.

Dr Erika Kovács
Chair of the
Financial Arbitration Board

I. Operation

1. OPERATION OF THE BOARD, ORGANISATION AND GOVERNANCE

The idea of establishing financial conciliation was formulated, among other things, with a view to creating a forum for the customers of financial service providers for the settlement of disputes and providing assistance, in cooperation with experienced lawyers and economists with high professional expertise, in a simple, fast and cost-effective way to negotiate an agreement between the parties. Thanks to the Magyar Nemzeti Bank we have now a forum where the parties can meet in person, freely express their opinion and explain the details of the case compared to the written submission, and conclude a compromise, either approved by the Board or directly, outside the Board's procedure.

The purpose of the Board's activities is to protect the legitimate interests of consumers using the services provided by financial organisations and to strengthen public confidence in the financial intermediary system. The legitimate interest is an important consideration because its assessment forms the basis of the Board's decisions, and also of the conciliation itself.

The Board tries to speed up its proceedings by all means. Continuous IT developments are carried out in its case records system, extending its functions. During the hearings, customers receive the documents, such as minutes of the hearings, resolutions approving the settlement and other resolutions resulting from the proceedings, thus saving the time and the cost of mailing. The time spent on each case depends on the chances of reaching a compromise. The objective is for the parties to reach a consensus on their own and achieve it with a content that best suits their interest rather than for the Board to make discretionary decisions, i.e. binding resolutions or recommendations.

During the eleven years of the Board's operation sufficient experience and extensive knowledge have been gained to ensure the fast resolution of the cases. The nature of the individual cases based on the financial products and the petitioned claims was identical or very similar, mostly routine cases in 2022. Due to this the number of cases heard by a single Board member assisted by a minute-keeper exceeded the number of hearings by a three-member panel. The management of the cases by a single Board member permits the Board to deal with more cases simultaneously, and thereby to close a higher number of cases in a specific year.

The Chair

The Chair of the Board, who, under the law, may be appointed for a term of 6 years, represents the Board within and outside of the organisation of the Magyar Nemzeti Bank and ensures its lawful operation and governance. The Chair may be reappointed several times for a term of 6 years after the end of their mandate. This was the case on 10 February 2020, when the former Chair was re-elected for another six-year term. The Governor of the Magyar Nemzeti Bank appoints the Chair and exercises the employer's rights over them. The Chair's mandate and employment with the MNB may be terminated upon the expiry of the term of the office, by resignation, by dismissal, by the declaration of conflict of interest or death. The Governor of the MNB may relieve the Chair if they have engaged in conduct that prevented the proper functioning of the MNB or when they are unable to fulfil the tasks arising from their mandate for more than 180 days. When performing their duties defined by law, the Chair may not be instructed.

The rules of the Board's operation and procedure are specified in the Chair's Directive entitled "Operational Procedures", published on the website. The Chair is entitled to lay down the basic rules of internal operations, to decide on the internal organisational structure, in justified cases to decide on the prolongation of the length of the proceedings of certain cases on one occasion by maximum 30 days in domestic cases and 90 days in cross-border cases, while usually she obtains knowledge of the cases to be heard by the Board only subsequently. They see to the equal distribution of the caseload among the departments and have governance rights in respect of all employees of the Board. They do not influence or instruct Board members on professional matters and in specific cases, however, they ensure that the same decision is made on the same matter concerning the professional content. The Chair also ensures that, taking into consideration

the number of cases received and to be processed, an appropriate number of staff should always be available to close the cases while observing the statutory deadlines.

The Chair exercises direct rights also in respect of the fulfilment of the job responsibilities of the Head of Office and the department heads and all employees of the Board. They provide and cause to be provided the professional, technical and material conditions of daily operation, and submit a proposal annually for the number of staff necessary for the fulfilment of the tasks of the Board. They determine the dates and duration of the hearing recesses and establish the order of granting paid leave. If the Chair is hindered from fulfilling their duties, they will be substituted for by the Head of Office.

The Office and the Head of Office

The Office looks after the keeping of the minutes and administration necessary for the operation of the Board through the Head of Office, the legal adviser, the conciliation experts, the spokesperson of the Board and the assistants employed. The Office is led by the Head of Office, who substitutes for the Chair in their absence, arranges for the timely fulfilment of administrative tasks and the organisation of substitutions, assigns the cases to the departments, arranging for the even distribution of the caseload among the departments, as far as possible, operates the case records system, manages archiving, and ensures that the document templates are available and updated. They liaise with the Administrative Litigation Division regarding litigation and arranges for data provision. They liaise with other conciliation boards, the consumer protection authority sections of the MNB and the Customer Service Information Centre providing customer service also to the Board.

The Office assists the work of the Board members working in the departments, performs the administration required for the full and precise performance of their activities, and its staff also participate in other tasks related to the operation of the Board. The Office reviews the received petitions in terms of competence. If the absence of the Board's competence can be established on the basis of the content of the petition without requesting additional documents, it rejects the petition, citing the lack of competence. The resolution on the rejection is signed by the Chair, the Head of Office or a Head of Department. If it is not possible to determine the lack of competence without additional documents, the Head of Office will assign the case to one of the departments. In addition, the Office is responsible for relieving the workload of the Board members in cases that do not require administration on the merits and can be performed by the Office's staff. Written information to customers is provided by the Office. Furthermore, the Office responds to requests for data of public interest, maintains the website, organises conferences and professional events, and liaises with the press on issues pertaining to the activities of the Board.

The staff of the Office provide information on the general rules of proceedings to anyone, on request and in writing. In other respects, the Customer Service Information Centre, which is also the central customer service of the MNB, performs the customer service tasks of the Board.

Board members

The Board consists of members with a law degree obtained from a law school and a bar examination certificate and/or an economics degree. Board members are organised into two departments. Both departments deal with money market and insurance cases. However, cases involving remedies related to statutory settlement and funds are handled by one of the departments only, while investment services and cross-border cases and those submitted via the Online Dispute Resolution Platform are handled by the other department only. The work of the departments is organised by the department heads, who are responsible for ensuring that the cases assigned by the Office to the departments are closed by the deadline and in accordance with the legal provisions. Members of the panels or board member acting alone in the given case are appointed by the department heads. They monitor pending cases and ensure that the deadlines are observed. They ensure that the workload is distributed proportionately, report to the Chair on the experience gained during the operations, process such experience and, if necessary, make a consumer protection notice or proposals for new legislation or amendment to laws.

The composition of the acting panels is not constant and may also change due to work organisation reasons or due to hindrance during the proceedings. Pursuant to the legal provisions, in cases related to the statutory mandatory settlements, the Board always acts in three-member panels. In traditional conciliation cases, i.e. 'general' cases, the board member

acting alone is typically the one who handles the largest number of cases. The acting panels always consist of three persons; if possible, one economist and two lawyers constitute a panel, which is constituted by a member in charge of the cases, the chairperson of the hearing and a member responsible for keeping the minutes. Each member may chair the hearings, keep the minutes and present the case in different proceedings and different cases. At the hearings, the member appointed to be the presenter in the acting panel obtains the most thorough knowledge of the case and its documents, but the panel will develop a uniform professional opinion after consulting the other members. A single board member proceeds in those cases that represent a consumer petition of simple adjudication or contain an equity petition. Any board member of the department may be appointed as such. If a member is hindered, the department head may change the assignment.

The names, qualifications and areas of expertise of board members are available on the Board's website: https://www.mnb.hu/bekeltetes/szervezet/a-testulet

Headcount

On 1 January 2022, the headcount of active staff, including the Chair, was 26. Thus, the number of board members – including the Chair and the Head of Office – was 18. The number of staff – excluding the Head of Office – was 8. The headcount remained unchanged during the year. All staff members are employed by the Magyar Nemzeti Bank and they hold an employment contract for an indefinite period.

Venue of the hearings and contact details of the Board

The Board's hearings are held in 13 meeting rooms located on the ground floor of the Capital Square Office Building at Budapest, 13th District, Váci út 76. The entrance is in Dráva utca. Each of the meeting rooms provide customers with a convenient and cosy environment to explain their arguments in their cases to each other and the acting member(s) of the Board in an informal yet regulated way. In the customer service area, customers can comfortably wait for hearings, while watching short informative films about financial products, potential risks and hazards, and also receive information on the latest news.

The Board may be contacted as follows:

- On its own website: www.mnb/bekeltetes
- In person at the customer service of the MNB: 1122 Budapest, Krisztina krt. 6.
- By phone at the customer service: +36-1-489-9700 or +36-80-203-776.
- By post in general and equity cases: 1525 Budapest, Pf.: 172., Hungary
- By post in settlement and contract modification cases: 1539 Budapest, Pf.: 670., Hungary
- By email: ugyfelszolgalat@mnb.hu
- Electronically via the client gate portal: www.mo.hu

In relation to service contracts concluded online as specified in the ODR Regulation, via the online dispute resolution platform at www.webgate.ec.europa.eu/odr.

Consumer petitions to the Board may be submitted:

- as electronic documents after identification through the Central Identification Agent via the "FAB Online Dispute Resolution" platform
- at www.mo.hu.
- in person at the MNB Customer Service (Budapest XII. district, Krisztina krt. 6.)
- at any government office (Kormányablak) in Hungary
- by post to the address 1525 Budapest, Pf.: 172., Hungary (general conciliation cases and equity cases) and 1539 Budapest, Pf.: 670., Hungary (settlement and contract modification cases).

The Board communicates with the **financial service providers** through the "Financial Arbitration Board e-administration" service available in the MNB's information system for the reception of authenticated data (ERA system). Service providers can submit their communications using the electronic forms stored therein, while the Board's decisions, notifications, notices and other communications are delivered to the service providers by placing them in the delivery storage space.

The colleagues of the MNB Central Customer Service provide information on the rules governing the procedure of the Board by phone or e-mail, upon request by phone or e-mail. No information is provided on pending cases.

2. LEGAL ENVIRONMENT AND OPERATIONAL PROCEDURES

The operation of the Board is based on the rules set out in Sections 96 to 130 of Act CXXXIX of 2013 on the Magyar Nemzeti Bank, while cases related to statutory settlements shall be governed by the rules specified in Articles 21–22 of Act XL of 2014. Pursuant to Section 21 (2) of the latter Act, the rules set out in the MNB Act shall apply to the operation of the Board with the deviations set out in Sections 21 and 22. That is, now special rules govern cases related to settlement required in view of invalid contractual stipulations in consumer loan agreements and the amendment or conversion into Hungarian forint of some of these agreements.

The basis and the legal framework for the operation of the Board are set out, in addition to the provisions of the MNB Act, in the principles of operation in accordance with Commission Recommendation 98/257/EC, as follows:

1. Independence

The Board is an independent organisation, which cannot be instructed, and operates within the organisational framework of the Magyar Nemzeti Bank. Such independence applies not only to the Board, but also to its chair and members. The Chair of the Board is appointed for 6 years, and the Chair's mandate may only be terminated in the cases stipulated in the MNB Act. – Section 96 (2), Section 97 (2), Section 100(1), (2), (4) and Section 101(4) of the MNB Act

2. Transparency

Upon request and even without request, the Board provides information on its activity and the rules applicable to its operation on its website(www.mnb.hu/bekeltetes), on a continuous basis and in its annual reports. – Section 99 and Section 115 and Sections 129 to 130 of the MNB Act

3. Adversary procedure

In the proceedings, parties are provided with the opportunity to appear at the hearings in person and present their views both orally and in writing, while financial service providers affected by petitions are obliged to cooperate. – Section 108 of the MNB Act

4. Efficiency

The procedure is fast; the date of the hearing is set within 75 days following the receipt of the complete petition, and the procedure is concluded within 90 days. This deadline may be prolonged by the Chair on one occasion per case by a maximum of 30 days. The procedure is free of charge both for the petitioner and the financial service provider, but the incurred costs (related to travel, mailing, etc.) are borne by the parties. – Sections 106(3) and 112(5) of the MNB Act

5. Legality

All members of the Board are experienced employees of the Magyar Nemzeti Bank, they hold a degree in law and passed the bar exam and/or hold a degree in economics and gained experience in one of the fields of the financial sector and/or in court. All employees perform their work in a professional manner, in knowledge of and relying on the applicable laws. The members are independent and unbiased in respect to the cases managed by them. – Sections 97(1), (3) and 98(4)–(7) of the MNB Act

6. Liberty

The decisions passed do not prejudice the right of the consumers to go to court, as the law provides for seeking remedy at the court against the recommendations and binding resolutions of the Board. – Sections 116–117 of the MNB Act

7. Possibility of representation

Petitioners can participate in the proceedings of the Board in person with or without a proxy. The proxy may be any natural or legal person, as well as entities without legal personality. Petitioners may participate in the procedure at the hearings in person even if they are represented by a proxy. Financial service providers are represented by their authorised representatives, who may be employees of the organisation or lawyers with permanent or ad hoc power of attorney. – Section 110 of the MNB Act

Operational Procedures

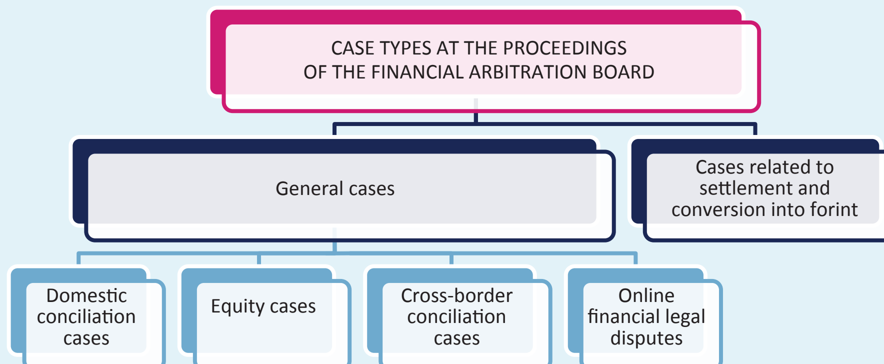
The Operational Procedures are set out by the Chair in Chair's Directive No 2/2014, the consolidated text of which, as well as the individual amendments to it, are available on the website of the Board at https://www.mnb.hu/bekeltetes/bemutatkozas/mukodesi-rendunk. They may be changed due to changes in legislation or for internal reasons, such as the Board's own decision within the legal framework. The amendments are approved by the Deputy Governor in charge of the supervision of the financial organisations and consumer protection, with delegated powers.

The Operational Procedures changed once during the year. According to the change, effective from 3 January 2022, the Board now also makes it possible that in addition to the usual methods of initiating the proceedings, petitioners may also submit their petitions electronically using the *"FAB Online Dispute Resolution"* platform, available on the Board's website, by completing the forms on the websites and attaching the necessary documents. The reference to this is included in the amended wording of point 7 of the Operational Procedures. Another change the amendment in the wording of point 16, due to the fact that the Central Customer Service Desk of the Magyar Nemzeti Bank moved to a new location and now receives consumers and service providers wishing to act in person at the address of Budapest XII. Krisztina krt. 6. The Operational Procedures containing the aforementioned amendment were published on the website on 30 December 2021.

3. CASE TYPES, PROCEEDINGS

The Board proceeds in several types of cases. The common feature of all case types is that all of them involve financial consumer disputes, which justify the proceedings of the Board. Basically, cases can be divided into two large groups by type. One group includes the types of cases subject to the MNB Act, which are summarised as *general cases*. The other group is for the *settlement and forint conversion cases*, which are not subject to the MNB Act but to the Settlement Acts. Further four case types are in the group of general cases.

Chart 1
Case types



Domestic conciliation cases

The proceedings of the Board are free of charge; no procedural fees or duties are imposed on the petitioner. Petitioners may act in person or may be represented by any proxy, not only by a legal representative. In the proceedings, attaching the consumer's petition, the acting panel or its member calls upon the financial service provider to submit a response document, and holds a personal hearing within 75 days. The venue of the personal hearing is located in a meeting room on the ground floor of the Capital Square Office Building at Budapest, Váci út 76. At the personal hearing, the parties have an opportunity for a personal consultation. The involvement of the financial service provider's representative in the hearing is mandatory. The petitioner may decide if they wish to be present in person and/or through a proxy. Personal presence is not mandatory for the petitioners, their absence does not prevent the proceedings from being carried out. However, there is a smaller chance to reach a settlement agreement in their absence, thus personal participation is recommended.

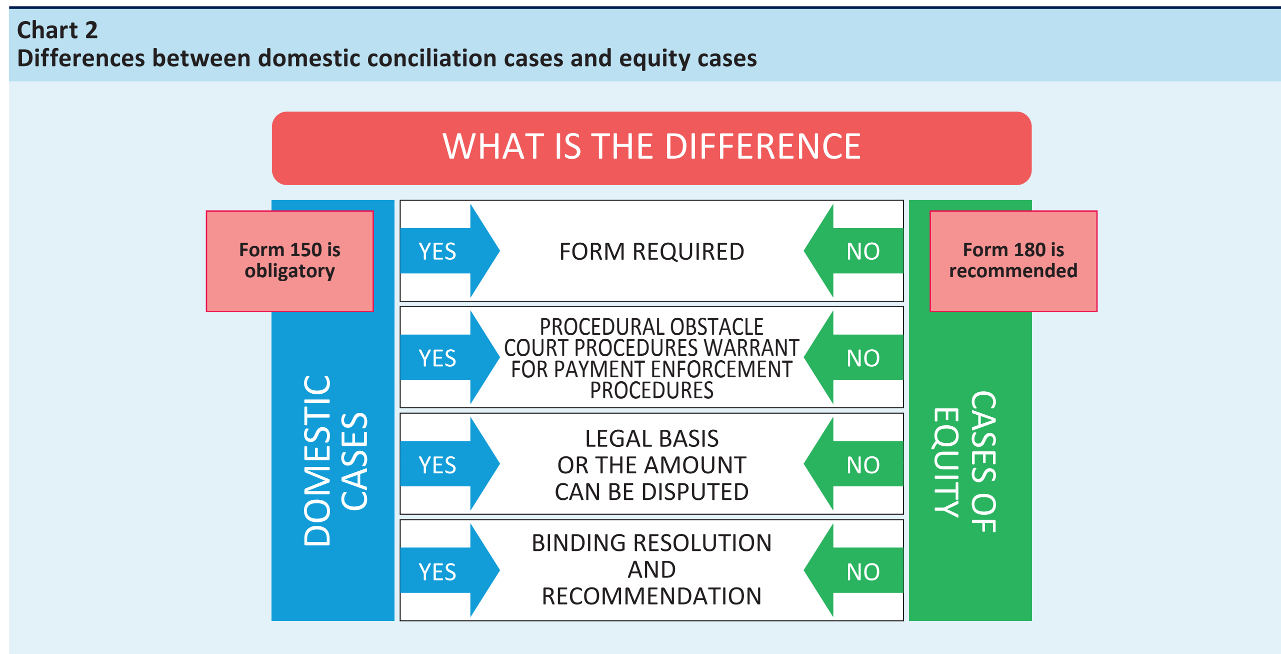
Ninety days are available to conduct the proceedings. Its start date is the date of receipt of the complete petition. This day is the date of acceptance. The deadline for the proceedings does not include the time when missing documents are supplemented to the petition or the duration of the summer and winter hearing recesses of the Board. The Chair of the Board may prolong the 90-day deadline by no more than 30 days. According to the practice so far, the cases are usually concluded within 60 to 70 days, i.e. a settlement agreement may be reached with the financial service provider even within 2 months. The Board approves the settlement agreement between the parties if it complies with the laws. The parties may also reach an agreement outside the proceedings (quasi settlement agreement). In such a case, they do not need to communicate the content of their compromise to the Board, while they may not request its approval either.

Equity cases

The Board has been processing equity cases since 2015. Demand for this has arisen due to the high indebtedness related to foreign currency loans and later, in 2016 and 2017, by the transfer of credit and loan portfolios by banks and financial corporations. Cases in which the petitioner, with regard to their personal or financial situation, asks the financial service provider to allow them to fulfil their payment obligation under more favourable conditions than originally stipulated in the contract may be reviewed on the basis of equity. This may be the reduction or cancellation of their payment obligation, the amendment or closure of their contract, or even a request for terms of payment under conditions other than the ones set out in the contract. Equity proceedings may also be initiated if a warrant for payment has been issued in respect to the claim or if enforcement procedures or court proceedings are pending in the given case. However, in these proceedings, the legal basis for or the amount of the claim may not be disputed. The financial service provider may not be obliged by the Board to exercise equity; thus, such cases may result only in a compromise or termination. No recommendation or binding resolution may be adopted in these cases.

Equity cases differ from domestic conciliation cases in the following ways:

Chart 2
Differences between domestic conciliation cases and equity cases



Cross-border cases

If a consumer lives in the European Union, Iceland, Liechtenstein or Norway (EEA member states) and complains about a financial service provider seated in Hungary and subject to the supervisory power of the MNB, or a consumer whose domicile or habitual residence is in Hungary has a dispute with a financial service provider seated or established in an EEA Member State, the FIN-NET Network, of which the Board is a member, can help. In the case of a non-resident financial service provider, a condition for launching the proceedings is a declaration of submission made by the non-resident service provider. FIN-NET is a network of out-of-court financial dispute resolution forums in the countries of the European Economic Area (EU Member States, Iceland, Liechtenstein and Norway), which deals with the resolution of legal disputes between consumers and financial service providers. The network was established in 2001 by the European Commission. The proceedings of the forums coordinated by FIN-NET help consumers resolve cross-border financial disputes. In the event of a legal dispute between a consumer in one country and a financial service provider operating in another country, FIN-NET member organisations help the consumer contact the appropriate forum and provide them with the necessary information about the given proceedings.

The petition form and the rules of FIN-NET in cross-border cases have been available since the Board's accession to the European dispute resolution network on 1 January 2012. The proceedings differ in a few rules from the rules of the proceedings conducted under domestic, i.e. Hungarian law, such as:

- submission is required to initiate proceedings against a non-resident service provider;
- in the absence of submission, the consumer may only be informed of the proceedings and what other forum they may turn to;
- the proceedings may be instituted solely on the FIN-NET (Financial Dispute Resolution Network) petition form, on the consumer's initiative (using exclusively the required forms);
- the proceedings are conducted solely in a written form, a hearing may be initiated by the acting panel, requiring the consent of both parties;

- the language of the proceedings is English, but, at the expense of the petitioner, it may also be the language of the agreement;

- the deadline for the proceedings may be extended once by 90 days

Online financial legal disputes

If a financial consumer dispute arises in connection with a service contract concluded online between a consumer and their financial service provider, the consumer may initiate an out-of-court legal dispute through the website of the European Union online dispute resolution platform. In the case of financial consumer disputes, only the Financial Arbitration Board may conduct proceedings and decide on a matter in dispute between the consumer and the financial service provider. Consumers need to register on the electronic platform operated by the European Commission to initiate the online dispute resolution process. This form of dispute resolution has been available to Hungarian consumers since 15 February 2016.

Based on the authorisation provided by Regulation 524/2013/EU of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes (ODR), the European Commission launched the European online dispute resolution platform, available at *https://webgate.ec.europa.eu/odr*. This platform serves for the out-of-court resolution of disputes, including financial consumer disputes, related to obligations arising from online service contracts between consumers with residence in the European Union and service providers established in the European Union. Any natural person, "who uses a financial service for non-commercial, business or professional purposes", qualifies as a consumer under the ODR. Any financial service contract qualifies as an online service contract, under which a service provider or an intermediary of a service provider offers a service (such as insurance, personal loan, account opening, etc.) through a website or other electronic devices, and the consumer orders the service or concludes a contract for it through the given website or other electronic devices.

The platform is available in all official languages of the European Union (including Hungarian), and it is built on the existing dispute resolution systems of the Member States, respecting the traditions of the Member States. Its objective, among others, is to ensure that all alternative dispute resolution forums, notified in accordance with section 20 (2) of Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 (on alternative dispute resolution for consumer disputes), can join the platform, thereby facilitating the online, expedient, out-of-court resolution of all disputes arising from online contracts, along uniform principles. The Ministry for National Development notified the European Commission on 9 February 2016 that in Hungary the Financial Arbitration Board acts as the alternative dispute resolution forum for financial disputes, in accordance with the Directive, and has accordingly been entered in the register of dispute resolution bodies: *https://webgate.ec.europa.eu/odr* The platform was activated on 15 February 2016. From this day the Board was also ready to handle online financial consumer disputes arising from online financial consumer contracts and to receive petitions via the platform. In the case of financial consumer disputes related to online contracts, the Board may act both in domestic and cross-border cases, if it receives a petition via the platform.

Cases related to settlement and conversion into forint

The Board dealt with cases related to cases falling within the laws on statutory settlement, known as settlement and forint conversion cases, from January 2015. However, by 2022 the possibility of enforcing claims in respect to these cases at the Board was terminated. Renewed proceeding was conducted in one case of this type (the court of second instance returned the case to the Board to conduct a new proceeding) in 2022 (see IV/A/1).

4. DOMESTIC AND INTERNATIONAL RELATIONS

The Board is not present outside Budapest and hearings are also held only in the capital. Accordingly, it is of utmost importance for it to have relations with all domestic and foreign organisations involved in informing consumers on general consumer protection and special financial issues and help as many petitioner as possible to access the Board when they need to. Domestic partners in this area include both government and civil organisations.

Government offices

the Government Offices operating in Hungary were at service of financial consumers in a significant part of the year within their duties mentioned in point 17 of Annex 7 to Government Decree No 86/2019 (IV. 23.); however, in December 2022 a new government decree was issued. From 23 December, Government Offices receive consumers' petitions pursuant to point 17 of Annex 10 to Government Decree No 568/2022 (XII. 23.), provide assistance for the completion of the petition forms and the proper attachment of annexes, and also forward those to the Board free of charge.

In all counties and in Budapest, that is, throughout the country, government offices receive and forward petitions to the central registry of the Magyar Nemzeti Bank and thereafter to the Board. They also arrange the receipt and transmission of consumer notices to the MNB. The MNB and the Board prepare, update and regularly distribute training materials for the staff working in government offices to help them in their work and improve their knowledge. Experience shows that by now petitioners are well aware of this service rendered by the government offices and use it more and more frequently.

The address, data and contact details of the government offices can be found on the https://kormanyablak.hu/hu/kormanyablakok website in addition to the MNB's website.

Network of Financial Navigator Advisory Offices

This network of advisory offices specialised in finances was set up by the Magyar Nemzeti Bank to ensure that even the citizens living far from the capital and not being in the position to visit the MNB's Central Customer Service Desk at Budapest at Krisztina krt. 6 can deal with their matters in person. The offices in the county seats are operated by civil partners independent of financial institutions and service providers. Advisors are experienced in handling financial issues and problems. Their knowledge and competence are guaranteed by trainings and courses, which is subject to regular exams. In the course of free consultancies, they provide detailed information on the features of the various services, the benefits and the risks of each legal arrangement. They interpret specific contracts, assist in the formulation and submission of official documents and petitions, and direct consumers contacting them in resolving their complaints to the appropriate forums.

The Network of Financial Navigator Advisory Offices operates in county seats, but experts regularly provide offsite advisory services in several other locations. Information on the offices and the so-called offsite advisory services is available on the MNB's website: https://www.mnb.hu/fogyasztovedelem/tanacsado-irodak

Consumers also receive significant help from the Magyar Nemzeti Bank through Financial Navigator Booklets. These information brochures provide a clear explanation of each financial product. It is available in printed form at the banks' branches and in the customer area of the Board, as well as at the customer service desk of the MNB, and in electronic form here: https://www.mnb.hu/fogyasztovedelem/penzugyi-navigator-fuzetek

The MNB also helps customers finding their way in financial issues through films, apps, search engines and mobile applications. The booklet series and information videos present the Board and also its activities, provide help with any issues affecting banks, insurance companies, investment firms and funds. Services also available on the website of the MNB: https://www.mnb.hu/fogyasztovedelem/penzugyi-navigator-filmek and https://www.mnb.hu/fogyasztovedelem/penzugyi-navigator-alkalmazasok

Civil organisations

Some of the civil organisations also provide information and assistance to financial consumers. *One of them is the Hungarian Charity Service of the Order of Malta with its HITEL-S Program.*

Another civil organisation that financial consumers may turn to with confidence and which provides them with accurate information and assistance in financial matters is the *Hungarian Association of Consumer Protection Organisations*, the *FOME*. In addition to the protection of consumer interests, the Association pays special attention to the training of consumer protection professionals and the scientific development in the consumer protection profession. It assists those contacting them with free consultancy. On its website – http://www.fome.hu – anybody can get information about any financial issues or can ask for financial advice in writing.

International relations

In 2022 – similarly to previous years – the Board placed great emphasis on fostering international relations and participating in extended international cooperation. These efforts were demonstrated, in addition to the already existing memberships in international organisations, by joining and using the Online Dispute Resolution Platform (ODR) introduced in February 2016. The experience obtained in recent years clearly signals that international cooperation can significantly increase the efficiency of financial conciliation, and it definitely improves the quality of conciliation mechanisms and procedures. The regular professional relations with FIN-NET and the INFO Network, as well as separately established relations with individual organisations that are members of such networks, continue to play an outstanding role in the Board's international activities.

Financial Network

The FIN-NET network is a European system operating within the European Economic Area (EU Member States, Iceland, Liechtenstein and Norway), an organisation established for the alternative resolution of cross-border financial consumer disputes between consumers and financial service providers. The name of the organisation comes from the abbreviation of its English name, i.e. 'Financial Dispute Resolution Network'. The network was established in 2001 based on the decision of the European Commission, and now it includes over 60 organisations that deal with some form of alternative dispute resolution, such as conciliation, arbitration or mediation in any of the Member States. FIN-NET helps consumers resolve their disputes with financial service providers – banks, insurance undertakings, investment firms, etc. – operating in other Member States, relying on the alternative dispute resolution forum of the given country. In respect of cross-border disputes, all members, including the Hungarian Financial Arbitration Board, must provide, promptly upon request, information in written or in other suitable form on the operation of FIN-NET, on the alternative dispute resolution forum participating in FIN-NET and residing in another EEA Member State, having the power and competence over cross-border

consumer disputes related to the provision of financial services, as well as on the proceedings of such forum. All members perform continuous statistical data reporting to the European Union on proceedings related to cross-border cases initiated at them, and they are entitled to use the intranet database facilitating communication between members of the network.

As a result of BREXIT, from 1 January 2021 FIN-NET member alternative dispute resolution forums may no longer settle disputes that involve consumers living in the United Kingdom or financial service providers registered in the United Kingdom. Accordingly, consumers resident in the UK cannot initiate cross-border financial disputes at the Board and proceedings against financial service providers registered in the UK cannot be initiated at the Board either.

For more information on the organisation and operation of FIN-NET, www.ec.europa.eu

FIN-NET holds meetings twice a year. In 2022, of the usual two meetings of the Organisation, the one in spring was organised in online form, while the one in autumn was organised in hybrid form for its members instead of meeting in Brussels. The first General Meeting was held in April. The first topic of the General Meeting was the presentation of the draft regulation on the control of risks attached to crypto assets (MiCA). The timeliness of the topic lies in the fact that in recent years a boom was seen in the market in crypto assets. The purpose of the recommendation is to serve as stable legislative basis for these markets, which supports consumers' interests in addition to ensuring growth. There are essentially two types of crypto assets: the financial instruments the regulation of which form part of the acquis communautaire, i.e. the cumulative body of the EU community laws, and the non-financial assets so far left out of the EU acquis communautaire. MiCA will regulate the latter in view of the fact that the vast majority of crypto assets have been unregulated until now. To this end it covers the following regulatory areas: consumer protection, market integrity, financial stability, compliance with anti-money laundering and sanctions, and traceability. The MiCA Regulation also prescribes for the European Bank Authority (EBA) to keep a publicly available register of non-compliant crypto asset providers. Closely related to this topic, the Austrian Financial Market Authority (FMA) presented its supervisory activity performed in respect of crypto assets. During the presentation it shared its experiences with the audience, i.e. the preventive steps taken. According to this, the Austrian FMA created a database of trustworthy companies, warns investors on a continuous basis and informs consumers as part of the consumer information initiative of the ways to stop financial frauds, the latest forms of frauds and publishes a checklist of red flags. The representative of the Italian Arbitro Bancario e Finanziaro (ABF) presented the initiatives it as taken to make the public decisions of ABF transparent and understandable. They are convinced that in order to make sure that a board can influence the conduct of the parties to a dispute, it needs to provide information on the most important topics: decisions, legal cases and rules. They deem it important that the databases containing the decisions should be easy to access and search. They publish their decisions on the website weekly, a detailed search function is available on their website, the published decisions are fully anonymised and they summarise selected decisions in the annual report. Their future objective is to enhance the standardisation of the content of their decisions relying on artificial intelligence, thereby increasing the weight and influence of their decisions on court rulings.

The representative of the Finnish Financial Ombudsman Bureau (FINE) presented their recommendation, the underlying issue of which was that Directive 2014/92/EU prescribed that the access to payment accounts with basic features is a fundamental right of consumer resident in the EU. However, the general terms and conditions of banks may prescribe that if a person is included in a sanction list, the financial service provider is entitled to deny or restrict the service. In the consumer disputes related to this the payment accounts of consumers were terminated in view of the fact that the customers were included in the US Office of Foreign Asset Control (OFAC) or Specially Designated Nationals and blocked persons (SDN) lists. Often it was the company of these persons that was included in the lists. In its recommendation the Bureau recommended to the banks to open accounts also for such consumers. However, the opinion of the Bureau was also divided on the issue, since a bank may excluded or restrict the basic payment services only in those cases that are specifically included in the law; on the other hand, banks should not take risks that may give rise to extreme solvency or liquidity problems. Accordingly, they believe that this will be their first recommendation in their history that will never be followed by any bank.

The plenary meeting in autumn was held in a hybrid form. The first topic of the meeting was the Alternative Dispute Resolution (ADR) Directive and the Online Dispute Resolution (ODR) Regulation. The representative of the Commission noted that based on the experiences of last year it has become clear that the ADR Directive should be reviewed. One

driver of this is that online shopping is increasingly popular with European consumers and an increasing number of service providers are non-European. Due to the major technological changes and for the purposes of settling cross-border disputes more efficiently, they deem it necessary to include in the ADR Directive the possibility for each ADR forum to extend its powers and competence to non-European service providers, if the dispute involves a European consumer. Furthermore, they will make it possible in the amendment that the ADR forums proceed not only in contractual disputes but also decide on statutory rights. Finally, they will provide an opportunity for the ADR forums to combine their similar disputes in a single case. The amendment is expected to be adopted in 2023 Q2 as part of a legislative package, which will frame a regulation on consumer protection cooperation, amend the ADR Directive and repeal the ODR Regulation. The reason for repealing the ODR Regulation is that despite the expectations consumers did not use the ODR Platform. The ODR Platform will be replaced by another tool, which will include information with regard to the proceedings of the ADR Forums and consumers will be able to use this tool to contact the respective ADR Forum directly. However, the Commission is of the opinion that no regulation is necessary for the introduction of this new tool.

Under agenda item two the representative of the Commission presented the Commission's draft regulation concerning euro instant payments. The purpose of the regulation is to ensure that euro payments are executed 24/7/365 in less than 10 seconds. At present 13 percent of euro credit transfers are executed as instant payments (SEPA instant payment). The fee for these payments will be also maximised. The Regulation will contain requirements for the payment service providers on how to proceed in the case of persons included in the EU sanctions list and other blacklists. The Commission is convinced that it will be able to prevent Authorised Push Payment (APP) frauds in instant euro payments, if the payment service providers verify, on a mandatory basis, the correspondence of the beneficiary name and the account holder of the IBAN account number prior to executing the transaction, and warn the payer in the absence of correspondence before the consumer approves the transaction.

The representative of the Italian ABF presented the latest forms and trends of payment transaction frauds. He also shared some of their related decisions with the audience. Their decisions related to frauds always set out from the degree of the sophistication used in the fraud. When the fraud method is so sophisticated that an average consumer could not be expected to detect it, gross negligence on the consumer's part is not established. Pursuant to Article 69 of Directive 2015/2366/EU of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation 1093/2010/EU, and repealing Directive 2007/64/EC (hereinafter: PSD II) upon judging the case only the objective circumstance of the case rather the customer's personal circumstances are taken into consideration.

Finally, the representative of EIOPA (https://eiopa.europa.eu) presented the result of the study performed by EIOPA on the credit protection insurance (CPI) sold by banks. The study established as a shortcoming that there are no real alternatives for the consumers of this product type, and a large number of factors hinder them to make their choice in the market (e.g. product bundling). As regards the price and variety of the products there are great differences both at EU and Member State levels. Switching service provider and product is a problem in the case of CPI products, customers often run into difficulties in this area. Conflict of interest resulting from the interconnectedness of the insurer and the intermediary bank poses a risk.

For the experiences related to the cross-border financial consumer dispute initiated at the Financial Arbitration Board see Chapter V.

International Network Financial Services

Since 1 January 2012 the Hungarian Financial Arbitration Board has also been a full member of INFO Network, incorporating the world's financial ombudsmen, at present having over 50 member organisations from five continents. It regularly publishes information on its website on all of its members, including the Hungarian Financial Arbitration Board (www.networkfso.org). The organisation was established on 26 September 2007 in London, with the participation of the

USA, Great Britain, New Zealand, Ireland, Canada and Australia. It was set up with the objective of coordinating alternative dispute resolution mechanisms operating mainly in the financial sector and developing an overall system. The members of the organisation constitute four regions: Eurasia, Africa, America, and Australia. The organisation operates in accordance with six key principles approved by members: independence, impartiality, efficiency, equity, transparency and accountability.

The purpose of cooperation within the organisation is to develop alternative, i.e. out-of-court dispute resolution models, elaborate codes of conduct, enhance the use of information technology, handle certain recurring issues and problems at systemic level, resolve cross-border complaints in a uniform and smooth manner and also to share in-service training opportunities and directions. The organisation focuses on the enforcement of consumer protection principles developed on the basis of international standards, which is guaranteed by the independent and unbiased alternative dispute resolution forums. In respect of Central and Eastern Europe the organisation pays special attention to the exchange of information and consultation among the countries of the region.

In autumn 2022, the INFO Network held its annual conference online to bring members together, which was attended by the Board as well, and it also regularly participated in professional webinars organised by the Secretariat of the Network. The Board continuously contributed to the monthly newsletters prepared by the Secretariat of INFO Network, reporting on novelties, changes and events related to members. It also responded to individual requests, which were initiated by other members concerning certain professional or procedural issues or topics, and upon request it also presented the Hungarian practice in the related area.

5. THE 5TH ALTERNATIVE DISPUTE RESOLUTION CONFERENCE

The Board organised a national conference on alternative dispute resolution for the first time in 2016, followed by conferences in 2017, 2018 and 2019. The sudden and unexpected onset of the pandemic in 2020 made this impossible for two years. On 29–30 September 2022 it was once again possible to organise this traditional and increasingly popular conference. The conference was held at the new headquarters of Magyar Nemzeti Bank in the Lámfalussy Sándor Conference Centre with 220 participants attending in person over two days, and as it was also available online, an additional 435 participants were able to join and listen to the Hungarian and foreign speakers.

The opening speech of the conference was delivered by *Dr Erika Kovács*, Chair of the Financial Arbitration Board, who welcomed the participants, including colleagues and prospective colleagues representing the profession, Hungarian and foreign speakers, invited guests both in the conference room and those following the conference live online. She welcomed with particular deference *Dr Judit Varga*, Minister of Justice, and thanked her for her presence and her welcome speech in her capacity as the head of the Ministry responsible for the professional governance of consumer protection. She also welcomed *Dr Csaba Kandrács*, Deputy Governor of the Magyar Nemzeti Bank, whom she thanked for making the organisation of the conference possible. She also thanked *Dr György Senyei*, President of the National Office for the Judiciary and Katalin Kézdi, Managing Director of Wolters Kluwer Hungary Kft., the professional partners of the Magyar Nemzeti Bank and the Financial Arbitration Board for their support and contribution to the success of the conference. She then opened the 5th Alternative Dispute Resolution Conference and wished everyone a pleasant time, useful knowledge and fruitful networking.

The conference featured three keynote speeches. First, **Dr Csaba Kandrács** recalled the background and shared some thoughts on alternative dispute resolution, also mentioning the results of financial conciliation, as follows:

"Ladies and gentlemen, dear guests!

For seven years now, the Magyar Nemzeti Bank and the Financial Arbitration Board have been supporting the development of the Hungarian dispute resolution culture and using its own means to promote the wider penetration of alternative dispute resolution. In the spirit of this, this year – after two years of involuntary interruption – we organised the conference for the fifth time, as this forum creates an excellent opportunity for professional dialogue, which can result in a greater awareness of alternative dispute resolution in Hungary and abroad, and help citizens, organisations, institutions and enterprises to recognise the possibilities and benefits of out-of-court settlements in as many cases as possible.

The benefits of out-of-court settlements have been recognised by the institutional actors of the Hungarian financial sector in the more than 11 years of the financial conciliation. This is evidenced by the increasing number of settlements reached in the financial consumer disputes at their initiative during and outside the proceedings every year. This is a reassuring and positive result for us, i.e. the managers of the Magyar Nemzeti Bank, the institution supervising the financial sector.

Since 1 July 2011, more than 57,000 cases have been brought before the Board and more than 30,000 hearings have been held by my colleagues. We are constantly implementing IT enhancements to make our proceedings, paperless where possible, and our records and statistics accurate. From 1 January 2021, we also introduced fully electronic communication with financial service providers in financial conciliation, and from 3 January 2022, financial consumers are also able to submit their petitions and communications to us electronically online via the Board's website.

The majority of consumers ask us for help each year with claims relating to financial market services, most of them against credit institutions, primarily in connection with financial services such as credits and loans, but there are also many cases relating to payments. Within financial market services the number and percentage of equity petitions formulated by customers unable to pay their debts in accordance with the contract through no fault of their own is significant each year. My colleagues try to help in such cases by mediation, i.e. classical intermediation between the service provider and its customer; however, they do not and may not make a decision. The empathy shown by service providers in this area is also encouraging, as evidenced by the settlements reached in 20 percent of these cases. Although insurance-related disputes lag behind financial market claims both in terms of number and proportion, it is the second most frequently petitioned financial service, especially in relation to liability and property claims. The number of disputes concerning investment and stock exchange services and the various funds remains insignificant, at less than 10 percent of all cases.

Every year there are new cases that deserve special attention. The number of cybercrime cases, falling within the topic of cyber security from the perspective of regulators and law enforcement bodies, has increased steadily from 2018 and more dynamically from 2020. Accordingly, the Board also encountered incidents resulting from phishing that have resulted in significant losses to customers. Both the Magyar Nemzeti Bank and the Board feel it important to provide customers with education, training and assistance due to the abuses arising in finances in general and particularly in digital banking. The fostering of financial awareness, education and information are the responsibility of the entire financial services sector, not only of the Magyar Nemzeti Bank. To this end we launched a number of programmes years ago to improve the financial literacy of customers and prospective customers. Already the youngest age group, i.e. primary school upper grade pupils and secondary school students can learn about finance from the textbooks and with the support of the Money Compass Foundation, set up by the Magyar Nemzeti Bank, from their teachers, skilled in this field as well as from the staff of the Magyar Nemzeti Bank during the Money Week thematic lectures.

The Board takes part in financial education in the form of regular training for university students and young people graduated in law and economy in the Financial Law Academy lecture series. The training was launched in September 2019 and to date it has been attended and is attended at present by more than 500 students. Its professional programme is delivered by the Board and it aims to introduce young professionals and interested students to the practical operation of the financial sector, providing a comprehensive overview of the world of credit institutions, financial enterprises, insurance companies, funds, investment and stock exchange service providers. Here, they can learn from expert practitioners experienced in the relevant subjects, which is not only useful in their daily lives, but the knowledge of which can also stimulate their interest in establishing closer professional links with finance and in working in the financial sector, and thus providing financial institutions and the Magyar Nemzeti Bank with replacement. Since 2014 we operate a network of Financial Advisory Offices in 18 county seats across the country and cooperating with civil organisations we provide free advice to all Hungarian citizens to help them make the right decisions about their financial products. Our consultants inform them about the characteristics and risks of the products. Relying on the staff of the advisory offices financed by us, we also ensure that consumers involved in the initiation of individual disputes can easily and free of charge submit their petitions to the Financial Arbitration Board, where financial conciliation services are available also free of charge.

Accordingly, the Magyar Nemzeti Bank supports financial consumers in a number of ways in finding their way among the different products and services offered by the financial market. It regularly publishes professional articles on financial topics, aimed at providing information and presenting real cases, which serve as lessons for all of us. The Board is also committed to producing such professional articles, and thus its members regularly write articles on napi.hu, pénzcentrum.hu, origo.hu, vg.hu and index.hu portals, providing information and sharing knowledge on current financial issues. Those contain useful information on different types of savings, the benefits of credit protection insurance, important insurance issues for car owners, the online consumer dispute resolution procedures for financial services concluded online, and the unexpected financial debts that may arise in the event of inheritance. The most topical issues included articles on the negative consequences of remaining in the moratorium and the risks posed by phishing.

Dear Guests, Dear Colleagues! I sincerely hope that the presentations at today's conference will also contribute to raising awareness and provide an excellent forum for the exchange of experiences. I would like to thank our speakers for accepting our invitation and supporting our efforts with their high quality presentations! I wish everyone a successful participation and a pleasant time!"

The Minister of Justice, **Dr Judit Varga**, also delivered a welcome speech, mentioning that according to the National Avowal, *"the common goal of citizens and the State is to achieve the highest possible measure of well-being, safety, order, justice and liberty"*. The fundamental duty of the state is to enforce citizens' rights, including consumer rights. The importance of consumer protection is also shown by the fact that the Fundamental Law mentions consumer rights as a fundamental right, i.e.: *"Hungary shall ensure the conditions for fair economic competition. Hungary shall act against any abuse of a dominant position, and shall protect the rights of consumers"* – she said.

The overall aim of the state's consumer protection activities should be to operate programmes that increase consumer confidence, provide long-term sustainable protection against various abuses, give consumers the tools to enforce their individual rights and put citizens, as consumers, in the focus of these efforts – she noted. It achieves the foregoing through measures that serve consumers efficiently and in earnest, guarantee compliance with the consumer protection laws, ensure the safety of exchanges of products and services, provide full information and help to shape informed consumer attitudes, protect consumers' rights and, last but not least, ensure access to sufficiently fast and efficient alternative dispute resolution opportunities free of charge or at low cost.

In her speech, she pointed out that consumer protection, and including alternative dispute resolution, is closely linked to economic and social impacts, and as the latter changes from time to time, the regulatory system, substantive and procedural rules of consumer protection should be regularly reviewed, and during such review the EU consumer protection legislation should be also taken into consideration. It is worth examining proven foreign solutions and practices, and after a proper evaluation of these, consideration should be given to transposing them, in whole or in part, into domestic legislation and applying them in practice. In addition to the foregoing, action against unfair commercial practices must be ensured and strengthened from time to time, both at regulatory and institutional level, together with the powers of public authorities to protect consumers and improve the consumer protection system – she said.

However, effective consumer protection cannot exist without informed consumer behaviour. Consumers need to know the means of enforcing their rights and the actors in the institutional system of consumer protection that can help them in the event of a specific consumer dispute. In parallel with this, the visibility and strength of the consumer protection authority, i.e. the European Consumer Centre, should be increased. Enterprises that act against consumers' interests should and can be made to comply with the law not only through consistent sanctioning practices, but also by encouraging them to obtain a consumer-friendly rating. The right methods of this should be identified, which help businesses develop and implement innovative ideas and solutions in their daily practice to achieve consumer trust and satisfaction – she said.

She mentioned that the priorities and objectives of consumer protection are defined in the consumer protection policy of the government in power. Pursuant to Article 119(6) of Government Decree No 182/2022 (V.24.) on the duties and powers of the members of the Government, the Minister of Justice is the member of the Government responsible for consumer protection since May 2022. She noted that the government treats it as a priority to protect the rights of consumers, represent and enforce the rights of Hungarian people, families and consumers. She emphasised that technological development, the digital world and market changes also pose challenges to consumer protection, and therefore guarantees must be developed to ensure the enforcement of the rights of Hungarian consumers. She said that in the future, consumer policy would focus on four areas: digital consumer protection, child protection, accessibility of consumer protection, and support for the development of a uniform judicial practice. She explained that the Digital Freedom Committee had already been set up in the Ministry to ensure transparency, the right to fair proceeding and the enforcement of competition law principles also in the online space. The guiding principle for digital consumer protection will be that what is forbidden offline is also forbidden online.

The minister also mentioned that the Hungarian consumer protection system consists of three parts: the first is the administrative area, where the tasks are performed by government agencies, the second is the network of conciliation boards, and the third is the activity of consumer protection associations. She said that the ministry plays a role in the professional management of consumer protection. This includes the identification of focal points, while inspection and official measures will remain with government agencies. She mentioned as an example that the audit plan is defined in the ministry and implemented by the government agencies. She also noted that particular attention is paid to groups of consumers vulnerable based on their age, areas where the number of complaints is especially high will be inspected and dangerous products on the market will be also identified. Finally, she thanked for the invitation and wished all participants a successful meeting.

The third welcome speech was delivered by the President of the National Office for the Judiciary, **Dr György Senyei**, who referred back to the beginning of the in-court mediation, which started in 2012, and mentioned that this type of alternative dispute resolution still exists and operates in the court system, although there have been significant changes in the last three years. He said that during the two years of the pandemic, the courts were also forced to interrupt their activity, and the new Code of Civil Procedure, which entered into force on 1 January 2018, has resulted in a significant fall in the number of cases brought before the courts. Accordingly, the demand for in-court mediation has decreased proportionately. He mentioned that the legislative environment has not changed, that judges and secretaries previously trained in mediation are still working in the organisation, and that in the past two years additional colleagues have participated in mediation training

and acquired such skills. Thanking for the invitation, he pointed out that Dr Turcsánné Katalin Molnár, judge of the Court of Justice, will give a detailed presentation on the developments in the field of court mediation.

The opening presentation of the conference, entitled New directions in consumer protection policy, was delivered by **Dr Nóra Kupecki**, Deputy State Secretary for ***Constitutional Legislation and Consumer Protection***. She said that in this government cycle, Hungarian consumer protection will be transformed and made even more effective through a new approach, with the aim of guaranteeing the inviolability of Hungarian consumer rights both in Hungary and in Europe. "In addition to initiating legislative changes, we make efforts to ensure the protection of Hungarian people and families by using all the tools currently available to us in the field of consumer protection" – she emphasised in her presentation.

In her presentation, she described in detail the main points of the direction of consumer protection policy, including the developments in the legislative environment. Of the four main directions of consumer protection policy, she spoke about digital consumer protection and support for the development of a uniform judicial practice. She noted that in the former case, priority is given to the protection of consumers in the online space, which requires an increased presence of consumer protection, including rapid and effective action against abuses. The guiding principle is that what is forbidden offline should also be forbidden online. She noted that one of the priorities for the coming period will be to create the legal environment necessary for the effective implementation of the EU legislation currently being finalised. In addition, the authority will inspect the activity of online shops and compliance with the consumer protection requirements related to online spaces in the form of enhanced thematic inspections throughout the year. In relation to the uniform application of the law, she stressed that the review of the related legislative environment and the necessary legislative amendments are essential for the effective implementation of consumer protection policy, where the Consumer Protection Council has an important role to play. With a view to assisting the work of the Council in its work, a Consumer Roundtable was established, which held its statutory meeting on 18 July 2022. The Round Table, of which the Magyar Nemzeti Bank is also a member, contributes to solving the arising problems and to the development of a uniform judicial practice of the respective organisations by discussing current issues and developing specific proposals for solutions. It is the top priority of consumer protection policy to ensure that government agencies, in their capacity as consumer protection authorities, carry out their work according to nationally uniform criteria and principles, and to this end, several professional consultations have already been held asking for the submission of further proposals.

In her presentation, she referred to the package of proposals on the amendment of certain laws concerning consumer protection, including the establishment of an efficient and effective procedural mechanism, the amendment of the law on market surveillance of products and the operation of conciliation bodies. The amendment also facilitates that the authorised organisations representing the collective interests of consumers initiate representative actions against enterprises that breach national or EU regulations. She said that active consumer protection will continue to pay special attention to prevention, since many consumer problems could be solved if people were aware of their rights before they conclude a consumer contract. It is therefore crucial to raise consumer awareness and reach the widest possible range of the population. To this end, consumer protection education will be provided in interactive form in secondary school classes adjusted to the characteristics of the age group, as part of countrywide road-show of the trade day. Special emphasis is placed on acknowledgement of the activities of schools that contribute to the penetration of consumer awareness and knowledge. She presented the activities of the European Consumer Centre (ECC) within the Ministry of Justice, which provides substantive, professional and legal assistance in resolving cross-border complaints. In addition to dispute resolution, the ECC also provides consumer advisory services and plays an important role as a contact point in online dispute resolution. The number of cross-border complaints submitted to the ECC is increasing year by year, with around 2,000 cases handled annually. In 2021, they provided effective assistance for the enforcement consumers' financial claims in the amount of HUF 87 million.

She stressed that they treat fair enterprises that pursue their business in compliance with the law and apply consumer-friendly solutions as partners. In order to foster compliant conduct, they continuously communicate with enterprises on

consumer protection rules and changes to them. With a view to ensuring voluntary compliance, they held professional consultations with business representatives on interpretation and enforcement issues and provided information on the questions raised at several events. Finally, she emphasised that they take active consumer protection seriously, and that they regard all those as partners who help to make consumer protection even more active and strong, and to act to protect Hungarian people and families. She believes that the organisation of illustrious trade events such as the 5th Alternative Dispute Resolution Conference is essential for the further development of consumer protection.

Gábor Koós, qualified civil engineer and forensic expert made a presentation entitled "***Forensic experts in alternative dispute resolution***".

He began his presentation by defining forensic science as a professional activity, the objective of which is to monitor changes in science and technology and, as a result, in society over the past decades. In court and administrative proceedings, legal problems have become increasingly intertwined with issues from other professions and therefore they are increasingly difficult to assess. In parallel with this there is a growing demand for the use of the achievements of modern science in disputes and evidence. He explained who can become a forensic expert, and then presented in detail the organisation and operation of the Hungarian Chamber of Forensic Experts, and the various professional sections. The experts are classified into 14 categories, based on more than 300 professional fields. The Housing and Construction, Country Planning and Tourism professional sections cover 18 professional fields and currently have 588 members, typically civil engineers or architects. Many of the forensic experts classified in this category are also members of the Expert Body for Performance Certification (EBPC), which is authorised to provide forensic expertise under a separate law – he said. The purpose of establishing the EBPC in 2013, was twofold: to protect the most vulnerable micro and small businesses, to facilitate payment for the work they perform, and to prevent the unlawful and fraudulent use of performance guarantees (bank guarantees, insurance).

The tasks performed by EPBC is a special sub-field of forensic services. This organisation helps parties in construction design and construction contracts to settle construction disputes. When the EBPC is contacted concerning a dispute related to the issuance of the certificate of performance, the settlement of the contractor's fee or the calling of a bank guarantee, the EBPC three-member expert panel of forensic experts will decide, by examining the technical performance (on the basis of the documents submitted and an on-site inspection), to what extent the disputed performance has been completed and therefore to what extent the contractor is entitled to the fee, or, in the case of calling a bank guarantee, to what extent the call is justified. The primary aim of the expert opinion is to reach an agreement between the parties on the basis of the expert's findings. If no agreement is reached, the claim may be enforced at the court on the basis of the EBPC's expert opinion with shorter procedural deadlines and under special procedural rules. Upon request, the court may order the amount in dispute to be deposited as a temporary measure. In addition to the foregoing, the EBPC's expert opinion may also be used in arbitration and conciliation proceedings. Since its establishment, it received 252 applications for the call of bank guarantees in the total disputed amount of HUF 15 billion, of which unjustified calls on bank guarantees were prevented in the amount of over HUF 5 billion in, effectively helping the stability and national economic efficiency of construction – he said.

Dima Alexandrova, lawyer and mediator (Founder, AdimaLaw Law Firm, Bulgaria) delivered a presentation entitled "***Development of alternative dispute resolution in Bulgaria – challenges and areas of application***". She presented the historical development of alternative dispute resolution methods used in Bulgaria – mediation, conciliation and arbitration – and the practical application of those. She described in detail the types of disputes involved in alternative dispute resolution, the legal background and limitations of those, in the light of existing and future legislation. She noted that in Bulgaria the institutional system of arbitration courts and the arbitration procedure is the most widely used alternative dispute resolution

method and that there are a number of arbitration institutions in the country. The legal institution has a long history: the first arbitration court was set up in 1896, under the Chamber of Commerce and Industry. At present, the Code of Civil Procedure explicitly allows the parties involved in financial disputes to agree to have the dispute settled by the court of arbitration. However, an exception is made where the dispute concerns a right in rem or the possession of real property, a maintenance obligation, or a right arising out of an employment relationship, or a dispute in which one of the parties qualifies as consumer. On the subject of *conciliation*, she explained the applicable organisational structure and the scope of disputes that can be settled through conciliation. In Bulgaria, there are consumer protection conciliation committees in all regions of the country, which may proceed in disputes between consumers and merchants or service providers, either in general or sectoral issues. These disputes mainly concern warranties, complaints or unfair contractual terms. In addition, the Act on Payment Services and Payment Systems provides for the establishment of the Payment Disputes Conciliation Committee, which can proceed in payment disputes up to the amount of BGN 25,000 (approximately HUF 5.3 million).

The main topic of the presentation was *mediation* as an alternative dispute resolution method. In the historical overview, she noted that the first forms of mediation existed already in the Ottoman Empire, but the first statutory regulation was adopted in Bulgaria only in 2004. The directives and regulations of the European Parliament and the Council, the recommendations of the European Council and the legislation transposing them into national law have brought significant change. The presentation described the types of mediation used in Bulgaria, according to the method used by the mediator and the subject of the mediation, which may include – among others – civil commercial, labour, family, inheritance, administrative or consumer disputes. In her presentation, she described in detail the organisations that use these proceedings and the process and legal effects of the mediation procedure. In hers presentation, she outlined the regulatory proposals on mandatory mediation, under which in certain groups of cases pending before the courts, the parties would be obliged – either compulsorily or at the discretion of the court – to attempt to settle the dispute through mediation. She concluded her presentation by sharing with the audience her personal experience of court mediation and out-of-court dispute resolution.

Dr habil Judit Glavanits, Senior Lecturer, Deák Ferenc Faculty of Political Science and Law, Széchenyi István University delivered a lecture entitled ***"Alternative Dispute Resolution – Training and Research across Hungary***", which presented the responses to the increased attention to alternative dispute resolution activities in the field of training and research in Hungarian higher education in an informal way, creating a fresh and cheerful atmosphere at the conference. In her presentation, she touched upon and sought answers to the following questions: Why is training important in the area of alternative dispute resolution in Hungary? In which cases may any of the alternative dispute resolution forms provide a solution? Which fields are covered by alternative dispute resolution? Why do people choose alternative dispute resolution? What are the main differences between conciliation and mediation? What are the training standards and requirements for arbitrators and mediators in Hungary? How can scientific research help to improve alternative dispute resolution?

In her introduction, the speaker provided statistical data to support her statement that in Hungary an increasing proportion of the 25-64 age group is enrolled in some form of university education or further education. There are several underlying factors that determine the motivation of participants in these courses: Setting out from Erik H. Erikson's theory of intellectual curiosity lasting until adulthood and the desire for professional perfection, but she did not forget "external" compulsion either. She mentioned mandatory in-service training and "mandatory training on a voluntary basis" as examples of the latter. As a basis for training related to mediation she mentioned that people will only be able to acquire certain skills as they get older. These include, for example, certain psychological or social skills (showing empathy, cooperation, producing a positive effect in others) that are the basis of successful mediation and can be successfully developed through training. Despite the fact that for the time being there is no consensus in the definition of alternative dispute resolution, she highlighted the growing importance of activities in this field. She explained in detail why more and more people opt for alternative dispute resolution instead of going to court. Among the reasons she mentioned that litigation is expensive, complex and lengthy. In legal proceedings, conflicts can be assessed purely from a legal perspective, which means that the psychological or emotional aspects of the conflict are ignored. This can lead to a hostile atmosphere between the parties,

which further deteriorates the relations burdened by conflicts from the outset. A court judgement potentially deepens the relationship between defendant and plaintiff rather than resolving the dispute between the parties. Litigation is a kind of zero-sum game: if the court "agrees with" one party, the other is necessarily wrong, while reality is often more complex or has several aspects. Dr Judit Glavanits identified conciliators and mediators as the best known active players in the field of alternative dispute resolution in Hungary. Conciliators include the members of the arbitration boards operating alongside the county and metropolitan chambers of commerce and the members of the Financial Conciliation Board. Among the mediators, she mentioned mediators in criminal cases and other court cases as well as mediators in healthcare and child protection. She also described in detail the education requirements and training expectations for persons engaged in such activities by presenting the relevant legislative background.

The increased demand for mediation and the prescribed qualification requirements have also led to an increase in the number of training institutions. This type of education is available all over Hungary, and thus those who wish to enrol in training do not have to travel long distances to take part in this type of education. The speaker then spoke about how research can help the improvement of alternative dispute resolution: the public must be made more aware of the mediation and arbitration board procedures, it is important to have a better understanding of practical problems (supervision and the importance of discussing the cases), transposition of international best practices and compliance with requirements concerning the approximation of laws. She mentioned the best known Hungarian research workshops in the field of ADR. Finally, she identified data collection as an important factor for the future. She is convinced that the purpose of the data related to the number, success and failure of arbitration and mediation cases is to help shape the future, and the more data that is available, the more we can learn from it.

The next presentation was entitled "***Financial Arbitration Board and Alternative Dispute Resolution in the Czech Republic***" delivered by **Lukáš Vacek**, Deputy Chair of the Financial Arbitration Board of the Czech Republic and a member of the FIN-NET network steering committee since March 2013. In his presentation he gave an overview of the Czech alternative dispute resolution system, and particularly of the functioning of the Financial Arbitration Board. He explained that the alternative dispute resolution system in the Czech Republic has been developed over the past 20 years. Alternative dispute resolution may be carried out by the authorities established by law, such as the Financial Arbitration Board of the Czech Republic, the Energy Regulatory Office, the Czech Telecommunications Office, the Czech Trade Control Authority, and, with the permission of the Ministry of Industry and Trade, the Czech Bar Association, the Czech Consumer Association, the Ombudsman Office of the Czech Insurance Association; however, the rules of procedure applicable to these organisation vary.

He said that the Financial Arbitration Board was established on 1 January 2003, which initially dealt not only with consumer disputes. At present its competence covers only the out-of-court settlement of consumer disputes. Cases referred to the Financial Arbitration Board do not cover the entire financial market; e.g. disputes relating to property insurance fall outside its competence. The Board is not a supervisory body. The Board's office is financed by the state budget and currently has around 55 employees, 40 of whom are lawyers. He described the disputes that fall within the competence of the Financial Arbitration Board. Consumers can choose whether they take their case to the arbitration board or to court. The consumer must sign the submission initiating the proceedings, following which the declarations may be made electronically, over the phone or by e-mail. The petition is not binding on the arbitration board, i.e. a decision differing from the petition may also be adopted. It is not mandatory to hold a hearing. The cases are usually decided on the basis of the documents. The deadline for the proceedings is 90 days, which commences from the date when all the necessary evidence is available. The evidence is collected by the arbitration board. The financial service provider is obliged to participate in the proceedings, failing which it may be fined. The decision is independent, the Board is not a supervisory, consumer protection body.

The arbitration board may issue a binding decision, to which both parties can object initially. The objection will be judged by the same arbitrator in the first instance, but the parties may also appeal to the courts for remedy. A specific feature of the proceedings is that it is free of charge for consumers. However, if the petition is granted at least in part, the financial

service provider is obliged to pay a penalty amounting to 10 percent of the amount awarded to the petitioner, minimum CZK 15,000 (about EUR 600), to the state budget, even if the subject of the dispute is of non-financial nature. All final judgements on the merits are published in Czech in the Collection of Resolutions on the website, with anonymised consumer data, while the name of the financial service provider and the product is disclosed, which may be an incentive for the financial institution to comply. Legal representation is not mandatory for either of the parties. In connection with this, he noted that the involvement of lawyers in the proceedings usually complicates the case. In the case of judicial remedy, the proceedings continue between the consumer and the financial service provider, with the consumers' situation changing to the extent that they must participate actively in the court proceedings. At present when the court judgement in the remedy proceedings differs from the arbitration board's resolution, the judgement is not published, albeit there is an intention to make them public in the future. He said that the Board also deals with cross-border disputes. As regards the statistics, he said that in 2021, an agreement was reached in the vast majority, i.e. 77 percent, of the cases and the Board adopted around 100 binding decisions. He concluded by saying that the Board also provides advisory services. It receives more than 5,000 enquiries a year in various forms (online, over the phone, by e-mail, in some cases Facebook), to which they respond within a few days.

For the presentations of the first day of the conference see the Magyar Nemzeti Bank's YouTube channel: https://www.youtube.com/watch?v=NST1F4OoShU

The second day of the conference was opened by **Katalin Kézdi**, Managing Director of Wolters Kluwer Hungary Kft:

"Dear Conference participants, dear Colleagues,

When we were approached by the organisers asking us to support the event as a professional partner, we were delighted to do so. The Magyar Nemzeti Bank and the Financial Arbitration Board, which operates within its organisational framework, organised the fifth Alternative Dispute Resolution Conference, and as every year, we consider it of the utmost importance to support this event (…) The monthly updated database of the Repository of Resolutions, stored in Jogtár® (a repository of the effective acts), maintained by Wolters Kluwer Hungary, contains more than 330,000 anonymised court judgements, some of which are published by the courts, and some of which are redacted, dating back to 1975. In addition to the judgements of Hungarian courts, the database also includes decisions of the European Courts, the MNB, the Hungarian Competition Authority and the Financial Arbitration Board. After opening the individual documents, a graph is drawn to survey the relationship network of the court decisions.

The graph belonging to the resolutions shows two types of relationship between the individual materials in the Repository of Resolutions, i.e. the case history relationship and the relationship between the redacted resolutions and the underlying individual resolutions on the merits. I often wonder what percentage of those just over 330,000 decisions really had to end up in the courts. Could there have been a better place, a better way to settle the disputes? How much time and money did all this consume? And who is the winner here? Is there a real winner? How limited are judges, either in terms of time constraints or alternative solutions and options?

I am looking forward to the presentation on the latest developments in court mediation in today's programme. It is not by chance that we regularly publish specialist articles and present studies on general dispute resolution on Jogászvilág.hu. And it is not accidental either that we have recently published a book on mediation. It is also not by chance that we are currently preparing a Mediation module on Jogtár®. As the managing director of Wolters Kluwer, I encounter disputes almost every day, whether as an involved party, mediator or "arbitrator" with clients, business partners, colleagues, international colleagues or my adult children. I am proud that until now we managed to resolve the conflict every time. I am excited to learn about the experiences of alternative dispute resolution in other countries and the history of their development in today's programme.

Finally, let me share with you my proven personal best practice. There has not been a year since 1992 that I have not watched The Last of the Mohicans, an American adventure film several times. It is not just Daniel Day-Lewis' memorable performance or the soundtrack that makes the story appealing to me. There is a scene that I watch before every major decision I make, even weekly, if necessary. Each time I learn and understand something different from the story. And I can identify the actors in any controversial situation. Thus I can model the outcome and consequences of my decision. But what is happening here: Magua asks the Huron chieftain, Tamenund "Sachem", to do justice and execute his English prisoners in revenge for the death of Magua's family. Hawkeye, with the old peace treaty in his hand guaranteeing coming to no harm, voluntarily goes to the Huron camp and asks Sachem to release the prisoners. Tamenund decides to burn Cora alive at the stake to satisfy Magua's desire for revenge. Magua should take the other girl, Alice, as his new wife. The British officer is free to leave as a sign of peaceful intentions. Hawkeye offers his own life in exchange for Cora, but – here comes the twist: Duncan Heyward offers himself for the life of the girl he loves. Sachem agrees to the exchange. This is when events accelerate. Magua drags Alice along ®Major Heyward is taken to the stake, ®while Hawkeye and Cora are released. Hidden outside the village, Uncas goes in search of Magua. Hawkeye, having reached a safe distance, turns back and shoots Heyward to save him from torture, then goes after Uncas and Magua with Cora and Chingachgook. Unkasz catches up and attacks Magua's team, but Magua kills him in a duel. Alice, being desperate, throws herself into abyss. The late-arriving Hawkeye and Chingachgook destroy the Huron group, and Chingachgook also kills his son's killer Magua in a duel.

I think even the whole time of a conference time would not be enough to assess the case from all angles. Could there have been a better place, a better way to settle the disputes? Who is the winner here? Is there a real winner? How limited are the decision-makers, either in terms of time constraints or alternative solutions and options? For these reasons as well, it is a great honour for me to open the second day's programme. I wish you a successful conference!"

Dr Piruz Sargsyan (Financial System Mediator, Office of Financial System Mediator, Armenia) gave a presentation entitled "***The development of Alternative Dispute Resolution in Armenia, the experience of Financial System Mediator*** " The speaker, who holds a law degree and a Ph.D., has gained professional and management experience in various areas of the Central Bank of Armenia and has played a significant role in the implementation of the Armenian financial reform. In 2008, she was appointed to a Financial System Mediator. As a recognised international expert, she shared her experience of alternative dispute resolution in financial markets at numerous conferences.

In the introductory part of her presentation, she presented the history of the development of ADR in Armenia. She explained that the idea of developing alternative options for dispute resolution first emerged as early as in 1990 to reduce the burden on the courts. The system was developed based on proven international models and ombudsman systems, also paying special attention to the special features of Armenia. The act on ADR procedures was adopted in 2006 and it has been amended several times since then. Previously, arbitrators only dealt with consumer disputes, while from 2020 they also proceed in disputes involving sole traders and micro-enterprises. In Armenia, the Central Bank of Armenia (CBA) is the regulator of the entire financial system. The protection of the rights of financial consumers is and has always been of the utmost importance to the CBA. The Financial System Mediator institution, an organisation independent of the government, has been operating since 2009. The financial basis of its operation is provided by compulsory contribution of financial institutions. The dispute resolution procedure is free of charge for the petitioners. The main objectives of the Institute include the development of recognition and trust, raising financial awareness, efficient cooperation with financial market actors and the adoption and sharing of international experience.

The number of complaints and petitions received by the Institution has shown a steady dynamic increase over the period of 2009-2022. In 2009, the Institution received 378 complaints and 57 petitions, while in 2021 the number of complaints and petitions rose to 15,399 and 5,994 respectively, which may obviously be regarded as a success. The Institution has 38 working days to examine a submission; this deadline may be extended by 14 working days. According to a survey, 73 percent of customers highly appreciate the service provided by the Institution.

The speaker attributes the success to the fact that, in addition to having adopted international models, great emphasis has been placed on giving due consideration to the special features of Armenia. Dr Sargsyan described Armenians as being talkative, keen on frequent and personal communication, although younger generations are also open to using digital techniques. Successful operation is attributable to the support of the CBA, the dedicated and enthusiastic teamwork, the use of mediation techniques, and the implementation of educational programmes to increase consumer knowledge. In the future, the Institution will expand its operations and strengthen the use of online techniques, thereby ensuring easier access to services for customers – she concluded her presentation.

Dr Turcsánné Katalin Molnár President of the Székesfehérvár Court of Justice talked about the Hungarian model and new trends of court mediation after 2019 in her presentation entitled Novelties and recent developments in court mediation 2019-2022. She stressed that mediation is available in all courts and in the larger district courts. Accredited training for judges and court secretaries performing mediation is organised within the courts, but they also attended external courses. Around 500 judges and the court secretaries participated in mediation training. In the courts their work is assisted by coordinators. From 2020, the pandemic also had an effect on the work of mediators. Similarly to lawsuits, the number of cases referred for mediation also declined. It was noticeable that the parties involved in the mediation proceedings became increasingly more reserved. During this period, the legal environment also changed, as a result of which the responsibility of the coordinator shifted to the president of the court. Court presidents developed internal regulations to support mediation work. The speaker presented statistical data on the developments in the non-litigious court procedure, the related personnel and material conditions. She said that there are currently 148 appointed court mediators, 60 of them are judges and 88 are court secretaries. In the period of 2019-2022, 59 new appointments (36 judges and 23 court secretaries) were made and 27 appointments were terminated (21 judges and 6 clerks).

Academic work related to the legal institution was presented and the audience was given an overview of the training courses held over the last four years. From 2022, training courses and the presentation and promotion of alternative dispute resolution and the work of court mediators in various forums (e.g. universities) once again took place with personal attendance. The presentation also gave the audience an opportunity to learn about the experiences gained to date and the plans for the future. Two court mediators talked about their experiences on a video recording, mentioning that during court mediation, parties share information with the mediator that they cannot say in a lawsuit. Participation in mediation also helps the parties to reach an agreement in a court action, and the mediator can acquire useful skills during the mediation work. Judges explain the option of court mediation to the parties in the course of civil proceedings, in view of the fact that participation in mediation – even if no agreement is reached – has a positive effect on the parties' behaviour in court and makes them more cooperative. After outlining the achievements and the difficulties encountered, it can be concluded that court mediation plays an important role in dispute resolution – she concluded.

Prof. Dr Cemile Demir Gökyayla made a presentation entitled ***"Experiences of mediation and arbitration in Turkey"***. Prof. Dr Cemile Demir Gökyayla – Head of the Department of Private International Law at Bilgi University in Istanbul, arbitrator in international arbitration, consultant, member of the ICC Turkish National Community, member of the ICC Arbitration and Alternative Dispute Resolution Committee, member of the National Judicial and Advisory Committee of the Istanbul Arbitration Centre – first spoke about the fact that in the last decade Turkey has placed special emphasis on the use of alternative dispute resolution methods, especially mediation and arbitration. According to data from the Ministry of Justice, the workload of courts in Turkey showed an increasing trend between 2012 and 2021. According to figures published on 11 September 2022, there were almost 2.5 million pending court cases; moreover, the number of pending cases exceeded the number of closed cases in the past four years. In the past 10 years the number of litigious cases rose by 55 percent.

These figures well illustrate the current caseload of courts in Turkey. The Ministry of Justice therefore supports alternative dispute resolution methods, which aim to help parties resolve disputes amicably and reduce the workload of the courts.

She then described in detail the main rules and features of mediation in Turkey. She touched upon the external factors influencing Turkish legislation, mentioning that the Bulgarian, Slovakian and Hungarian regulation also had an impact on Turkish laws. Accordingly, the Turkish mediation system follows European practice. While presenting the legal environment, she mentioned that the Act on Mediation had been adopted in 2013, followed by the Directive applicable to the Act on Mediation and the Turkish Mediation Code of Ethics in 2018. Subsequently, the use of mediation was prescribed on a mandatory basis in labour law, consumer protection and finally in commercial disputes. When reviewing the detailed rules of mediation, she mentioned, among other things, that both before and during the litigation, the parties have the option to use mediation and, similarly to the Hungarian system, judges inform and encourage the parties to use this form of dispute resolution. Upon resorting to mediation, the lawsuit is suspended for three months, which can be extended for a further three months. The procedure is subject to a fee, but it may also be waived at the judge's discretion. The mediator is independent, impartial and chosen jointly by the parties. The procedure is freely shaped by the parties within the legal framework, and in addition to the parties involved, representatives and experts may also participate in the hearing. If it becomes clear that no agreement can be reached, the mediator may initiate the termination of the procedure, and the parties have the option to end the mediation at any time. The mediator is not obliged to propose a solution, but if he does, the parties are not obliged to accept it. She also described in detail the rules on mandatory mediation. In labour, consumer and commercial disputes, the parties must try to settle the dispute prior to going to court, failing which the case will be dismissed by the judge. The mediator is either appointed jointly by the parties or the plaintiff contacts a mediator included in the list of registered mediators. If the other party does not accept the selected mediator, the Mediation Department of the Ministry of Justice will make the appointment. Mediation must be completed within 4 weeks in the case of labour disputes and within 8 weeks in the case of commercial disputes, but as either party can end the mediation at any time, wasting time or lengthy litigation is uncommon. The requirements for mediators include at least 5 years' experience, 84 hours of specialised training, registration and a successful examination. By contrast, the use of a mediator is not mandatory in arbitration, unless the parties stipulate it.

The presentation also summarised the sanctions and incentives related to mediation. For example, if a party fails to participate in the mandatory mediation without a plausible justification, it will not be entitled to the reimbursement of the legal costs and attorney's fees even if it otherwise wins in the litigation. And if neither party cooperates, they may have no claims for costs against each other in the litigation. Incentives may include, for example, that the fees for the first two hours are reimbursed by the Ministry of Justice, the costs of the mediation procedure – unless agreed otherwise – are paid by the party losing the case, and thus the plaintiff does not have to pay a fee at the beginning of the procedure, lawyers charge a lower VAT rate (8 percent instead of 18 percent) and the term of limitation is suspended for the duration of the procedure. The speaker emphasised that the most important feature of the mediation procedure is that the agreement is enforceable, for example by seizing the debtor's assets.

The second larger part of the presentation described the characteristics of arbitration, the governing legal environment and the institutional system. She pointed out that since the establishment of ISTAC (Istanbul Arbitration Centre) in 2015, arbitration has become increasingly known in Turkey, and it is one of the main pillars of the Turkish alternative dispute resolution strategy. And given Turkey's geographical location, this organisation may become the centre for the settlement of international trade disputes. The organisation is impartial and independent, and proceeds both in international and domestic cases, with the international and domestic cases accounting for 30 percent and 70 percent of all disputes, respectively. 3 of the 5 judges acting in international cases are arbitrators with international experience. Cases where the amount in dispute is small are handled by one arbitrator. In her presentation, she also presented a breakdown of the type of cases received by ISTAC.

In the final part of her presentation, she talked about the "ISTAC Med-Arb" project. This is a framework for cooperation with mediation centres, and agreements have been already signed with more than 130 mediation centres. The objective of the programme is to increase the number of cases settled through mediation or arbitration in the future. The main point is that in their commercial disputes, the parties first try to reach an agreement through the mandatory mediation

procedure, but if this fails, they initiate arbitration and refer the case to ISTAC. The mediator who acted in the case may, subject to the parties' express written consent, also act later as an arbitrator in the case. The advantage of the project is that disputes can be resolved within 3-8 months, depending on the subject matter and complexity of the case. The Med-Arb project is part of Turkey's alternative dispute resolution policy.

Dr Kinga Gáspár (Judge, Kaposvár District Court) delivered a presentation entitled "***Survival of ancient North American Indian cultures – dispute resolution at the Navajo Indians***". The judge, who also holds a second degree in European law, completed the accredited training course for court mediators organised by the Hungarian Academy of Justice in 2019. In 1992, she went to the North Dakota Indian Reservation in the United States as part of a grammar school exchange programme. The 11 months she spent there had a profound impact on her life later on. Later she returned as a judge to study tribal jurisdiction of the court of the Turtle Mountain Indian Reservation. After completing the mediator course, her career and professional interest in the Indians' land turned towards learning about the circle models and the conciliation court.

In the first part of her presentation, she gave an overview of the history, social situation, special practices, jurisdiction and reconciliation systems of the Native American population in the United States. Although exact figures are not available, it is certain that the pre-Columbian Indian population of many millions declined dramatically over the centuries due to the violence and "civilising" efforts of the non-native population. This trend halted only in the 20th century, mostly due to the development of the law. Under the Citizenship Act of 1924, all Indians were granted citizenship. Since 1978, it is a statutory right of Indians to choose the form of education. Currently, 6,790,000 people, i.e. 2 percent of the US population, profess themselves to be Native American, 390,000 of which are Navajo. The number of registered tribes is 574. Indians mostly live in the 326 reservations, i.e. quasi "small states", which also are a special legal autonomy. Indians are one of the poorest layers of the society, with below-average levels of education and many suffering from mental and social problems. The speaker presented a spectacular short film of documentary value, showing the powwow ceremony (a dancing event aimed at the transmittal of identity) and the "sweat lodge" (a place of prayer and absorption). We learnt that the pursuit of harmony, respect for the elderly and the transmission of ancient wisdom are central to Indian culture.

In the second part of the presentation, she described the Navajo conciliation process. The institutional framework for this is ensured by law since 1982. The conciliation programme operates alongside 12 courts of first instance. The procedure can be initiated in writing, on a form, for a fee of USD 80, with the aim of restoring harmony and facilitating the conclusion of an agreement or "compromise". The conciliator must be able to speak and write in the Navajo language. The involvement of a lawyer is not permitted. The process of conciliation follows the ancient tradition. The rapporteur introduces the parties and summarises the case. This is followed by prayer while burning sage or tobacco. All people sitting in the circle can state their case, but only one person can speak at a time – or exercise the right to silence – and that is the person holding the "speaking object" (e.g. a stick, a pen). The conciliator ascertains that everyone understands the problem. Speaking is not compulsory, as long silence helps absorption. The agreement resulting from the consensus is put in writing and the conciliator follows up the developments. The agreement can be amended subsequently as well. The aim of the procedure, known as the circle model, is not punishment but restorative justice, i.e. an approach to justice that seeks to repair harm by providing an opportunity for those harmed. Attempts have been made to use circular models in Europe, including Hungary as well. Further examination is needed to determine to what extent and in what way the procedure can be integrated in the European culture of debate.

Finally, the speaker briefly presented two cases where the procedure was successful. In one case, a solution was found for the case of an alcoholic son abusing his mother using an approach of affection. In the other family law case, the issues of paternity and child maintenance were clarified and settled.

Ms. Lucija Lučka Skok, mediator, came from Slovenia representing the Mediation Centre of Slovenian Insurance Association. She gave a presentation entitled "***Alternative Dispute Resolution in Slovenia and the Slovenian Insurance Association***" on alternative dispute resolution in Slovenia, and more specifically on alternative dispute resolution in the insurance sector. On the one hand, the speaker gave an overview of the different dispute resolution methods and solutions used in Slovenia, including their legal background, a historical overview and a description of the known actors in the field of ADR today, and on the other hand, she introduced the Slovenian Insurance Association, which is the forum for alternative dispute resolution in the insurance sector in Slovenia.

While explaining the history of the Slovenian ADR solutions, she said that 1928 was the first date when the Slovenian Chamber of Commerce established the first arbitration court based on the UNCITRAL rules. Later on, 20 years ago, mediation was launched in the Slovenia in various forms of solutions and organisations. This is how mediation in court commenced, which primarily sought to reduce the length of court proceedings by negotiation agreements between the parties. This was initiated by the court system, with judges participating in mediation on a pro bono basis in the early days. The legal background started to develop later. In 2009, an act on mediation in courts was adopted. A year earlier, in 2008, an act on mediation in trade and civil matters was adopted, which was the first act of this kind. This was followed by the one in 2009 and then by several others: In 2015, an act regulating the rules of mediation between parties outside the courts, the same year the act on insurers and insurance activities, in 2018 the family law act and 2021 the act on banks. As regards the current ADR solutions, she said that there are four types of alternative dispute resolution solutions in Slovenia. One of them is mediation, which is carried out both inside and outside the courts, while other mediation services are provided by the Association of Slovenian Banks, the Slovenian Insurance Association, the Slovenian Chamber of Commerce, the Mediation Centre of the Bar Association, and the centres for social workers and private mediators. The second form of ADR is arbitration, which is pursued by two organisations, the Arbitration Court of the Slovenian Chamber of Commerce, based on UNCITRAL and operating since 1928, and the Arbitration Court of the Triglav Insurance Company. The third ADR solution in Slovenia is conciliation, which is also commonly referred to as "MED-ARB" or "ARB-MED", because of the combination of the characteristics of mediation and arbitration. Conciliation is carried out by the Slovenian Chamber of Commerce and private organisations. The fourth form of ADR is a special Slovenian solution, referred to as "early neutral dispute rating", and is carried out by private organisations in the early stages of disputes, which resembles mediation the most, but it is somewhat different.

Moving on to the Slovenian Insurance Association, she said that this organisation has two roles: on the one hand, it mediates and on the other hand, it also acts as an insurance ombudsman. Its activities are governed by a number of legislative acts, including the Insurance Act, the Act on Out-of-Court Mediation, the Act on the Organisation and Establishment of the ADR Centre of the Slovenian Insurance Association, the Act on the Procedural Regulation of Domestic and Cross-Border Mediation and the Code of Conduct for Mediators. The two roles imply different activities and different procedures. Mediation may involve a dispute between domestic customers, cross-border service disputes, or claims between different insurers. In cross-border disputes between insurers and their customers, the Association proceeds in accordance with the rules of FIN-NET, as it is a member of this European forum. In domestic cases, disputes between insurers and their customers concern insurance contracts concluded or the payment of insurance claims or indemnity.

The procedure is not free, albeit only a low fee in the amount of EUR 20 is charged per proceedings. The procedure is initiated at the customer's petition and it is continued with the appointment of a mediator and a choice between the Slovenian or English language. It can be conducted in writing, i.e. online or in person, but in all cases the statutory rules applicable to mediation must be followed. Participation in the procedure is compulsory for insurers, they have to cooperate, attend the hearing, respond to the petition, etc. The outcome of the proceedings, if it is a settlement, must always be recorded in writing. When the Association acts as an Insurance ombudsman, it never deals with matters relating to transactions that fall within the competence of the courts. In such cases it deals with disputes between the insurer and its customer falling within the Insurance Act and represent non-compliance with the provisions of the Insurance Act on the part of the insurer or do not meet the basic requirements of good business reputation or the insurance profession.

If the ombudsman finds that there has been an infringement or non-compliance with, no appeal lies against its decision. In 2021, 45 such cases were referred to the insurance ombudsman.

She said that in 2021, 176 new cases were initiated by customers against insurance companies, in which the Association's mediators mediated; 17 cases were withdrawn by the petitioners. The Association rejected two petitions, the agreement was cancelled in four cases, 41 agreements were reached, and 135 cases ended with no result, i.e. no settlement was reached. In terms of the nature of the cases, 34 cases related to motor third-party liability insurance, 26 to other liability insurance, 20 to accident insurance, 34 to property insurance, 40 to motor insurance, 13 to health and 5 to life insurance. Finally, she said that the work of mediators, including her own work, is to try to reach a settlement and, if that fails, to try to help the parties avoid that their case is taken to court. They need to be unbiased and impartial in the cases, and also understand if the parties are unable to reach an agreement. It is useful for them to find out and know the reason for failing to reach a compromise. The coronavirus pandemic slightly changed their previous practice, as many cases are now processed online. However, irrespective of the manner of mediation, they must always be neutral and empathetic, even in a regulated market environment such as the world of insurances.

The closing presentation of the conference was delivered by **Dr Sziliné Tamara Turcsán**, presenting a research and the results thereof entitled "***Traditional and alternative options for international freight and cargo dispute resolution***". Tamara is a PhD student at the Deák Ferenc Faculty of Law and Political Sciences of the Széchenyi István University since 2020. Her research topic is the place of alternative dispute resolution in the legislative system. She graduated as an alternative dispute resolution and mediation lawyer in 2019 from the Deák Ferenc Faculty of Law and Political Sciences of Széchenyi István University.

She presented the results of a research project, where she examined how the disputes of economic actors emerge and develop in court practice. Within the framework of this, she analysed the outcome of the litigations, the enforcement of international rules and the extent to which economic operators in international freight and transport litigation are willing to settle disputes amicably. As regards the international carriage of goods and freight forwarding, she highlighted the CMR, i.e. the Convention Relative au Contrat du Transport International de Marchandise par Route, concluded in Geneva in 1956, also joined by Hungary, which promulgated by Law-Decree No 3 of 1971. The specific transportation sectors are regulated by additional international conventions. The CMR also regulates the shipping conditions and the liability of the parties involved. The Convention covers all contracts for the transportation of goods by road vehicle against a fee, if the place of loading and unloading – as specified in the shipping contract – are situated in the territory of two different states, at least one of which is a party to the convention. This provision applies regardless of the parties' registered office or nationality.

International shipping and transportation lawsuits fall within the competence of the courts, regardless of the amount in dispute. Her research covered the practice of the Court of Justice of Székesfehérvár from 1 January 2001 to 31 December 2021. During this period, 104 cases were brought before the Székesfehérvár Court, 102 of which were concluded; 47 of those were concluded on the merits (40 judgments, 5 settlements and 2 court orders), while the number of other cases ended without a judgement on the merits was 55. When the dispute is taken to court, at the request of the parties the court commits the settlement to writing in the minutes and approves it. The settlement reached in the action has the same effect as a judgment and is enforceable by the state. A long-term, lucrative business relationship may also motivate economic operators to settle a dispute amicably. The personal relationships of the parties' senior executives largely influence the business relationships. 23 of the 55 cases that ended without a judgement on the merits were terminated, which may have been the result of alternative dispute resolution. 10 of the 23 cases were settled out of court. The parties can be assisted in reaching a settlement by legal representatives, court mediators or mediators. Companies pursue a conscious business policy, as they apply the alternative dispute resolution clauses as early as at the time of concluding the contract and they only resort to court ruling in the cases where they fail to agree amicably. Only a small proportion of company disputes end up in court. A proposal was put forward with regard to the extension of alternative dispute

resolution, as it would help to settle most disputes at an early stage – she concluded her presentation by summarising the results.

The lectures of the second day of the conference are available on the Magyar Nemzeti Bank's YouTube channel: https://www.youtube.com/watch?v=5tTTUEWS9EE

6. SUPPORTING TRANS-BORDER LAW STUDENTS, SZÁSZ PÁL SUMMER UNIVERSITY

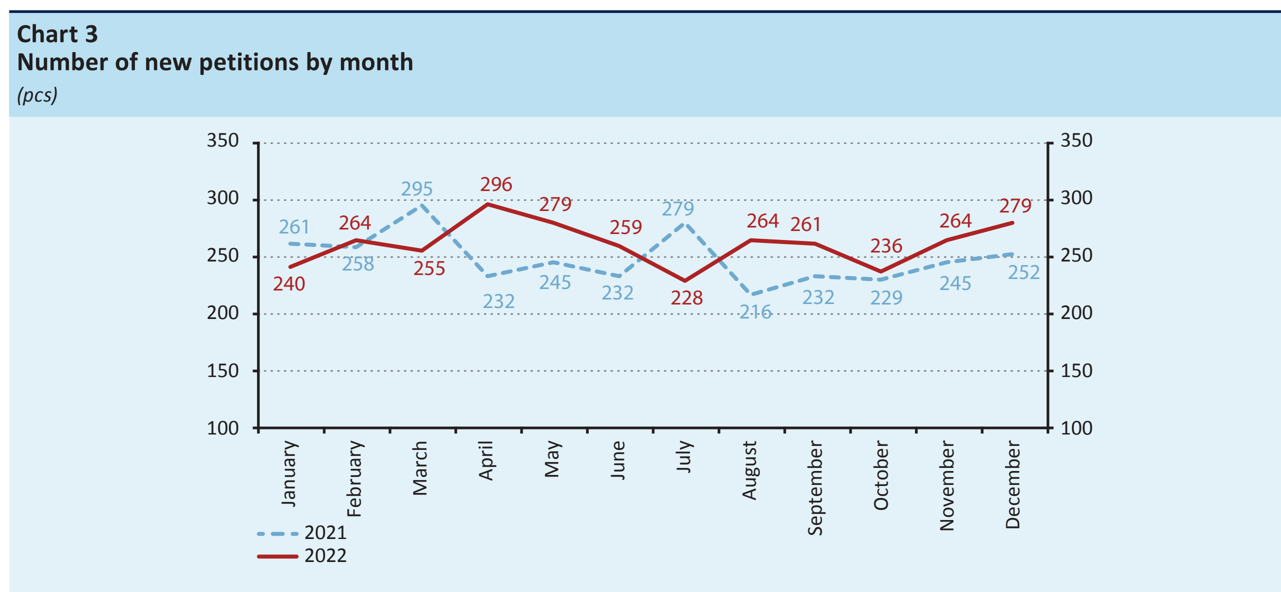
Bethlen Gábor Alapkezelő Zrt. announced the Dr Szász Pál scholarship programme for the first time in 2012, the purpose of which was to enhance and support the education of trans-border Hungarian lawyers. Szász Pál Summer University is also organised as part of the programme. In 2022, 30 foreign law students were awarded scholarships, 22 from Transylvania, 6 from Vojvodina and one each from Slovakia and Austria. The participants of the Summer University participated in internships for several weeks at different law firms in Hungary, and during their internships they had three days when they listened to lectures on Hungary, Hungarian law, highlights and novelties of the legal world, in order to have a better picture of conditions in Hungary and daily news. On 18 July 2022, they visited the Supervisory Centre of the Magyar Nemzeti Bank, where they were given a guided tour of the recently inaugurated building, its history, function and the activities performed there, and were given presentations on inflation, central bank digital currency and the role of the gold reserve. They also watched the entitled film The Legend of the Gold Train and visited the Hungarian Money Museum and Visitor Centre of the Magyar Nemzeti Bank.

II. Proceedings, outcomes

1. CONCILIATION CASES IN FIGURES

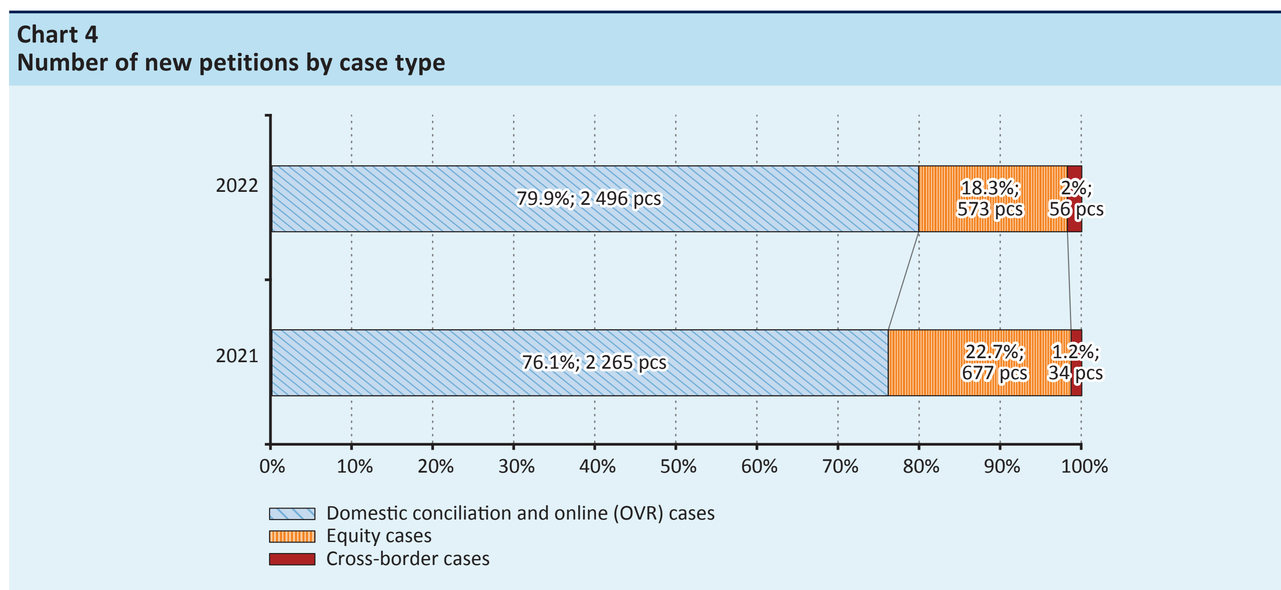
As of 1 January 2022, there were 570 cases in progress through the generic, i.e. domestic conciliation, equity, cross-border and online dispute resolution platform. 3125 new petitions were received during the year, thus the total number of cases handled was 3695.

Chart 3
Number of new petitions by month
(pcs)



Breakdown of new cases by case type was as follows:
- 2493 domestic conciliation cases
- 3 cases received via the Online Dispute Resolution (ODR) platform
- 573 equity cases
- 56 cross-border cases

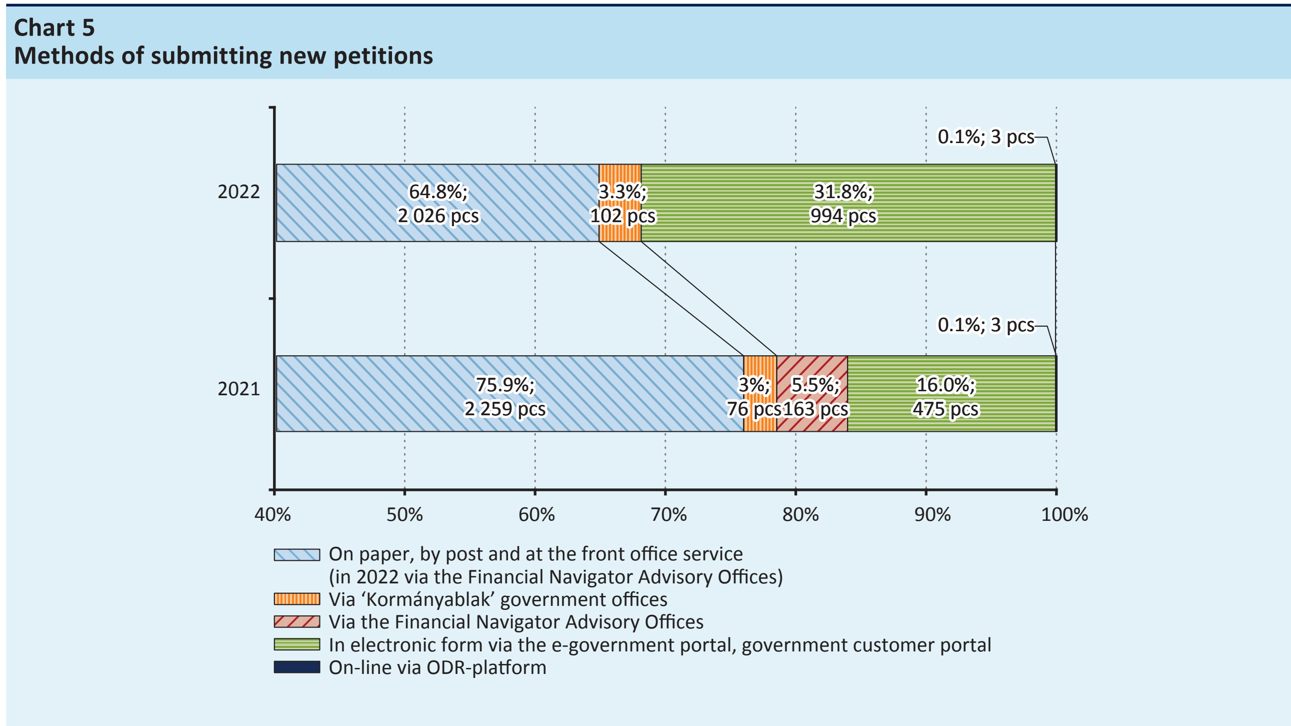
Chart 4
Number of new petitions by case type



2. METHOD OF SUBMITTING THE PETITIONS

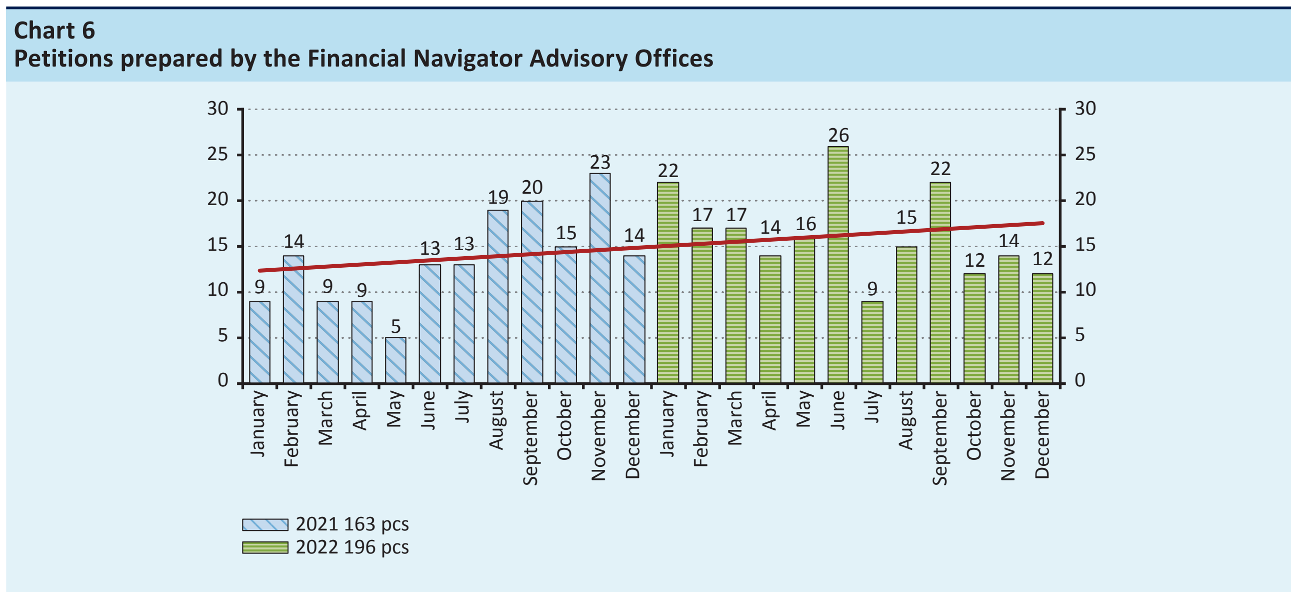
Owing to the introduction of the "*FAB Online Dispute Resolution Platform*" application in January 2022, the number and proportion of petitions received electronically doubled, while the number of paper-based petitions sent to the Board by post or submitted through Central Customer Service Desk of the Magyar Nemzeti Bank decreased. The number of petitions submitted through the government offices has increased.

Chart 5
Methods of submitting new petitions



The number of petitions compiled with the help of the Financial Navigator Advisory Offices increased; 196 petitions were received through them.

Chart 6
Petitions prepared by the Financial Navigator Advisory Offices

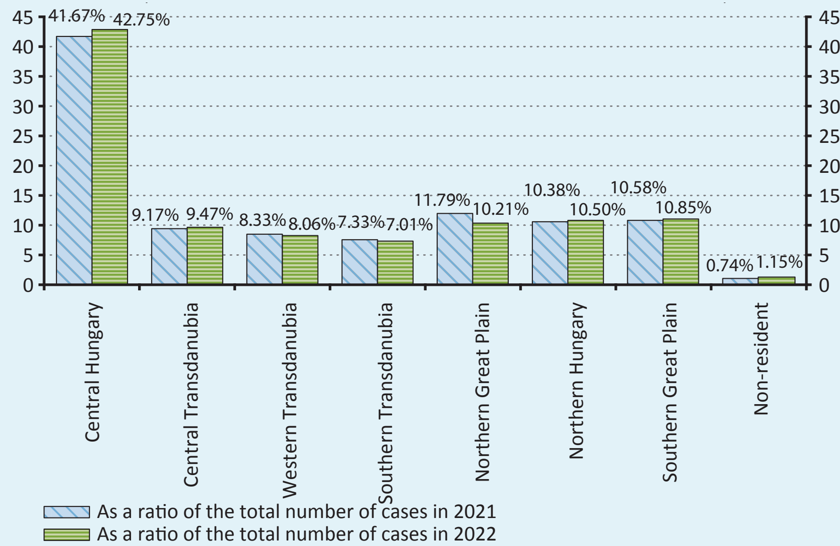


The "*FAB Online Dispute Resolution Platform*" can be used not only for the submission of new petitions, but also for filing documents and declarations related to pending cases. Accordingly, this option was selected by further 213 petitioners, and thus communication was conducted electronically already with 39 percent of the petitioners.

3. BREAKDOWN OF PETITIONERS BY PLACE OF RESIDENCE

The residents of Budapest and Pest county represented the highest proportion of petitioners who turned to the Board for the resolution of their financial consumer dispute. Their proportion among all petitioners rose to 42.75 percent from 41.6 percent the previous year.

Chart 7
Distribution ratio of new petitions, broken down by region of the petitioners' residence



The ratio of the petitions by petitioners residing in Budapest and Pest County exceeded the total population ratios calculated by the HCSO every year since the Board had been established. The same could be observed among the population of Heves, Komarom-Esztergom and Pest counties, with no significant change in the other counties.

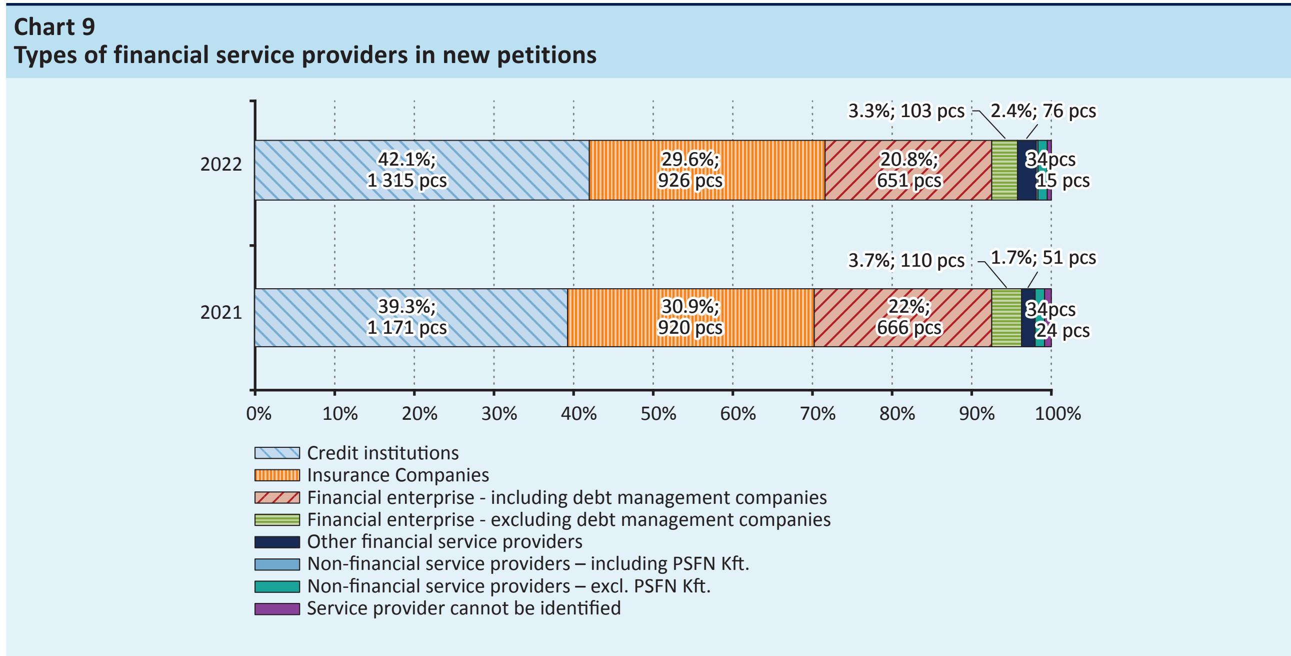
Chart 8
New petitions by petitioners' residence

New petitions by the residence of petitioners	2021		2022		As a ratio of the total population HCSO data
	Number of cases	As a ratio of the total number of cases	Number of cases (number)	As a ratio of the total number of cases	
Bács-Kiskun	97	3.10%	141	**4.51%**	**5.14%**
Baranya	96	3.07%	88	**2.82%**	**3.67%**
Békés	105	3.36%	75	**2.40%**	**3.36%**
Borsod-Abaúj-Zemplén	169	5.41%	164	**5.25%**	**6.50%**
Budapest	766	24.51%	817	**26.14%**	**17.72%**
Csongrád-Csanád	113	3.62%	123	**3.94%**	**4.07%**
Fejér	97	3.10%	116	**3.71%**	**4.30%**
Győr-Moson-Sopron	101	3.23%	120	**3.84%**	**4.92%**
Hajdú-Bihar	161	5.15%	125	**4.00%**	**5.41%**
Heves	83	2.66%	105	**3.36%**	**3.00%**
Jász-Nagykun-Szolnok	78	2.50%	75	**2.40%**	**3.74%**
Komárom-Esztergom	97	3.10%	105	**3.36%**	**3.08%**
Nógrád	57	1.82%	59	**1.89%**	**1.93%**
Pest	474	15.17%	519	16.61%	13.46%
Somogy	72	2.30%	84	**2.69%**	**3.09%**
Szabolcs-Szatmár-Bereg	112	3.58%	119	**3.81%**	**5.60%**
Tolna	50	1.60%	47	**1.50%**	**2.19%**
Vas	74	2.37%	60	**1.92%**	**2.61%**
Veszprém	79	2.53%	75	**2.40%**	**3.51%**
Zala	73	2.34%	72	**2.30%**	**2.72%**
Non-resident	22	0.70%	36	**1.15%**	
Total cases	**2,976**	**95.23%**	**3,125**	**100.00%**	**100.00%**

4. SERVICE PROVIDERS INVOLVED IN CONSUMER DISPUTES

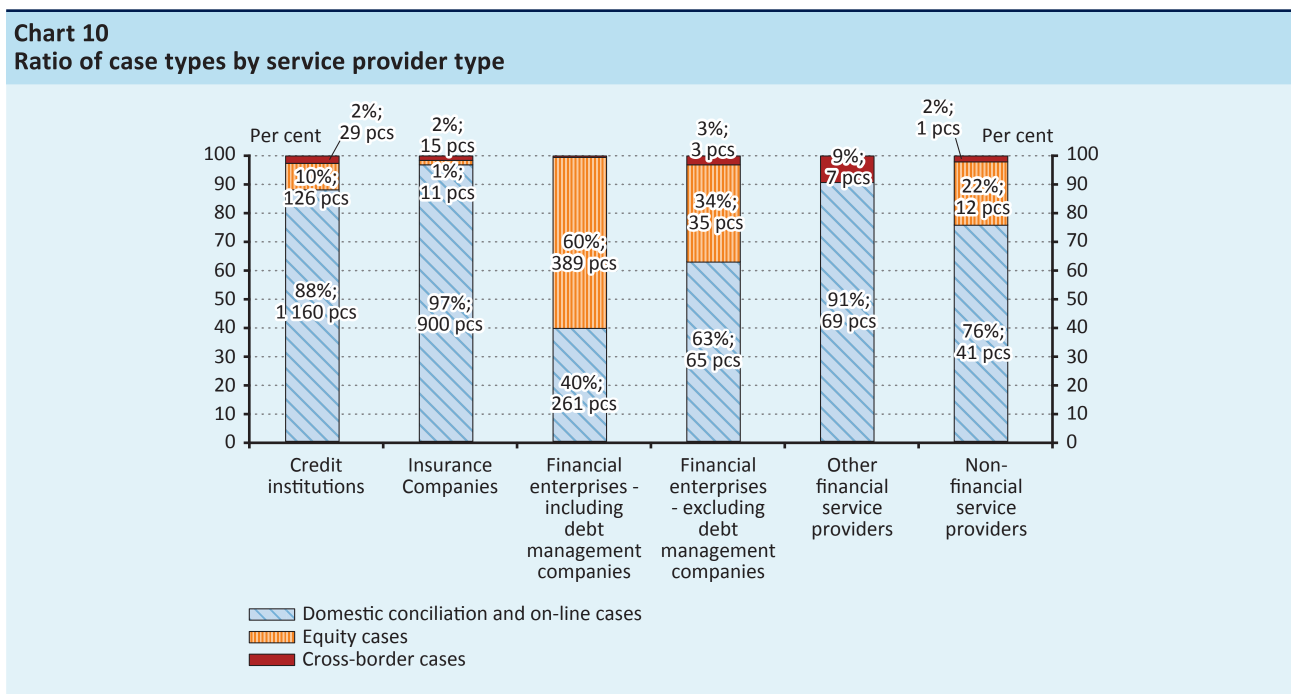
The Board was contacted by the customers of credit institutions and insurance companies the most often. Both the number and the ratio cases involving credit institutions and debt management companies increased, while the ratio of cases related to insurance companies declined despite the moderate increase in the number of cases.

Chart 9
Types of financial service providers in new petitions



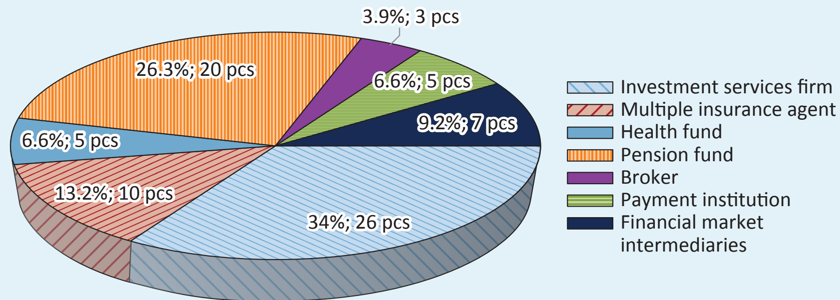
Each service provider was affected by certain case types as follows:

Chart 10
Ratio of case types by service provider type



The category of ‘other’ financial service providers included the cases of investment service providers, multiple insurance agents, health and pension funds, brokers, payment institutions and financial market intermediaries.

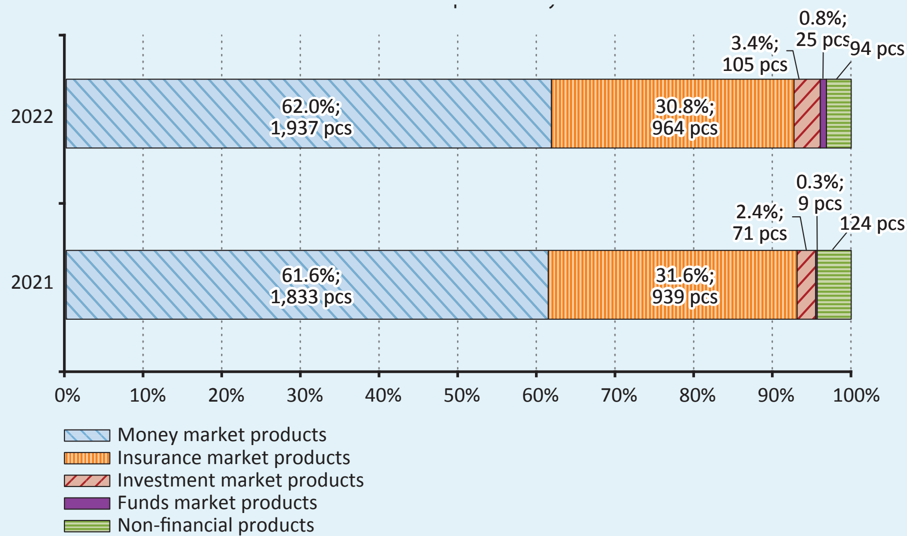
Chart 11
Other financial service providers in new petitions



5. PRODUCTS INVOLVED IN PETITIONS

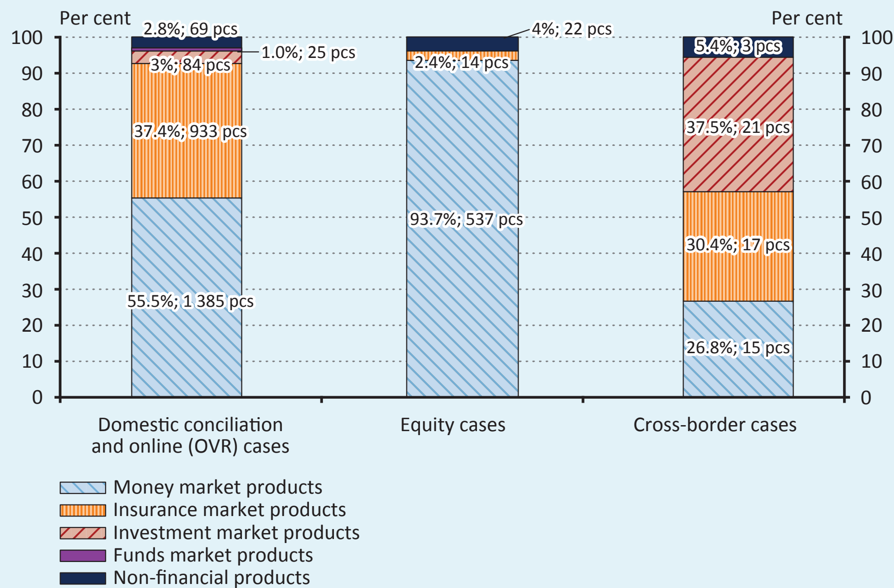
Most petitions concerned money market products (1937 cases) and insurance market products (964 cases). All product types show an increase in the number of petitions received.

Chart 12
Products involved in petitions by sectors



There was no shift in the breakdown of products involved in petitions by case type.

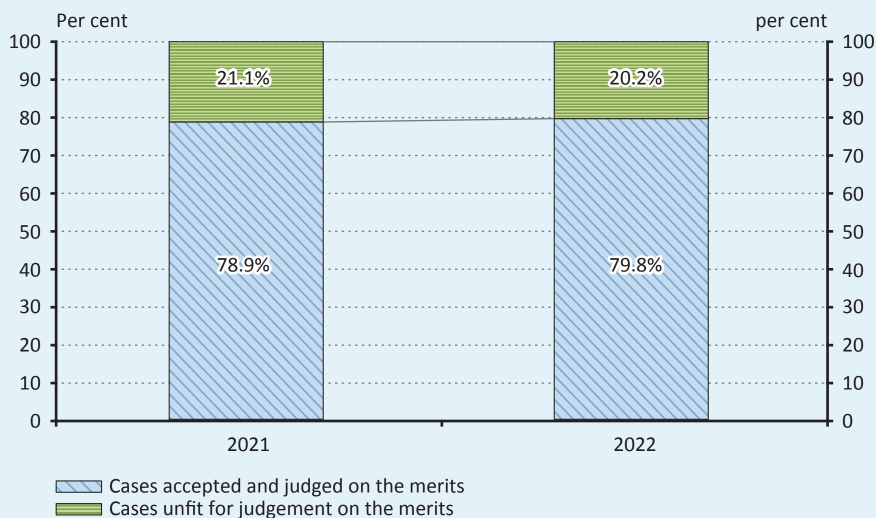
Chart 13
Products involved in petitions by case type



6. EVOLUTION OF THE ACCEPTANCE RATIO

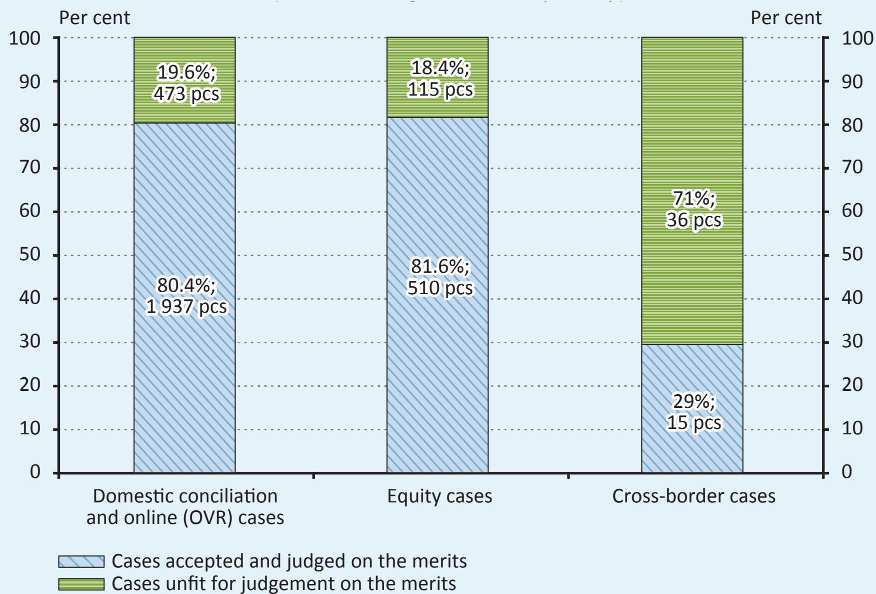
79.8 percent of the new petitions were suitable for proceedings on the merits. In the case of petitions received through electronic channels and traditional, paper-based petitions this ratio was 80.9 percent and 79.4 percent, respectively.

Chart 14
Acceptance ratio in general cases



Within the general cases accepted, the proportion of each case type was as follows:

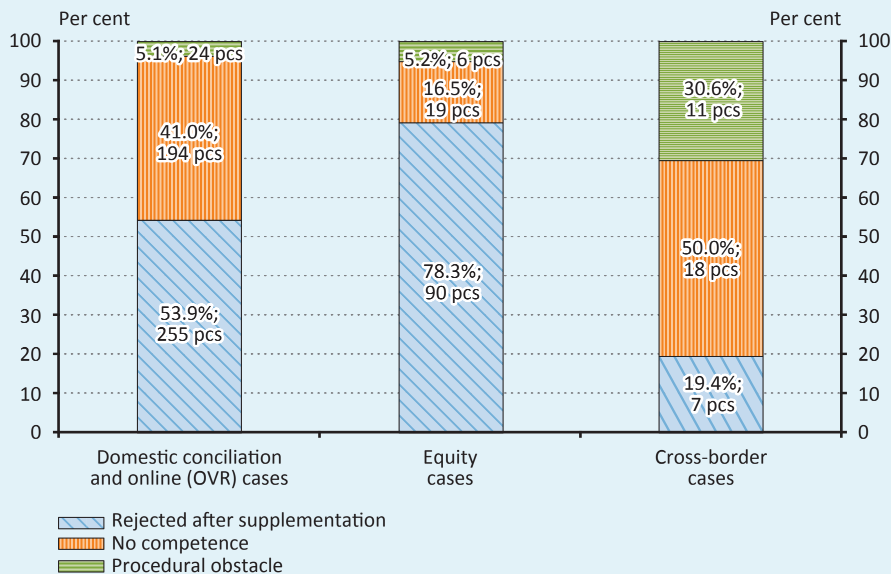
Chart 15
Acceptance ratio in general cases by case type



7. CASES UNFIT FOR JUDGEMENT ON THE MERITS

During the year, 3086 cases were closed, of which 624 were not accepted. Among the reasons for rejection, the highest number of rejections was for the failure to comply with the call for supplementation.

Chart 16
Reasons for rejection in petitions unfit for judgement on the merits, by case types



Within the general cases, no response was received for 246 calls for supplementation, and thus these proceedings were terminated. In further 106 cases, the proceedings were terminated without investigation on the merits, because the response to the call for supplementation was incomplete, the deficiencies were not remedied in full, the petitioners failed to prove that there had been a prior complaint procedure, or they have already reached an agreement with the financial service provider.

Chart 17
Cases rejected after the call for supplementation

Failure to comply with or inadequate compliance with the call for supplementation	**2022**
Cases closed during the period without acceptance	**624**
– of which rejected after the call for supplementation	352
Reasons for rejection:	
Answered to the call for supplementation, of which	106
– agreed with the service provider	7
– unfit for acceptance	61
– complaint was not confirmed	38
No answer to the call for supplementation, of which	246
– agreed with the service provider	2
– no complaint procedure	34
– other reason	5
– reason unknown	205

Numbers of general cases closed without judgement on the merits are shown in the following table, by reasons for closing:

Chart 18
Cases closed without judgement on the merits

Reasons for closing		**Number of cases**	**Ratio**
1.	**Closed due to procedural obstacles, of which:**	**41**	**6.57%**
1.1	prior to submitting the petition the consumer failed to try to settle the dispute or did not submit a petition of equity without success (Section 102(1))	1	0.16%
1.2	the parties commenced, for the same right arising from the same factual base		
1.2.1	a) proceedings at the Financial Arbitration Board (Section 107 point aa)), or	13	2.08%
1.2.2	b) a mediation procedure (Section 107 point ab)), or	0	0.00%
1.2.3	c) there is litigation in progress or a final judgement has already been passed on the subject thereof (Section 107 point ac))	5	0.80%
1.3	in respect of a case between the parties arising from the same factual base being conducted for the same right a warrant for payment has been issued (Section 107 point b))	10	1.60%
1.4	the dispute is frivolous or vexatious (Section 107 point c))	0	0%
1.5	in a cross-border financial consumer dispute, the service provider did not submit itself to the Board's procedure (Section 126(1))	12	1.92%
2.	the case does not qualify as a consumer dispute, or the Financial Arbitration Board has no competence to judge the dispute due to other reasons (Section 107 point d))	**231**	**37.02%**
3.	the petitioner **failed to comply** with the **call for supplementation** as specified in (Section 104(5), within the deadline (Section 107 point e))		**56.41%**
	Total	**624**	**100.00%**

8. OUTCOME OF CLOSED CASES FOLLOWING JUDGEMENT ON THE MERITS

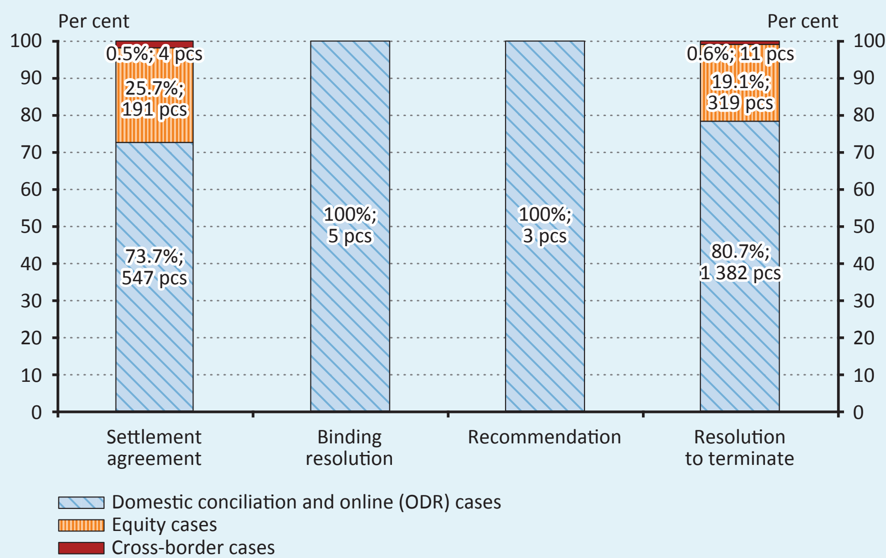
The number of cases accepted and judged on the merits was 2,462; 742 of those were closed with a settlement agreement, 5 binding resolutions and 3 recommendations were issued.

Chart 19
Outcome of general cases closed following judgement on the merits

Outcome of closed general cases following judgement on the merits

Outcome of closed cases	Number of cases (number)	Ratio
Settlement agreement	742	30.14%
Binding resolution	5	0.20%
Recommendation	3	0.12%
Resolution to terminate	1,712	69.54%
Total	**2,462**	**100.00%**

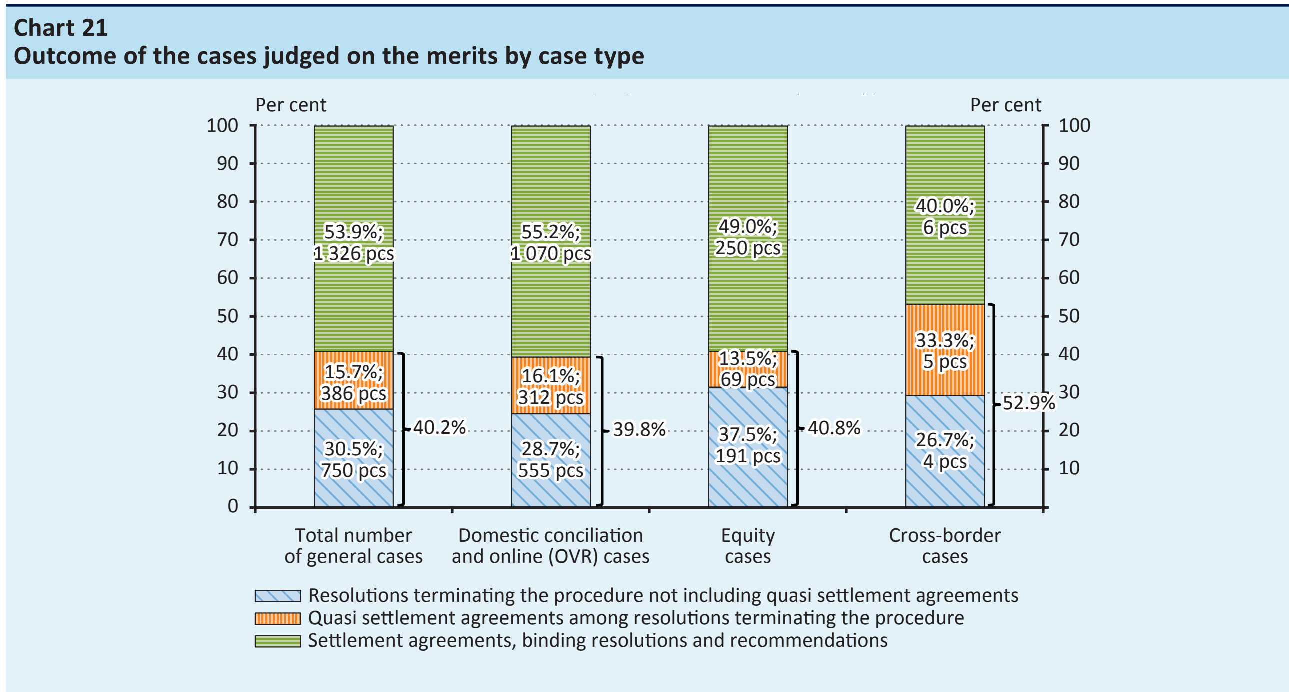
Chart 20
Ratio of case types in resolutions



(Quasi) agreements outside the procedure and approved compromises

The proportion of approved compromises was the highest in equity cases. The ratio of cases with positive ending for the petitioners – agreements approved by the Board, binding resolutions and recommendations, cases that formally ended with termination, but in fact closed with an agreement between the parties outside the procedure – was 44.8 percent at the domestic conciliation and online (ODR) cases, 51 percent at the equity cases and 60 percent at the cross-border cases.

Chart 21
Outcome of the cases judged on the merits by case type



The statutory obligation of financial service providers to provide the MNB with feedback on the fulfilment or non-fulfilment of the provisions of the settlement agreement has become due in 727 cases. The fulfilment of the settlement agreement was confirmed by the financial service providers – upon or without a call – in 693 cases and declared in 6 equity cases that the petitioners failed to fulfil the obligation undertaken. Based on the feedback, 99.1 of the settlement agreements had been fulfilled. In 28 cases, the Board obtains the missing declarations through a call to this effect.

Recommendations and binding resolution

Three recommendations and five commitments were made.

The first recommendation was made in respect of an insurer operating as a branch office. The Board recommended to the service provider to pay an insurance benefit of HUF 2 million, by bank transfer, to the petitioner in view of his permanent partial disability of 20 percent, within 15 days from the receipt of the recommendation. According to the facts established from the documents provided, the petitioner was covered, in his capacity as an employee, by a group accident and health insurance contract concluded by his employer, as the contractor, with the financial service provider. The petitioner fell off the stairs in his home and fractured his L-I (lumbar) vertebra. As a result of the accident, according to medical records, he suffered a 30 percent loss of mobility in the affected segment, which proved to be permanent. The financial service provider paid HUF 50,000 for the fracture and then awarded an additional HUF 200,000 as insurance benefit for a permanent partial disability of 2 percent, but did not pay it. The petitioner submitted a complaint with regard to the degree of the permanent partial disability of 2 percent, stating that his permanent disability is 30 percent, and asked for assessing the insurance benefit accordingly. The financial service provider rejected the complaint.

The petitioner then took the case to the Board, asking for the revision of his dispute related to his permanent partial disability and demanding the payment of an additional HUF 2.8 million. The petition was substantiated as the medical documents provided – not disputed by the parties – clearly established that the petitioner had fractured his lumbar vertebra in an accident, and the fracture caused a 3 percent loss of mobility in the affected segment. According to a medical opinion

issued after a personal medical examination carried out in connection with the same accident in a procedure conducted at another insurer, petitioner suffered a permanent disability of 20 percent due to the associated change in spinal statics, residual partial loss of mobility and recurrent pain. The financial service provider submitted no medical opinion to support the health impairment of 2 percent it claimed, did not initiate the medical examination of the petitioner to determine the degree of permanent partial disability, nor did it attach the correspondence it cited with regard to consultation with its doctor. Accordingly, the Board made its recommendation based on its assessment of the medical documents and medical opinion submitted by the petitioner, and the financial service provider complied with the recommendation.

The other recommendation was made with respect to an account-keeping financial service provider. In this case the Board recommended that the financial service providers should reimburse the amounts of the payment transactions – not authorised by the petitioner, but nevertheless executed by the service provider – restore the balance of the payment accounts to the balance before the debit entry, with the proviso that the value date of the credit entry must not be later than the date on which the unauthorised payment transaction was executed. The Board reminded the service provider that upon crediting the amount of the unauthorised payment transactions and the reinstatement of balance of the payment accounts to that before the debit entry it should take into consideration and account for, item by item, the deposits and credit entries made by petitioner well as the account transfers and foreign currency conversions performed by an entity other than the petitioner, and notify petitioner of those in writing within the deadline specified in the recommendation. Service provider failed to submit any evidence under Article 43(1) and (2) of the Payment Services Act with regard to the authorisation of the transactions, and thus – in accordance with the provisions of Article 43(1) of the Payment Services Act the Board established that the successful transactions involved in the proceedings qualified as unauthorised payment transactions. Despite the Board's express warning, also covering the obligation and burden of proof, service provider failed to provide any evidence to support its position, namely the wilful or gross negligence and the causal link with the occurrence of the damage. It failed to respond to petitioner' submissions and representations either by the specified deadline or later, even despite the call to this effect and it was unable to provide evidence to support its statements related petitioner's gross negligence.

Based on the documentary evidence and the declarations the Board found no evidence for service provider's statement according to which the petitioner had breached his obligation specified in Article 40(1) of the Payment Services Act and the provisions of the relevant points of the General Terms and Conditions for Retail Banking Services, cited in the complaint procedure. It also failed to prove the circumstances necessary for exemption from the liability cited, and thus it is obliged to reimburse petitioner for his full loss, not recovered from other sources, in accordance with the provisions of Article 44(1) and Article 45(2) of the Payment Services Act. However, in absence of submission, only a recommendation could be made. The financial service provider fully complied with the recommendation.

The third recommendation was also made to an account-keeping institution in relation to payment transactions not authorised by the petitioner and it was aimed at the reimbursement of HUF 3.69 million, and the conclusion of a loan contract was also connected to it. In the recommendation, the Board called upon the service provider that – considering the circumstance that the disputed loan contract had not been concluded between the parties – it should delete from its records its loan receivable from the petitioner and should not enforce any claim against petitioner under this title. Based on the facts described in the recommendation, the Board established that the application for the personal loans and the approval thereof was made by an unauthorised third party misusing the petitioner's data. Petitioner had been informed only of the crediting of the loan application, but not of the application process. The Board was of the opinion that the although the fraud and the process leading to the loss event was triggered by petitioner's negligent conduct, the service provider could have prevented the loss event. However, this did not happen due to reasons imputable to service provider. After taking into account and duly considering all circumstance, the Board found that the parties' contribution to and liability for the occurrence of the damage had been equal, and as such it deemed it fair for the parties to bear the loss in equal share. No information is available on contesting the recommendation in court or on complying with it.

In the first of the five binding resolutions, the Board obliged several financial service providers also due to payment transaction not authorised by the petitioner, prescribing the reimbursement of those in full. The service providers tried to prove that the petitioner had authorised the transactions with strong customer authentication and that petitioners breached his obligations specified in Article 40(1) and (2) of the Payment Services Act through gross negligence, citing the use of the chip card and the PIN code. The service providers failed to present any further evidence as to the approved nature of the transactions, they did not specify in the course of the proceedings which of the provisions of the Bankcard GCTC referred to had been breached through gross negligence, they did not cite any further evidence other than the use

of a cash substitute payment instrument, they did not specify in relation to Article 40(2) of the Payment Services Act, either among the facts or as part of the evidence, why and based on what perception the petitioner had failed to comply with his obligation of immediate notification through gross negligence. In the binding resolution, the Board noted that the use of a chip card and PIN code alone is not a sufficient evidence either that the payment transaction was authorised or to prove grossly negligent misconduct.

On the basis of the available documentary evidence and the statements made, the Board did not find the service providers' argument – according to which the petitioner had authorised the payment transaction or had intentionally or with gross negligence breached his obligation under Article 40(1) and (2) of the Payment Services Act – substantiated, and the service providers failed to prove the circumstances necessary for the exemption from the liability in the manner specified by the provisions of the Payment Services Act, and thus – pursuant to Article 44(1) and Article 45(2) – they are obliged to reimburse petitioner for his loss in full. The service providers objected to the binding resolution, and thus the case was referred to the competent court. In accordance with the applicable rules, the Board is not a party to the litigation, as the action is against the petitioner.

The legal basis of the other binding resolution was the statutory submission. In this case a cash payment was made, but not to the authorised party, and thus it was unlawful. It was not disputed between the parties that the financial service provider's employee had not paid the amount due directly to the petitioner; however, it claimed that the payment complied with the statutory provisions and also with the service provider's relevant regulations. The petitioner disagreed with the service provider's opinion and in the proceedings requested that the disputed amount should be paid to him. The service provider also maintained its position that the fact of payment to the unauthorised person could not be proved and in its answer it requested the termination of the procedure, primarily because the petition was unfounded and secondarily because it was impossible to conduct the proceedings. The Board was convinced that the representations of the parties, the available information and documents supported the cogency of petitioner's petition, and therefore obliged the financial service provider to comply with the petition. The service provider has complied with the resolution.

The proceedings underlying the third binding resolution was initiated by the petitioner in connection with a credit card contract, concluded with one of the legal predecessors of the financial service provider. According to the petitioner, the debt had been settled on the basis of the preferential instalment agreement with the legal predecessor, while the service provider stated that the payments made by the petitioners had not yet settled the debt in full. The legal predecessors of the service provider did not dispute that the petitioner was entitled to the preferential terms cited by him, while – according to the Board's opinion – service provider failed to prove that contrary to the position of the legal predecessors the petitioner was not entitled to the preferential terms cited or that submission of the declaration in question had been prescribed as a condition. The service provider did not submit any document whatsoever that would have proven the amount of its outstanding receivable, and it was unwilling to make a statement whether it possessed the documents related to the receivables. The Board is of the opinion that in such cases the service provider cannot be exempted from the burden of proof by merely citing that the burden of proof lies with the petitioner in respect of the preferential terms or the debt forgiveness. In the light of the foregoing, the Board obliged the service provider to close the transaction, while the service provider contested the resolution. The petitioner applied in his petition for declaring the receivable null and void. The court accepted financial service provider's arguments in its counterclaim and stated in its judgement that pursuant to Article 172(3) of the Code of Civil Procedure, plaintiff had not been entitled to bring an action for a declaration on the preclusion of the enforcement of the litigious claim in a legal procedure, plaintiff's claim had not been aimed at declaring the existence or non-existence of a right or legal relationship, and thus the action for a declaration was not admissible. Furthermore it declared that petitioner's arguments against the financial service provider may be presented in an action initiated by the financial service provider for the condemnation of petitioner as a statement of defence. The judgement of the court of first instance has become final.

The fourth binding resolution was issued because the petitioner complained in connection with his home savings contract that the financial service provider failed to apply for state subsidy despite the fact that the tax number of the beneficiary was eligible for that. The financial service provider was of the opinion that at the time of specifying the new beneficiary due to the amendment of the law, which meanwhile had entered into force, it was no longer possible to apply for state subsidy. During the proceedings the service provider acknowledged that tax number of the person specified as beneficiary had been eligible throughout the entire savings period, nevertheless it maintained its position and did not accept the beneficiary. In the binding resolution the Board obliged the service provider to report the specified beneficiary, as a

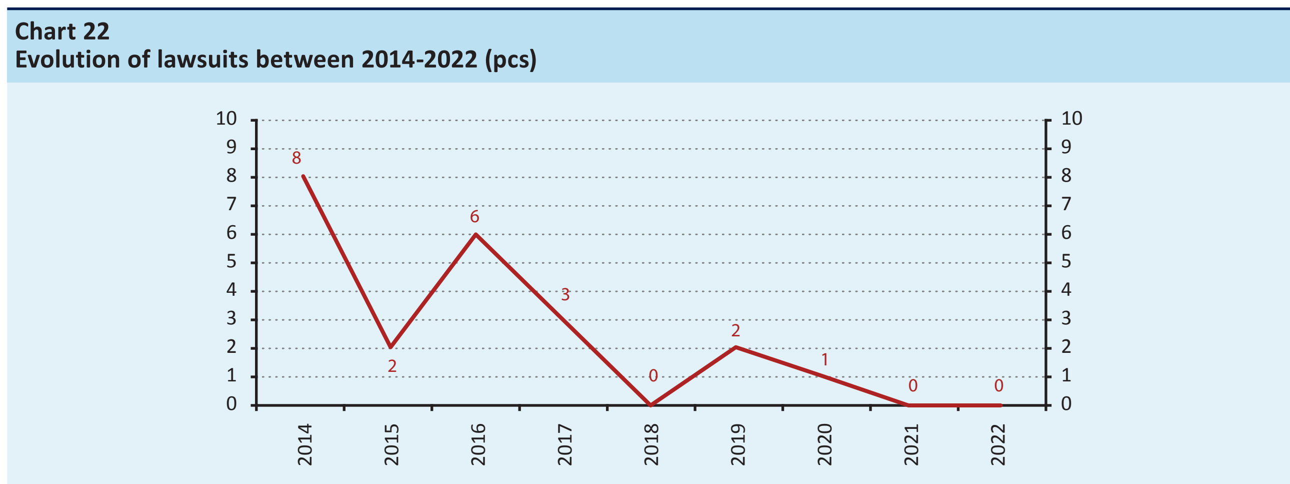
person applying for state subsidy, to the Hungarian State Treasury and apply for the state subsidy due on the contract for the amounts paid during the years of saving after the effective date thereof. The financial service provider complied with the binding resolution.

The fifth binding resolution was issued because the petitioner had a legal dispute with the service provider concerning the freezing of interest rates under Government Decree No 782/2021 (XII. 24.) on the Different Application in a State of Emergency of Act CLXII of 2009 on Credit Provided to the Consumer, and complained to the Board that the bank had calculated the instalment due at the beginning of January 2021 not in line with the provisions applicable to the freezing of interest rates. According to the position of the Board the petition was partially substantiated. Pursuant to the statutory provisions, from 1 January 2022 the reference rate in force from the previous contractual rollover date may not exceed that rate in force on 27 October 2021. Accordingly, after 1 January 2022 the bank may not charge a reference rate that exceeds the reference rate prevailing on 27 October 2021. The bank acted properly in respect of the December 2021 portion of the disputed instalment. In that case it could still calculated with the higher interest rate; however, the period from 1 January 2022 until the due date of the instalment was already covered by the freezing of the interest rate, protecting the borrower. Since the bank calculated with higher interest rate, the petitioner was entitled to a reimbursement in respect of those few days in January. The Board obliged the service provider in a resolution to pay the reimbursement. The bank complied with the binding resolution.

Resolutions contested in court

The Board had no lawsuit in 2021 and in 2022.

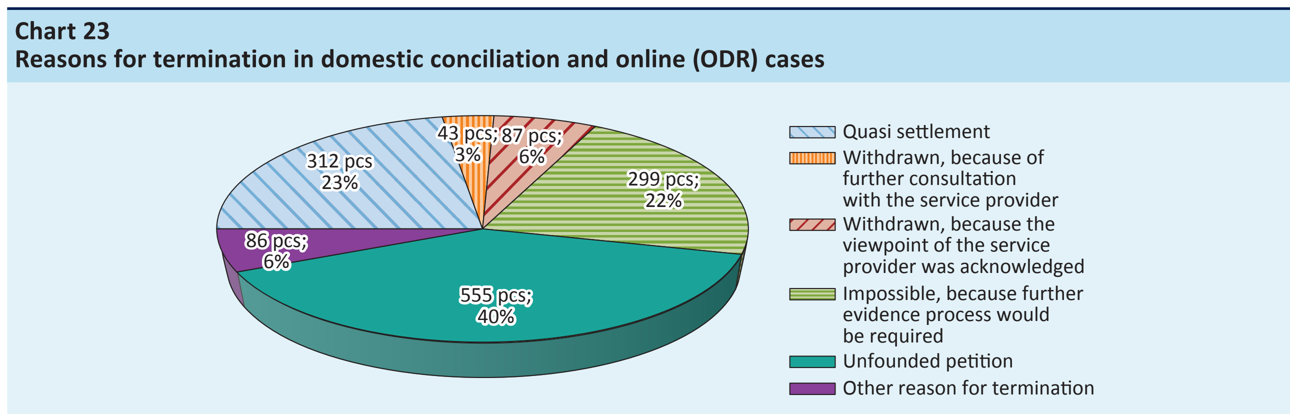
Chart 22
Evolution of lawsuits between 2014-2022 (pcs)



Resolutions to terminate

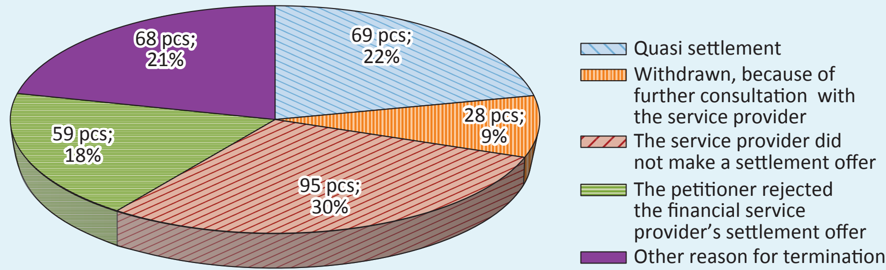
1712 general cases were closed with a resolution to terminate. (Quasi) agreement outside the procedure were reached in 386 cases, comprising 312 conciliation, 69 equity and 5 cross-border proceedings.

Chart 23
Reasons for termination in domestic conciliation and online (ODR) cases



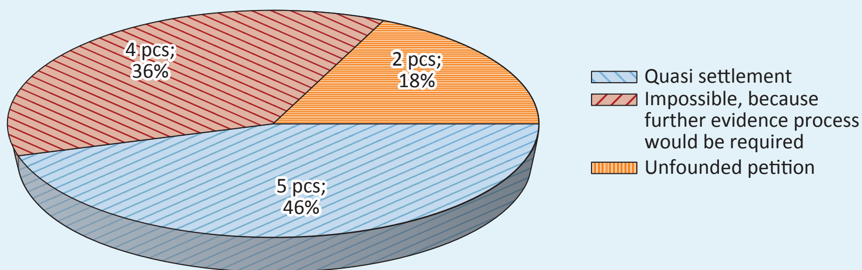
As a result of the proceedings in equity cases, 22 percent of the termination resolution were closed with a quasi agreement, while in 9 percent of the proceedings the parties started consultations in order to find a solution. In 30 percent of the terminated proceedings the service provider made no proposal in response to the petitioner's equity petition, while in 18 percent the petitioner did not accept the service provider's settlement offer.

Chart 24
Reasons for termination in equity cases



In 5 of the cross-border cases agreement was reached outside the procedure, while the Board terminated the proceedings in 4 cases due to a need for further evidence and in 2 cases due to the lack of founding.

Chart 25
Reasons for termination in cross-border cases

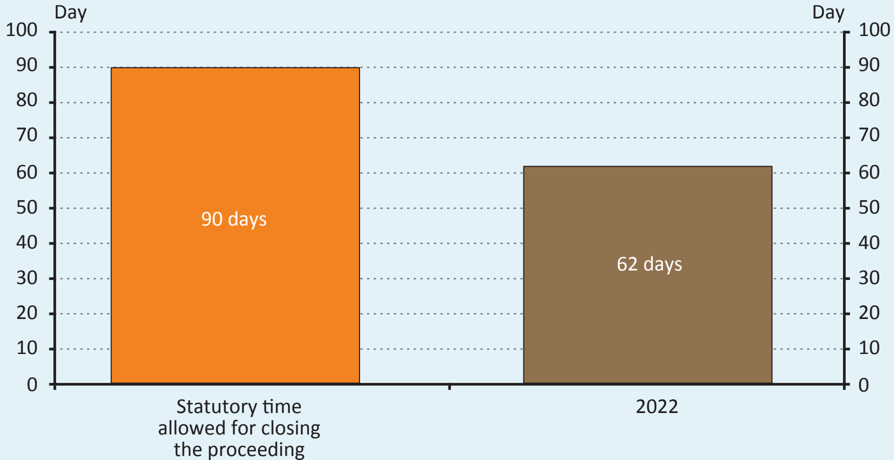


9. NUMBER OF HEARINGS AND LENGTH OF PROCEEDING

2,308 hearings were held, 1,911 of which were cases with a single hearing and 397 were cases with continued hearing (several hearings in a single case).

Pursuant to Section 112 (5) of the MNB Act, proceeding shall be concluded within ninety days from the launch thereof. The Chair of the Board may prolong this deadline by no more than thirty days. This year, the average length of proceedings was 62 days, 7 days shorter than last year.

Chart 26
Average length of proceedings



III. Professional articles written by Board members

The Magyar Nemzeti Bank supports financial consumers in a number of ways in finding their way among the different products and services offered by the financial market. One form of this is the regular publishing of professional articles on a variety of topics, aimed at providing information and presenting real cases, which serve as lessons for all of us.

This chapter includes the professional articles written by the Board members, published in electronic form on the Napi.hu, Penzcentrum.hu, Origo.hu, Vg.hu, Tozsdeforum.hu, Infostart.hu and Index.hu portals.

DR OLGA NAGY: Disputes related to damage surcharges

Insurers may also "penalise" damages with a surcharge in their tariffs for their MTPL contracts, in addition to applying the bonus/malus classification. Although this affects a wide range of Hungarian consumers, many are not aware of the details. The premium adjustment applied as a surcharge may take into account claims history data and periods other than those used in the bonus/malus classification, and thus it may affect the premium even if the bonus/malus classification does not change. In response to the MNB's action, insurers have started to reduce the rate of the damage surcharge.

The Financial Arbitration Board (FAB) operating within the organisational framework of the Magyar Nemzeti Bank (MNB) also hears financial consumer disputes connected to the application of the damage surcharge. In these cases, consumers complain about the rate of the surcharge, the length of the period taken into account or the fact that they have reimbursed the insurer for the damage, and thus although their bonus/malus classification does not change, their premiums increase significantly because of the damage surcharge. In one of the proceedings before the FAB, for example, the petitioner complained that compared to the motor third-party liability insurance (MTPL) premium calculated by the broker the insurer had applied a multiple increase to his liability insurance premium citing a claim paid five years ago. The petitioner has not caused any damage in the previous insurance period. This was also indicated in the proposal documents, nevertheless the insurer, after checking the claim history, increased the MTPL premium retroactively to the risk inception date.

Pursuant to the provisions applicable to the damage surcharge in the published tariff, the insurer had the right to do so. It cited that the petitioner provided incorrect claim history data and the lower insurance premium in the proposal had been calculated based on that. Thereafter – considering the claims paid in the previous five years – the insurer has rightfully adjusted it. Finally, the insurer and the customer concluded a settlement agreement and terminated the respective contract by mutual consent. The insurance premium paid for the period after the date of termination was refunded to the petitioner. The consumer could then look for an insurance proposal at a better premium on the market.

In another conciliation case, the petitioner complained that the insurer had paid damages against his MTPL contract, which the customer repaid at the insurer's request within 45 days in order to avoid a negative change in the bonus classification. Nevertheless, for the next insurance period, the insurer significantly increased the MTPL premium. The customer complained about this, and the insurer informed him that it had reinstated his bonus level, but had applied a surcharge due to the claim event, regardless of the reimbursement of the claim amount.

In this case, it could also do so in accordance with the provisions applicable to its premium rates when calculating the premium for the next insurance period. However, in the FAB proceedings – similarly to the first case – the parties concluded a settlement agreement: the contract in question was terminated by mutual agreement, and the petitioner was able to seek a more favourable insurance premium.

Thus, in the cases cited as examples, the insurers calculated the premiums for the petitioners' policies on the basis of their published tariffs applicable on the starting date of the underwriting period, which they could not depart from due to a statutory prohibition. It is therefore important that when taking out compulsory motor third-party insurance, consumers are also aware of the provisions on the damage surcharge specified in the insurer's tariffs.

In recent years, the level of the damage surcharge has varied considerably between insurers, ranging from 10 percent to 400 percent of the basic premium, and the length of the period taken into consideration in respect of claim payments may be as long as 7 years.

In 2020, in its executive circular to insurers, the MNB stated that it does not consider it good practice to apply excessive damage surcharges being several times the basic premium (two to three times) as most probably those have nothing to do with the claim statistics. This is because it could override the entire risk-based premium calculation and ultimately make the bonus/malus system useless. Although the legal possibility to apply a damage surcharge remained in 2021, and insurers also used it, the market has become more balanced in terms of the regulation of damage surcharges.

Accordingly, before concluding an MTPL contract or changing insurers, consumers should thoroughly study the insurers' offer. These should be compared not only in terms of the basic premiums set by the insurers, but also on the basis of all the adjustment factors that may apply upon determining the premium, including the provisions related to the damage surcharge, in order to select the best proposal.

"Published in edited form on the Origo.hu on 5 January 2022."

DR ILDIKÓ ERZSÉBET CSOMORNÉ-LAJKÓ: Things to be paid attention to when using an ATM

***Bank ATMs are convenient and fast, but it is a nuisance when they do not dispense cash, but the amount is deducted from the account or they swallow the bankcard. Consumer disputes related to ATM transactions are often taken to the Financial Arbitration Board operating within the organisational framework of the central bank.* The resolution of those may serve as useful lessons for others in similar situations.**

In everyday life account- and cardholder customers often prefer withdrawing cash from an ATM, a much quicker, easier way to get cash compared to cash withdrawal in a bank branch (where they usually have to wait longer). The use of ATMs is also encouraged by the current regulation according to which customers can withdraw cash from their designated bank account up to the amount of HUF 150,000 in maximum two transactions per month free of charge from ATMs in Hungary, subject to the fulfilment of certain conditions.

Modern ATMs now also allow customers to make instant deposits to their bank accounts in addition to withdrawing cash. Accordingly, the use of ATMs can be a convenient and cost-saving way for customers to manage their cash, but as with any machine, malfunctions can occur. Therefore, it is worth being aware of what to do if the teller machine does not dispense the amount requested in full or at all, if it swallows your bankcard, or if the account-keeping bank debits a different amount to the account than actually withdrawn.

In one of the cases heard by the Financial Arbitration Board (FAB) attached to the Magyar Nemzeti Bank (MNB), the ATM dispensed the cover of a banknote packet instead of a HUF 10,000 banknote, which the ATM counted as a HUF 10,000 denomination. The customer presented the cover sheet in question in the Board's proceedings, on the basis of which it was established that during the process of loading the cassette with cash containing HUF 10,000 denomination banknotes in the ATM, the cover sheet of the banknote bundle was mingled with the banknotes due to human error, and the ATM dispensed the cover sheet from this cassette during the transaction in question. In view of this, the bank credited the disputed amount to the petitioner's account.

In another case, the petitioner tried to withdraw HUF 100,000 from the ATM, which did not dispense the banknotes. Despite this, the bank debited the amount to the customer's account. The card complaint procedure was unsuccessful, and thus the customer turned to the FAB. In the Board's procedure, after having reviewed the complaint handling documents,

it was found that an incorrect date had been recorded as the date of the transaction in the card complaints procedure, based on which the bank examined the data of another, successful transaction. In the knowledge of the actual, confirmed date, the bank reviewed the case and found that the cash withdrawal had in fact failed. The bank credited the amount to the customer's account.

An important lesson from these cases is that all relevant information must be provided and all evidence must be presented to the account-keeping credit institution during the card complaint procedure and upon filing a complaint to ensure that the investigation can properly establish the success or failure of the ATM transaction. It is also important that the complaint is reported as soon as possible. Under the rules of the international card brands, the account-keeping bank may initiate the card complaint procedure only within a specified time, during which the bank must start the administration as soon as possible.

According to the MNB's September 2021 executive circular, from 1 January 2022, the payers' payment service providers are expected to start taking the necessary measures to process the customer's claim within one working day of receiving a request for the correction of an unauthorised or authorised but incorrectly executed payment transaction. For example, it should start the complaints procedure in accordance with the rules of the international card brand. However, if the customer is slow to notify the bank of his claim, the account-keeping bank will no longer be able to initiate the procedure. This makes it considerably more difficult, and in many cases impossible, to enforce the customer's claim.

It may happen that when trying to withdraw cash, the ATM swallows the bankcard. This may happen for security reasons (for example, because the customer was slow to take out the card from ATM) or due to a technical fault of the ATM. An important rule is that in the former case, the bank may only charge the actual and direct costs incurred to replace the card. However, if the card is withdrawn by the account-keeping bank's own ATM due to a technical fault, it must not charge any fees or costs for replacing it.

Many banks have installed ATMs that now also offer instant cash deposits instead of the traditional cash deposit in envelope. This is a convenient and fast way to make a cash deposit to the payment account linked to the card, where the deposited amount is credited to the account immediately.

However, there are some rules to be followed in this case as well. Instant deposit supports only the deposit of forint banknotes. The ATM does not accept damaged, folded banknotes or unknown pieces of paper, and as such it returns them; if it detects suspected counterfeit banknotes, it withdraws them. When making a deposit, particular attention should be paid to ensuring that the amount and denomination of the banknotes inserted by the customer into the machine match the data displayed by the ATM on the summary screen prior to authorisation. If the customer encounters any discrepancies or problems during the deposit, it should be also reported to the account-keeping bank without delay.

Accordingly, following a failed cash withdrawal, the customer should immediately report the problem to the issuing (account-keeping) bank and initiate a bankcard complaint procedure. This may be done in writing, via a recorded phone call or in person in a bank branch.

If the ATM involved in the disputed transaction is not operated by the customer's account-keeping (card issuer) bank, but by another financial service provider, the card complaint procedure should still be initiated at the account-keeping bank. According to the rules of the international card brands, the issuing bank contacts the bank operating the ATM within the specified deadline based on the customer's card complaint. It is advisable to record all relevant data and circumstances (in particular, the location and operator of the ATM concerned, the exact date and amount of the transaction in question) in relation to the disputed transaction on the card complaint form.

If the petition is rejected in the card complaint procedure, the customer should file a complaint with his account-keeping bank. It is important to be able to prove that the complaint has been lodged. Accordingly it should be sent by return receipt or registered mail by post, via a recorded phone call or in person in a bank branch (and in the latter two cases, the customer should request that complaint should be recorded in minutes in accordance with the statutory requirements).

However, it may happen that the bank rejects the complaint as well. In this case, the customer may, after the complaint has been rejected (or if no reply is received within 30 days after filing the complaint), apply to FAB for the remedy of his complaint or, where appropriate, compensation for the financial loss incurred. The circumstances of the dispute can be clarified at the Board (the proceedings of which is free of charge), with the involvement of the bank.

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DR KATALIN KÁNTÁS-BARCSAI, DR ÁDÁM SEBESTYÉN: For whom does health fund membership pay off?

Nowadays self-provision has become a key concept in healthcare as well. Long waiting lists for specialist care and the high cost of private healthcare make it worth planning ahead. The need for an emergency medical treatment due to an accident, dental treatment or purchase of expensive medicine may arise at any time. Health fund savings, supported by the state in form of tax reimbursement, may provide help in this. Accordingly, this form of self-provision may be good option in these situations. So, let us see the benefits offered by the funds and what should be paid attention to.

The health fund scheme, set up in the 1990s, helps people who join the fund voluntarily and their close relatives to pay for expenses related to healthcare and illness. Accordingly, funds are a form of savings that covers supplementary health and healthcare services not covered or covered only partially by social insurance, allowing us to prepare in time for an unexpected medical expense or to finance services to protect our health. However, one should always be careful when choosing the right fund and upon the settlement of health services.

What can it be used for?

Certain healthcare products and services can be charged tax-free to an individual health account held with a health fund. This includes, for example, the purchase of medicines, therapeutic equipment, glasses or contact lenses, and the use of various healthcare and medical services, treatments and screening tests. However, other goods and services may be taxable, which means that although those can be paid from the health fund account, personal income tax is payable on the amount. These include herbal teas, holistic medicine products, dental and oral care products and sports equipment.

It is often difficult to decide at first sight which category of goods or services a particular product or service belongs to, whether it is eligible for charging to the health fund account or not. For example, sports clothing or equipment for certain more dangerous sports cannot be accounted for as sports equipment. And certain healthcare services can only be obtained from a provider being in contractual relationship with the fund or with the National Health Insurance Fund, or upon clinical indication.

For this reason, before using a particular health service or buying a product, you should always check the eligibility of the service on the health fund's website or at its customer service. Failing this, it may easily happen that you cannot pay for the product or service with your health fund card or that the bill for the respective service cannot be charged to the health fund account retrospectively.

Since 2016, health funds have had the option to include the offering of mutual aid fund services by amending their statutes. Upon considering joining or switching a voluntary mutual fund, it should be borne in mind that voluntary mutual funds designated as health and mutual aid funds, may offer a wider range of services to their members. The special benefits offered by mutual aid funds include childbirth allowances, unemployment allowances, sickness allowances, aid at the start of kindergarten and school year. school enrolment aid, utility bills, residential mortgage repayments.

Many health insurance funds also offer their members supplementary health insurance to finance services – providing basic insurance cover – for a monthly premium of a few hundred forints. One may become insured automatically, without making a declaration or with a separate declaration of joining. Base on the health insurance service, the insurer contracted with the fund pays all or part of the healthcare cost specified in the insurance conditions on behalf of the insured in

return for a monthly premium deducted from the individual account. That is, in this case, the significant cost of the health service is borne by the insurer rather than charging it to the savings on the member's account.

It is worth obtaining detailed information on the individual mutual aid services and supplementary health insurance, as these can be of great help in difficult situations, subject to certain conditions. Members may also designate close family members (such as a spouse, child or parent) as beneficiary, and thus their medical expenses may also be charged to the individual account.

It is an important rule that health fund savings can be inherited and, similarly to bank accounts, a beneficiary for the event of the account holder's death may also be designated. When opting for the latter, the amount on the individual account is paid to that beneficiary upon the death of the fund member. In the absence of such a beneficiary, the payment must be made to the legal heirs, which is subject to the submission of a non-appealable grant of probate.

Benefits and costs

Currently, the key benefit of health fund membership is possibility of tax refund. Currently, a tax refund of 20 percent, up to an amount of HUF 150,000 per year, can be claimed on the amount of the membership fee and top-up payments made by the member as well as on employer contributions, for example as a fringe benefit, which must be calculated together with the payments made to voluntary pension funds. If there is any amount on the health fund account that is not expected to be spent within 2 years, it may be placed on a term deposit account. An additional tax refund may be applied for in the year of making the deposit, the current rate of which is 10 percent.

An additional 10 percent of the cost of preventive screening tests taken at the doctor's recommendation through a health fund account can also be claimed back from personal income tax. Since the amount of the tax refund credited to the fund account can also be spent on services, a significant amount may be saved on healthcare costs. Given that tax legislation may change, it is strongly recommended to obtain detailed information on the prevailing taxation rules.

The fund places the savings collected on the individual accounts in an investment portfolio of predefined composition and low risk. The return on this also added to the balance of the account.

However, it is important to know that health fund membership also involves costs. A one-off joining fee is payable on joining, followed by a monthly membership fee. The amount may vary by funds. The rate of the regular membership fee (basic membership fee) is set by the funds – usually in a tiered structure – based on the amount of the membership fee paid. Usually, the higher the membership fee, the lower the basic membership fee. In addition, there is a card fee, which, however, is not a regular cost as it is payable only when the card expires or is replaced. Although it is not a visible cost, the investment portfolio management fee also reduces the level of return, and thereby also the amount of the return to be credited to the account.

Accordingly, before choosing a fund, it is advisable to collect information on the charges applied by the individual funds, the contractual service providers of the fund and the range of services the fund provides. First of all, you need to think over what you want to use the money collected on the account for, and how much you want to save for healthcare purposes.

If you change your mind later – for example, because you are dissatisfied with your current health fund or have found a better opportunity – we can switch funds at any time and transfer your savings on your individual account. You can also terminate your membership at any time, in which case the fund will pay the balance of your individual account after settlement. However, it should be noted that the fund may charge a fee for terminating membership or switching funds, which will be deducted from the balance of your individual account.

For whom is it worth joining a health fund?

Health fund membership can be a particularly good savings option for people who regularly spend large sums on medicines, therapeutic equipment or health services for themselves or a close relative. Having regular income is also an important consideration, as the quantifiable advantage of membership is achieved in the form of tax refunds.

However, for those lucky enough not to have health problems yet, it may also be worth preparing with savings for situations when an accident or illness unexpectedly increases their medical costs. Membership may also help you accumulating funds to cover screening tests to prevent or detect more serious diseases early. Health awareness and related self-provision in a family is as important as creating financial well-being, as health is always a good investment.

“Published in edited form on the Origo.hu on 2 February 2022.”

DR ERIKA KOVÁCS:
One decade, fifty-four thousand cases: the anniversary of financial conciliation

Where can financial consumers wishing to settle their disputes with a bank, insurer, capital market institution or a fund out of court, free of charge and quickly turn to? The answer is clear now already for a decade: to the Financial Arbitration Board. Ten years, nearly fifty-four thousand cases. What exactly has happened in all this time?

Financial conciliation celebrated its 10th anniversary on 1 July 2021. The results of ten years include 53,858 cases, 28,890 hearings, nearly 25,000 procedures, 9,000 settlement agreements and 82 staff members, continuous IT improvements, acceleration of procedures, less paperwork, accurate records and statistics. Communication with financial service providers is fully electronic from 1 January 2021, while financial consumers can initiate the proceedings electronically from 3 January 2022. In short, this is a summary of ten years of work and achievements.

The Financial Arbitration Board (Board) was established and started its operations on 1 July 2011 pursuant to the provisions of the Act on the Hungarian Financial Supervisory Authority (HFSA). Before that, no financial conciliation existed in Hungary. Consumers, if they had any dispute of financial nature and did not wish to turn to court because they hoped for quickly reaching an agreement with the service provider could appeal to the conciliatory bodies having competence based on their place of residence. Although many people have resorted and still resort to financial litigation, these procedures are complex, long and costly. In most cases, such cases can be decided by involving an expert.

The idea of establishing financial conciliation was formulated to ensure the enforceability of the cooperation of financial service providers with their customers and the contribution of competent lawyers and economists with financial experience in financial legal disputes, in a simple, fast and cost-effective way. Such proceedings are fast and free of charge. There is a forum where, with some assistance, the parties can reach a compromise at their own discretion, thereby avoiding litigation and easing the burden on the judiciary.

When the financial disputes were still resolved in the general conciliatory system in 2010, a total of 880 petitioners made use of this opportunity. In 2011 – during the first half-year of the Board’s operation – the Board received already 1,196 consumer petitions, and in the same year 857 cases were closed as a result of the work of the seven acting panels. Of these, 696 cases concerned banks and financial enterprises. 80 percent of the cases involving banks concerned the granting of credits and loans for the purchase of goods, overdrafts, personal loans and credit card debts. Also, claims against financial enterprises related to car loans and financial lease services.

Based on the submitted claims, consumers most often applied for debt relief related to terminated loans, disputed the lawfulness of the terminated loan, the charging of a disbursement fees and the sales related to car loans. In addition, many of the petitioners applied for a contract modification for arrears, prolongation of maturity and cancellation of the mortgage registration. The result of the first half-year of operation is 214 settlement agreements, 39 recommendations and 10 binding resolutions in 203 hearings.

In 2012, i.e. the first full year of financial conciliation, the subject of petitions was partially new. The number of cases increased significantly, and this trend also continued in subsequent years until the adoption and practical enforcement of the “fair banking” rules. Every year had a “hot topic”. In 2012, the claims concerned the application for transferring properties to the National Asset Management Agency (Nemzeti Eszközkezelő Zrt.) and for state interest subsidies, disputes on the exchange rates applied, claims for exchange rate fixation, application of the exchange rate cap, closing of foreign currency credit and loan contracts, or requests for conversion for foreign currency loans into forint. In financial conciliation cases, the HFSA has also imposed fines in the amount of HUF 6.3 million on certain service providers for breaching the

duty of cooperation. At that time, there was still much room for improvement in the attitude of some service providers to the new regime.

In 2013, most cases concerned credit and loans, financial lease and car financing services. Citing unfairness of the exchange rate gap and nullity appeared as new requests in disputing the validity of contracts, in addition to various claims for debt settlement due to presumed or actual overpayments.

The HFSA ceased to exist at the end of September 2013, and its tasks were taken over by the Magyar Nemzeti Bank (MNB) on 1 October 2013. Although this organisational change had no material impact on the Board's operations, it was nevertheless significant for the Board, as it has been operating within the organisational framework of the MNB since then, as an autonomous and independent internal organisation, in accordance with the provisions of the Act on the Magyar Nemzeti Bank, promulgated in 2013. Its operating conditions and financing are provided by the Magyar Nemzeti Bank (MNB), thereby also undertaking the fostering of the efficient operation of the financial intermediary system, as well as the resolution of disputes in a fast, free and most reassuring way for all.

The next two years were a challenging time for the Board: in addition to the 4,181 new cases brought to it, 2014 was a year of preparation for the serious task it had to cope with in 2015. Namely, the legislation adopted in 2014 concerning the forint and foreign currency loans previously granted to consumers made the Board the primary forum for remedying the disputes arising from the statutory settlement and the conversion of foreign currency loans into forint.

The number of new cases received in 2015 was 20,353, compared to 12,921 in the first four years of operation. New rules were adopted, which required new organisation of work, major changes in the organisational structure, different working methods, larger staff, IT and physical infrastructure development, and last but not least, considerable professional preparation. The nature and role of the Board has changed considerably: the reorganisation has been completed, a new case register system has been developed and implemented, where all cases and documents can be stored and searched electronically.

The new role and the enormous tasks also called for the amendment of the rules in the MNB Act, regulating the general operation of the Board, thereby facilitating the resolution of the cases faster and in larger volumes than before (in addition to hearings held by the three-member panels cases now can be also managed by one board member and one minute-keeper). From that year onwards, the Board also dealt with equity cases. Namely, it also wanted to be available to financial consumers who are unable to meet their obligations through no fault of their own, providing financial service providers with an opportunity to consider whether they can and want to make an equitable decision in their case.

In 2016, the Board moved to its current location in the 13th district of Budapest at Váci út 76 and has been holding hearings in its 13 meeting rooms ever since. In the same year, it started to use, together with other European peers, the online ODR Platform developed by the European Commission, which is available to customers in disputes related to financial services contracts concluded online. From that year onwards, the impact of the "fair banking rules" was felt and it was reflected in the number of cases brought before the Board, which then slowly but gradually decreased.

As of 1 January 2017, the MNB Act introduced the institution of mandatory statutory submission, which is unique in the field of conciliation to date. The relevant provision of the Act requires the Board to issue a binding resolution if there is no agreement between the parties, the financial service provider has not made a declaration of submission, an infringement and/or breach of contract by service provider can be clearly identified and the consumer's claim does not exceed HUF 1 million. The purpose of this rule is to increase the willingness of financial service providers to conclude a settlement agreement and, if they have committed an infringement or breach of contract, to effect a compromise with their customers on voluntary basis.

In the proceedings before the Board, the number of settlement agreements approved by the Board or concluded outside the proceedings is steadily increasing, while the number of its recommendations and binding resolution is steadily

decreasing, and no fines have been imposed since 2013. The willingness and ability of service providers to reach a settlement is increasing, as it is evidenced by the fact that around 40 percent of the cases have a positive outcome for the petitioners. In respect of the matters in dispute, consumers are more aware of the relating regulations.

The Magyar Nemzeti Bank's efforts to steer financial service providers towards focusing more on their customers' demands, giving them a better understanding of the rules relating to the services they intend to use, and helping them in resolving their complaints concerning services, were also effective. Financial consumers have become more conscious, they pay more attention to the attributes of the various financial products, have a better understanding of their characteristics and functions, they are able to formulate their requirements more accurately and prepare better quality petitions.

The Board is also available to disseminate financial skills to consumers, especially to young people. On the one hand, in each case where a terminating resolution is issued, the acting member explains the characteristics of the respective financial service, draws attention to important things to know and provides useful information to consumers. On the other hand, it also supports young people in obtaining financial knowledge by organising and supporting financial case competitions, by inviting and awarding tenders, and by providing opportunities for internships in dual training and outside that. In the 2021/2022 academic year, it provides a professional programme entitled Academy of Financial Law lectures already for the third year, organised by the Budapest Institute of Banking. So far, nearly 400 young people – partly students, partly practising and graduated lawyers and economists – obtained up-to-date and practical knowledge of the world of finance.

The Board organised annual national conferences on alternative dispute resolution on four occasions – between 2016 and 2019 – each of which was structured around a different topic. In cooperation with the National Office for the Judiciary and with the support of Wolters Kluwer Hungary Kft., it attempted to bring together the trade and present the latest developments in the field of alternative dispute resolution. Unfortunately, the series of conferences was interrupted due to the pandemic, but it may resume soon.

The past decade has brought good results and successes, thanks to the professional work of colleagues working for the Board and in support areas. In 10 years, almost 54,000 cases were concluded successfully with the cooperation of 82 colleagues in nearly 29,000 hearings and nearly 25,000 written proceedings. The biggest achievement was the 9,000 settlement agreements concluded.

I thank all financial service providers and petitioners who were partners in reaching a compromise. I hope that with each settlement agreement we are able to contribute to the maintenance of a long-standing and mutually advantageous partnership between service providers and their customers across the financial sector.

** The author is the Chair of the Financial Arbitration Board of the Hungarian National Bank*

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DR. ILDIKÓ KATALIN SZABÓ:
Financial conciliation in electronic form

Changing consumer habits and the situation resulting from the pandemics fostered new ways of administration without a personal presence in all areas of life. Online administration at the Financial Arbitration Board through the client gate portal has become available from January this year. The application, the development of which was conditional upon an amendment of law, facilitates the submission of petitions with accurate and full content. Of course, those less experienced in the digital world can continue dealing with their conciliation cases on paper.

Since January 2021, the Financial Arbitration Board (FAB) attached to the MNB has the option to deal with financial service providers electronically. Following the removal of the legal obstacles, the development of the application tailored to the needs of consumers has also started, and as a result, from January 2022 the consumer-friendly FAB online application is available to petitioners (in addition to the electronic channel already in use).

This application helps consumers submit their petitions more easily than in the previous electronic interface, directly from the FAB website, without installing any software.

To use the service consumers have to identify themselves through a client gate portal, as it was the case in the previous electronic interface as well. Once identified, the customer can initiate a new procedure or proceed in a pending case. A new petition can be initiated due to a consumer dispute with a service provider, customers may also submit an equity petition or apply for the proceedings of FAB in cross-border consumer disputes.

FAB procedures – with the exception of equity cases – are subject to formal requirements, i.e. the use of certain forms is mandatory. By filling in the form, the customer answers all the questions in the form. The system supports the filling in with information and several useful functions, such as filling in the full company name of the service provider concerned from a pop-up window, automatic completion of the service provider's registered office or the display of warning windows if the programme detects typos or omissions.

The application also indicates the type of documents to be attached. This means that all the data and annexes required by law and necessary for launching the proceeding, can be made available to the FAB already at the time the petition is submitted. The application also has some convenience features: for example, if the customer stops filling in the form and saves the draft, the system stores it for 60 days, and thus the data already filled in does not need to be re-entered later. In the application, customers can also view the petitions submissions they have previously filed with the FAB.

The experience of almost 2 months since the application went live shows that FAB's online application has become known and popular among customers. The application is often chosen for communication with the FAB both to initiate new proceedings and for pending cases. Since January this year, 53 percent of the submissions received through the FAB's online administration interface were new petitions, while the remaining forms were received in connection with pending cases.

However, there are a few things to be considered when the customer opts for electronic administration. For example, it should be noted that in the case of electronic petitions, the FAB delivers the documents to the client gate portal. Accordingly, electronic communication is recommended for those who constantly monitor the e-mails sent to their e-mail address, use it as a daily routine and download the e-mails they receive in their electronic storage space. If the customer fails to do so, it may happen (similar to unclaimed documents sent by post) that the FAB delivers the letter to the customer's storage space in vain, as without downloading it, the customer will not be informed of its contents at all or will only be informed of it late. According to the law, documents received in the storage space of the client gate portal but not downloaded by the customer within 30 days are deleted.

There are also many consumers who prefer the traditional paper-based administration, as they feel more comfortable with it. The FAB takes their interests into account in the same way as those of its clients preferring electronic proceeding, and thus paper-based postal communication remains available in the proceedings as before. Petitioners can send their petitions to the FAB by post or submit them in person at the MNB's Customer Service Desk in Budapest or in any government office. In the proceedings initiated on paper, the FAB will continue to send its letters to customers by post.

For both paper-based and electronic petitions, the most important thing is that the petition should be comprehensive and include all the declarations and annexes required for the petition to be accepted, in order to ensure rapid processing. The FAB continues to provide consumers with expert assistance in resolving their financial disputes through its increasing number of communication channels.

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DR ORSOLYA RÓZSAVÖLGYI:
Financial bucket list against annoyances

We make a list when we go shopping, go on holiday or organise a party. The cases before the Financial Arbitration Board attached to the MNB show that we would also need a financial "bucket list". For example, remembering to notify the bank of a change of address, closing a bank account that is no longer used, or paying the building society savings on time to be eligible for the state subsidy. Often, disputes with our financial service provider arise from our forgetfulness, which could be avoided with a little care.

Many disputes arise from failure to notifying the service provider of change of residential or postal address. Financial contracts, be it a loan contract, a bank account contract or a home savings contract, prescribe for the customer to notify the provider of any change of address. Thus, after obtaining the new residence card the first thing a consumer should do is to visit his financial service provider (bank, health fund, pension fund, etc.) and notify it of the new address, each provider separately.

Let us suppose that customer can use the same bank branch for dealing with his loan contract, bank account, home savings contract or even with his health fund membership. In proceedings before the Financial Arbitration Board (FAB), petitioners often cite that "*but I notified the bank of my change of address, why didn't they indicate this in all my contracts*?"

Even if the consumer notifies the bank of the change of address, the health or pension fund will not be informed of the change of address. In such cases it may be necessary to complete 2-3 notification forms depending on the number of financial service providers the customer has contracts with. The notification must be made by the customer, and thus if he has more than one contract, he should specifically warn the bank clerk of this. Always ask for and keep a copy of the notification form bearing the "received" stamp of the institution. This is how you can prove later on that you have notified the change of address in the event of a dispute.

It is also important to check your bank accounts statements regularly and consider whether you really need the account. Many customers argue at the FAB that "I did not use the account, why did they charge an account-keeping".

However, banks usually charge the account management fee not on the basis of the turnover. Financial conciliators have been approached on several occasions by people who have not used their bank accounts but failed to close them, leaving them with a substantial account management fee over the years.

Some people also forget to notify the bank of their change of address, and thus their bank cannot reach them. In such cases, since the statements were sent to the old address, it can take years before the customer becomes aware of the forgotten bank account debt.

If you decide to close your bank account, it is important to keep the documents to prove this later. There have been cases before the FAB where petitioners claiming that the account had been closed could not prove it.

In the event of such disputes, the customer must prove that the account has been closed (by submitting a termination notice), and if they fail to do so, they cannot win the case. It is therefore very important to review the status of your accounts regularly and take the necessary measures. It is also important to sort out the status of other bank accounts opened in connection with a loan contract (e.g. a mortgage loan). Those do not "expire" when the loan agreement is terminated, and thus they must be closed separately.

In the case of home savings contracts special attention should be paid to prove it in due course that the savings, increased by the state subsidy, has been used for housing purposes. The legislation sets specific deadlines depending on whether it is used for home purchase, construction, or improvement, or for the prepayment of a housing loan. Thus it is not enough if the customer uses the savings plus the state subsidy by the deadline.

If no proof is provided, the building society sends a formal notice to the consumer and, if this brings no result, it initiates civil proceedings or non-litigious procedure (warrant for payment) for the state aid and interest. In several of such cases taken to the FAB, in addition to the failure to provide proof, the problem was aggravated by the fact that these customers also failed to notify the building society of their change of address. Accordingly, the latter sent its notices to the customer's old address, which the consumer did not receive.

In these cases, consumers typically turn to the conciliation body when the building society has already transferred the case to the tax authority (NTCA) to collect the state aid as taxes. Due to the preceding final warrants for payment, the FAB could only treat the petitions of the respective customers as equity petitions and terminated the proceedings in the absence of a settlement agreement.

It is also important to make the payments under the home savings contract in due course. If this is done by direct debit, it is advisable to check that it has actually been done. In the FAB proceedings, customers often complained that the direct debits were omitted, and therefore they were deprived of the state subsidy. The proceedings revealed that the reason for the omitted direct debit was either an incorrectly completed authorisation or a lack of funds on the petitioner's account.

If the consumer finds that the direct debit has not been executed, he should contact the building society and the account-keeping bank as soon as possible to resolve the situation.

If savings are paid by ad hoc transfer, special attention should be paid to the timing of the transfer. Namely, in order to receive the maximum state subsidy, savings should be deposited neither too early nor too late, and it should be also borne in mind that the savings year and the calendar year do not necessarily coincide. For example, if the savings year runs from 1 April to 31 March of the following year, it is pointless to deposit the full annual savings on 1 April and then again on 31 March of the following year, as the payments fall in the same savings year, and the state subsidy is paid only once.

It is also a common problem that consumers try to catch up with the unpaid savings in the second half of the savings year. However, these cases are clearly regulated by the legislation, as state subsidy for payments made in the third and fourth quarters must not exceed 25-25 percent of the annual state subsidy. Accordingly, the extra payments are useless, as no higher state subsidy will be paid for that.

In the case of bank account contracts, by checking regularly the account statements and account histories may help prevent recurring suspicious transactions. In addition to monitoring your accounts, it is also important to keep your bank card and PIN code in a safe place. And if there is an SMS service linked to the account, the messages should not be ignored.

A case was taken to the FAB where more than nine months have passed since the first suspicious transaction before the customer realised that his account was being regularly debited – for small amounts – which he had not initiated. During the conciliation procedure, the customer acknowledged his responsibility in making it possible that these debit entries could have occurred over such a long period of time, as he did not check the transactions on the account regularly. Nevertheless, the consumer still found the situation injurious. The parties finally reached an agreement in the dispute and the petitioner was reimbursed part of his claim by his bank. Although this case ended with a settlement, it is important that customers act with due care to prevent such situations.

The expiry date of bankcards should also be monitored. Unpleasant situations may arise if you realise at the checkout that you want to use an expired card due to negligence. If you have applied for a new card but it does not arrive before the expiry date of the old one, contact your bank and ask about the new card.

It is also worth checking your card limits (for purchases and cash withdrawals) from time to time, especially if you are planning to travel abroad. In the latter case you should also give consideration to notifying the account-keeping bank

of the expected use of the card abroad in order to prevent the bank from treating the foreign purchases as suspicious transactions and blocking the card.

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ZOLTÁN LIPTAI:
Financial awareness may prevent many problems

Knowledge is power. This saying is even more true in finance. However, product descriptions of financial products and services – although a good source of information – are often long and almost illegible due to the small print. Nevertheless, in order to make a prudent decision, it is worth wading through, and if necessary, even ask for the help of an expert. There are a number of lessons to be learned from financial conciliation cases involving financial service providers and customers.

Misunderstandings may arise from the false interpretation of the technical terms. Everyone must have a thorough understanding of the basic technical terms in the financial agreements. For example, in a loan contract, who is the debtor and who is the co-debtor? What does it mean to be a joint and several guarantor? What are the obligations of a mortgager? What is joint and several liability? How can you get out of a specific legal relationship? What happens when a financial contract is terminated? What does a warrant for payment mean, what are the options available to the addressee before it becomes final, and what are the consequences once it is over? What are the burdens and obligations of an enforcement procedure and why is it advisable to avoid it by all means possible?

Make sure you understand the basic technical terms

Another important question is what rules apply to financial commitments concluded by spouses (jointly or separately). In the latter case, for example, if one of the parties conclude a credit card contract, that may lead to unexpected situations within the marriage. This is particularly true if the marriage subsequently breaks up, as the agreement concluded with the ex-spouse when dividing the assets has no effect on the obligations towards the credit institution, i.e. the latter is not obliged to accept it.

In the case of succession, it is important, for example, that the heirs are only liable to creditors up to the amount of their inheritance, but in the case of multiple claims, the order and degree of satisfaction must be also taken into consideration. The grant of probate prepared by a notary lists the known assets and liabilities comprising the estate. At this point, the heirs can still decide whether to accept or reject the inheritance.

However, it may also be the case that a previously unknown claim comes to light only years later, which creates a new situation. The challenges surrounding inheritance are often complicated further by financial service providers, as there are many examples of different practices. In the cases heard by the Financial Arbitration Board (FAB), attached to the Magyar Nemzeti Bank, there is often a misconception that a creditor claim not registered in the probate procedure cannot be enforced later.

It is also very useful to know the statute of limitation and the legal application of it, with special regard to the full consequences thereof.

Financial literacy should also extend to knowing what kind of cooperation and information can be expected from the financial service provider under the law, and what rights and options the consumer has if the service provider fails to comply with those expectations.

Although it may be tempting to deal with your transactions rapidly in person, with the help of a kind and pleasing teller, and the information received may appear thorough, the availability of exact content proven by signed documents significantly simplifies the resolution of a potential dispute later on. Accordingly, it is advisable to make a written document of all declarations made and conditions agreed to by the financial institution and retain those. This is not a question of trust, but merely a useful foresight for the resolution of a possible dispute later.

The decision: taking responsibility

The risk you assume should never exceed your risk tolerance, i.e. you should be able to bear the financial burdens even in a worst-case scenario. Do not fall to temptation or persuasion until such time as the decision is supported by facts. In finance, emotions are very bad advisors!

Unfortunately, most of the serious financial problems occur with the knowledge, or even the consent, of consumers. This is the case, for example, when customers sign a contract (as a guarantor, if applicable) on a commitment that they cannot comply with later, or when they give codes, passwords to unauthorised persons, etc. This is why it is important to have reservations about offers promising large profits or mails appearing to be authentic, in which fraudsters ask for identification codes claiming that they are “your bank”.

Everybody can make mistakes, but fortunately in many cases mistakes can be corrected. If bad decisions have caused financial chaos, it is a good idea to seek help as soon as possible.

If the consumer is unsure about a financial product or service when concluding the contract, it is advisable to ask for the opinion of an objective third party, relative, friend, acquaintance or professional well-versed in financial matters.

If nevertheless an awkward financial situation arises, the first thing to do is to try to sort it out with the bank or financial service provider. And if this does not lead to a satisfactory result, you can go to the FAB. However, it may happen that the legal alternatives are exhausted, in which case there is still one option: a petition of equity. It is important to know that financial service providers are also interested in resolving the situation, which may give a chance for reaching an agreement.

And once the problem is resolved, the most important thing is to learn from what happened! If the price had to be paid, do not let the lesson be lost!

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DR LAJOS TAMÁS TARPAI:
Bank fraudsters use new tricks

On a sleepy morning on the way to work, a call comes in from a phone number you think you know. At the other end of the line, a young man of commanding style informs you on behalf of a bank that a suspicious transaction has been made from your bank account and that if it was not initiated by you, they will help you to stop the transaction. If it turns out that the he called not on behalf of your account-holding bank, he will readily offer to “switch you to your own bank” or report the problem to them – but, of course, only if you tell them exactly which bank you have your account with. The rest of your day depends on the answers you give to the stranger’s questions, what you do and how you do it. There are ways to avoid becoming a victim of voice phishing (“vishing”).

The first and most important step is to ascertain whether any call of this content can be real. The panic of losing your money tends to override sound judgement. The best thing to do is to take some time to understand: why were you called? If you do this, you have a better chance of spotting suspicious signs.

Watch out!

Most customers have various banking services of convenience that allow them to receive SMS or mobile app messages on their credit card or account transactions (debits, credits). If no such message is received, but the caller informs you of specific abuse, be careful! Check the caller’s phone number. Unfortunately, there is a way to clone a specific phone number, but experience shows that often the caller’s number only resembles the bank’s customer service number (for example, there are 8 digits after the area code, rather than 7).

Also bear in mind that you can only receive a phone call about unauthorised payments related to your bank account from your account-keeping bank. Banks do not operate a shared customer service and do not transfer calls to each other. Be suspicious about any request to name your account-keeping bank. If you are unsure, disconnect the call and call your bank's customer service. Urging and sometimes threatening tone, with the prospect of severe sanctions, is a general feature of such calls, but don't fall for it! Bank staff do not conduct investigative action "following a warm trail" with the police that would require the immediate involvement of customers.

Be suspicious about any request to name your account-keeping bank.

Tricky data thieves

If for some reason you do continue the phone conversation, remember how your bank has identified you in previous phone calls. Banks usually ask for some personal information and some verification questions (e.g. whether you have savings in the bank).

However, in many cases, during the attempted fraud no customer identification is performed, nevertheless many customers still continue the conversation with the fraudsters. In other cases, there was some form of identification, after which the customers felt reassured, assuming that they were talking to a real bank employee, because they knew information about them that only the bank could know. This could include identification by bankcard numbers. In fact, the fraudsters only knew the card details that could be accessed through the customer's internet or mobile bank remotely (some details of the card number are visible in the systems), and they made the customer to provide them with missing numbers as identification.

In real life banks never ask for all the details of the card or for the authentication codes, usernames and passwords – either for identification or for additional operations. Customers are also not asked to give their name and all their bankcard details "after the beep" to prevent abuse.

Once the fraudsters have gained the customer's trust, they launch the operations the purpose of which – as they claim – is to protect the customer's money, but are in fact intended to steal it.

Banks never ask for all the details of your bank card or for authentication codes, usernames and passwords.

Small requests, big losses

In one of the cases brought before the Financial Arbitration Board (FAB) attached to the MNB, the perpetrator made the customer believe that he was on the hot trail: he claimed that the real fraudster was a bank employee who was "in action" on the customer's account, and that he would send the SMS on the suspension of the card and also call the customer. He was warned not to fall for it. The bank's fraud filtering system did indeed detect the transaction for GBP 0.72 initiated by the perpetrators, blocked the card and contacted the customer by phone. However, as it was proposed by the fraudsters, the customer told the bank's real employee that transaction for a small amount had been initiated by himself. The story ended with a loss of a million, as the criminals were now able to initiate another transfer for a large amount.

A recurring feature of the solutions offered by fraudsters is to install a program with several misleading labels (e.g. "antivirus" or "anti-hacking") on the customer's mobile phone or computer used for online banking. These programs (such as AnyDesk or TeamViewer) are installed on these devices by deceived customers despite the fact that they are not actually familiar with those and they also fail to check them before downloading.

By installing these programs, fraudsters in fact gain remote and unrestricted access to the customer's online banking devices. Once installed, the "only" thing to do is to make the customer log in to his online banking interface. In order to prevent customers from seeing what the fraudsters do on their mobile phones, they are asked to turn the phone upside down and cover the cameras on it.

Another recurring element is that fraudsters, in order to prevent the debits cited by them, which do not actually exist, persuade customers to raise their previously low bankcard limit to the highest possible amount. However, this action made it possible to commit an abuse for the highest possible amount rather than preventing it.

Credulity versus protective functions

In a world of different internet security codes and strong customer authentication, one may wonder how these abuses could have materialised. Well, by using a remote access app downloaded to a mobile phone, fraudsters can learn the code received in SMS and take control over the banking applications. In many cases, however, even this was not necessary, as the customers themselves provided the fraudsters with the SMS code at their request, or approved the transactions by authenticating them in the mobile app.

Customers saw all the details of the transaction before the perpetrators requested it: the name of the beneficiary, the amount and currency of the transaction, and they still had no suspicion. In addition to revealing all the details of the card, the fraudsters also made customers to provide them with the code, which – as they claimed – was necessary because once the customer approved the transaction, the transaction was frozen, blocked or the funds were placed on a "secure police account". Customers with a control service noticed that their account balance decreased immediately after the operation. Their doubts were lulled by claiming that the money had been temporarily placed under protection and that the bank would later transfer it back it from the "secure account".

That is, the main argument of the fraudsters was that they were protecting customers' money, and this is why savings had to be transferred to a secure account. The story they tell is that all banks keep a secret sub-account for their customers, which is not in the customer's name, because – as the fraudsters say – it cannot be. Furthermore, as the maximum amount of money that can be transferred to this sub-account is HUF 2 million, and thus the number of sub-accounts depends on the account balance.

In the knowledge of the account balance – which was not known to the fraudsters, but the customer disclosed it – the customers recorded the details of the transfer to one or more sub-accounts, according to the instructions of the fraudsters. In all cases, it was a bank account outside the customer's bank, with an unknown beneficiary, and the comments field had to include "gift" or other similar comment. Subsequently – in the cases taken to the FAB – customers transferred the money, assuming that they secured their money. In fact, they may have just lost it.

What can be done against phone fraudsters?

Banks keep their customers informed about the latest phishing attempts and methods used for committing bank fraud via their own website, email, netbank or push messages sent via the bank's mobile application. It is advisable to read these messages and keep yourself informed. Spare no time to read the messages you receive from the bank! Check whether the content of the message you receive in SMS or via mobile app, and the transaction it contains, is something you really wanted to do. Let's be cautious! It is worth doing so in every respect.

The frauds were successful because customers also provided the fraudsters with the SMS codes at their request.

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DR ORSOLYA RÓZSAVÖLGYI:
How to avoid the pitfalls of prepayment and final repayment?

When extra money is forthcoming, many people use it to get rid of or at least reduce their debt as quickly as possible. They have a legal right to do so. But how does it work, how much does it cost, is it really worth it? It is worth being aware of the advantages and pitfalls of prepayment and final repayment.

The remittance of the savings from your home savings account, a large bonus at work or the receipt of unexpected funds is an excellent opportunity to use it to pay off your loan. It is worth checking the legal and contractual terms and conditions when making a prepayment or final repayment of the loan to avoid pitfalls, problems and possible extra charges. Those who have encountered such problems usually turned to the Financial Arbitration Board (FAB) attached to the MNB in connection with unexpected fees, lengthy administration, inadequate information or the amount to be repaid. When making prepayments and final repayments, not only the relevant law but also the provisions in the individual loan contracts should be taken into consideration, as those may often complicate the matter.

The consumer must notify the bank in writing of his intention to make a prepayment or final repayment. In respect of the specific form and timing of the notification, it is worth reading the banks' product notices. And if you have already notified the bank of the intended repayment, you had better make the payment, otherwise you will have to notify the bank repeatedly later on. It may also give rise to a dispute if, after notification, the prepayment is not made for some reason. In a real case, the petitioner notified the bank of the intended final repayment, filled in the final repayment declaration, but failed to make payment. Months later, he paid the amount indicated in the new statement of debt, but by then his declaration expired. The customer cited lack of information as a reason. Finally, the dispute was settled before the FAB, and the bank reimbursed part of the interest incurred.

The bank must provide the customer with the necessary information within 5 working days of the notification of the intended prepayment. In the case of consumer loan contracts concluded after 21 March 2016, the law also provides that if the consumer indicates his intention to make a prepayment, the lender must provide the consumer with a quantification of the consequences of prepayment or information on the prepayment costs on paper or on another durable medium. It is important that consumers do read through the notices thoroughly and make the prepayment to the specified account number at the time and in the amount specified. The amount of the outstanding debt is of particular importance in the case of a final repayment, as the full amount of the debt must be paid in order to close the loan.

But what can consumers do if they disagree with the content of the notice or later on it turns out that it contained incorrect data? In some cases, the debt was paid on time and in the amount shown in the statement, but the final repayment did not materialise because the amount notified by the bank was – wrongly – lower than the actual debt. In one of these cases, the consumer and the bank also reached an agreement before the FAB: the customer acknowledged that his debt was indeed higher and the bank admitted that it had provided incorrect information. The customer paid the outstanding debt and the bank did not charge any additional fees or interest for the "late payment".

It is not always enough to pay the full amount of the debt, because usually there is also a fee for prepayment and final repayment. These can vary and the law only sets maximum rates: 1.5 percent of the prepaid amount for mortgage loans and 1 percent for the certified consumer-friendly housing loans, a product being extremely popular these days. However, prepayments may also be free of charge: for example, in the case of prepayment of certified consumer friendly housing loans from building society savings.

Debtors seeking assistance at the FAB also often dispute the fee charged for final repayment fee. A consumer was told at the branch that he was entitled to a final repayment free of charge, and the teller in the branch also indicated this on the final repayment declaration, nevertheless a fee was charged. Although later on the debtor making the final repayment accepted that the fee was justified, as he had been informed of it in advance. Had he been properly informed, he may have decided otherwise in respect of the final repayment. Finally, the bank refunded the fee charged for final and the dispute was closed with a settlement agreement.

It is common for banks to make allowances at the time of signing the contract: this may include the waiving of the disbursement fee, reimbursing the appraisal fee or the fee for the notarial deed. However, they may stipulate in the contract, for example, that in the case of a final repayment within a certain period (for example three years) or a prepayment of a large amount (for example more than half of the loan amount), the fees waived at the time of the contract will be enforced.

In a dispute, the bank asked the customer to pay almost HUF 100,000 in addition to the outstanding debt upon the final repayment of the loan. The customer complained that he had not been informed of this in advance. The final repayment process was protracted and for several months the bank branch was unable to tell how much should be paid to close the contract. Finally, the bank explained the fees and costs waived and the specific contractual provision under which it had the right to charge these items. In the end, an agreement was reached on the exact amount to be repaid, the service provider forbore from the repayment of the fees waived under the campaign and also reimbursed the consumer for part of the interest incurred due to the protraction of the final repayment process.

In the case of a prepayment, the bank must account for the amount paid within 5 working days of the payment, at the latest. In this case, the instalment usually decreases. However, the consumer may prefer keeping the instalment unchanged and rather shortening the maturity. In this case, however, additional costs may arise, for example, in connection with the contract amendment, notarisation, etc.

A consumer turned to the FAB because, although he had done everything lawfully and, in his opinion, his contract allowed him to do so, the shortening of the maturity that he had opted for, had not materialised. However, the bank claimed that shortening of the maturity had been subject to special assessment and a contract amendment. Namely, in their case the dispute concerned a specific contractual provision, which was settled in a settlement agreement both in terms of the prepayment and the shortening of the maturity.

The new instalment after the prepayment may also be the source of the problem. The bank informed the customer of an incorrect amount before the prepayment. However, the notice sent after the prepayment already stated the correct amount, also supported by the credit institution numerically. The consumer accepted the new information, but complained that he had been misinformed beforehand and this may have influenced his decision. Finally, as part of the settlement agreement, the bank refunded the prepayment fee charged.

These numerous examples show that it is worth acting circumspectly regarding the prepayment and final repayment of the loan to avoid any major or minor pitfalls. It is important to read the information received thoroughly, peruse the contractual terms and verify the data. Consultation with the bank should preferably take place in writing, if possible, and the copy of the documents submitted should be retained. The complaint, if any, first should be filed with the bank. Consumers may initiate the FAB proceedings, if the bank rejects the complaint.

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KLÁRA RAJKI: What should credit cards be used and not used for?

Credit cards, if used carefully, offer almost free credit; however, carelessness may cost you a lot in interest charges. You may even get discounts on your purchases, but withdrawing cash by card or terminating the contract quickly may entail immediate costs.

Today, almost all bank account holders have a debit card linked to their account. Bankcards are almost identical in appearance and functions, but there is a significant difference between them depending on whether they are debit cards or credit cards. Based on the experience of the proceedings before the Financial Arbitration Board attached to the Magyar Nemzeti Bank (MNB), consumers are often unclear as to the difference between the two types of cards and the pitfalls of using a credit card.

A debit card is a cash-substitute payment instrument linked to a bank account, which can be used to make purchases or withdraw cash from your payment account. In this case, we are spending our own existing money. When using a credit card, as its implied by the name, the bank gives you a loan up to the amount of the credit facility specified in the contract, which you have to pay back regularly (usually monthly). There is no card application fee, but the cardholder's issuing bank charges a fee for holding and using the card.

A credit card is most often used for buying goods or services. In this case, funds are used from the credit facility linked to the card in the amount of the product or service purchased, and no other fees are charged for the transaction. When you use the card, the bank sets a settlement period (usually one month), which ends on the day of balancing the account. The amount used from the credit facility to make purchases during this period must be repaid within the next grace period, which is a deadline set by the bank (usually 15 days).

If the full amount is repaid by the end of the grace period, the amount spent is free of charges and interest. The interest-free credit applies only to purchases made with the card, not to cash withdrawals. The interest charge arises if the cardholder fails to repay the full amount used during the grace period, by the end of the grace period, at the latest. If he repays only the minimum amount defined by the bank – usually 5 percent of the utilised credit facility used – the bank will charge interest on the utilised amount.

If the customer fails to pay this as well, he will have to pay interest and default interest as well, which is extremely high compared to other loan products. In this case, the annual percentage rate of charge (APR), i.e. the annualised percentage of interest and charges, may be as high as the central bank base rate plus 39 percentage points.

If the credit card is used for cash withdrawal, the temporary interest-free period applicable to purchases shall not apply to withdrawals. The bank will always charge high interest on the withdrawn amount, and in some cases extra costs as well, and thus it is definitely not a good idea to use credit cards for cash withdrawals. There were cases where a customer withdrew HUF 1,000 using a credit card, for which the credit institution charged a cash withdrawal fee of nearly HUF 600.

Purchases made by a credit card usually rewarded by the issuing bank with some kind of allowance or bonus. The most common practice is the refund of a certain percentage of the purchase, which is credited to the customer's credit account or to a collective account. Particular attention should always be paid to the exact conditions under which the credit institution provides such bonuses. For example, it may specify the type of purchases eligible for a refund and the maximum amount of refund.

In some cases, the cardholder may define the scope of these allowances/bonuses (e.g. refundable purchases) or the use of the collected, refunded amount. Taking advantage of and using these bonuses requires careful consideration, but with good judgment, the refund may be as high as the annual credit card fee or even more. This practice fosters the activation and use of the credit card.

If this special card is used in a way that after the spending period the full amount used is repaid by the end of the grace period – considering the interest-free use and the allowances/bonuses enforced – the benefit realised may exceed the fees paid. This is only possible if the payment deadline is strictly observed.

Similarly to the debit cards, attention should be paid to setting the card limit for credit cards and requesting SMS notification or push message after the purchase about the transaction, the amount used and the available credit facility. This is advisable, because there have been several cases where the card was stolen or fraudulently obtained. This should be reported to the bank immediately and the blocking or stopping of the credit card should be requested.

There are also several credit card products that come with a hire purchase loan agreement. It may happen that although you have not used your card and repaid the amount under the hire purchase agreement, you still have an outstanding debt, which increases month by month and the bank asks you to repay it.

It should be borne in mind that not using the credit card does not mean that you will not be charged for fees and costs under the contract. In this case, credit institutions deduct the fees incurred (e.g. annual card fee, account management

or closing fees, SMS fees, etc.) from the credit facility. This generates a payment obligation, on which interest will be charged, if not repaid by the deadline. Special attention should be paid to the type of other obligations and contracts involved, for example, in an interest-free hire purchase loan.

Experience shows that when credit card products are sold, only the benefits are highlighted and the costs incurred are mentioned only by handing over or referring to the announcement or list of conditions. There have also been cases where, after signing the contract, the customer realised that he received a credit card instead of a new debit card for his account, the bank charges a fee for cancelling it. Cancellation is free of charge only after a certain period of time or upon paying a significant amount.

In all cases, the relevant announcement or list of condition forms an integral part of the contract concluded, and thus not being familiar with it does not exempt the customer from the payment of the fees charged. The information given orally when concluding the contract, or the lack of it, usually cannot be verified later on and it is difficult to prove in a potential legal procedure.

Hence you should be careful and always check the terms and conditions of the contract before signing it, and obtain information about interest rates, costs and the details on any discounts that may apply. Moreover, you should regularly monitor those during the term of the contract, as they may change unilaterally.

For detailed information on the use of credit card products see the Financial Navigator publication of the Magyar Nemzeti Bank, while the MNB's Credit Selection Programme provides help in comparing individual credit card products. If you need advice or professional assistance, you can contact the nearest office of the Financial Navigator Advisory Office Network in the county seats. For the contact details and opening hours visit the MNB website.

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PÉTER SZABÓ:
Is emotion a good adviser in finances?

In an economic crisis, at a critical time, it is particularly important to improve financial literacy and increase personal awareness. Numerous studies and everyday experience confirm that emotions strongly influence financial decisions.

Money cannot buy you happiness. This is a statement that certainly many of us agree with, but others dispute it or at least shake their heads in disapproval. On the other hand, it is a fact that a shortage of money may overshadow happiness, and thus having your finances in order may also give you peace of mind and foster happiness.

The decisions people make in their daily lives are influenced by both emotional and rational considerations. What is the role of these in establishing, maintaining or terminating a customer relationship? Are you sure that it is a good thing if emotions prevail over common sense?

Establishing a customer relationship, such as opening an account, making an investment or taking a loan, is usually associated with positive emotions. We are confident that we choose the right product and we will get what we expect. Disappointments later on can be avoided by obtaining detailed information beforehand. This is particularly true for long-term financial decisions, such as taking a housing loan, choosing a long-term investment purpose or taking out pension insurance. It is a good idea to investigate all available options carefully, understand the terms and conditions, and the legal environment. If necessary, do not be shy at asking for expert advice, or having an inspiring conversation with friends and family who may have already been in a similar situation. However, too much information can also be confusing. We live in a digital world, flooded with a large volume of data through a number of different channels. Make sure that you identify the knowledge necessary for making a decision. It is also important that you obtain information from a reliable source. For example, the website of the Magyar Nemzeti Bank (MNB) (www.mnb.hu) is one of those authentic sources of information on financial topics, providing objective information on market participants and their products, such as e.g. the certified consumer-friendly loans and insurance products.

The possession of money is associated with positive emotions, while the lack of it with negative ones. Financial market participants are aware of this, just like those pursuing illegal activity. Usually they do not tell lies in their advertising, but they can mislead consumers by highlighting only the positive aspects of the product. Be suspicious if the offer is too attractive: a risk-free investment and overly high yield are usually unrealistic promises. You are right to suspect that the provider of such a product or service is not a legal market participant. The purpose of the Warnings on the MNB's website is to protect consumers from such service providers, which have already come to the attention of the MNB during its market surveillance activities.

Usually phishing criminals also seek to manipulate your emotions. When approaching you with alarming news about your financial situation ("your bank account has been accessed without authorisation" or, to the contrary, with holding out bright prospects of an unexpected and very attractive opportunity ("you have won a huge amount of money, all you have to do is..."), they want you to provide them with your personal data, password, PIN code or click on a link without thinking, out of a sudden emotional impulse. The best way to avoid these pitfalls is to increase financial awareness. If you are aware of the methods used by fraudsters, you will not be caught unprepared by a phishing letter or phone call, and a conscious financial consumer would prudently check the truthfulness of the information by contacting his service provider.

In an ideal world, you are satisfied with the financial service or product you have chosen: you have got what you expected, the "consumer experience" has been realised. However, when problems arise, negative emotions may prevail: annoyance, disappointment, frustration, anger, even shock and fright.

In such heated situations, it is important not to let emotions determine the way forward. The necessary and possible steps must be taken rationally. This is also important because consumers are typically left alone with their feelings: on the other side of the "counter", the financial service provider manages complaints in a basically rational, unemotional way.

This article focuses on the emotional aspects of financial consumer decisions. Accordingly, it is worth clarifying the notion of financial consumer. Practically, this is a natural person who manages his private financial affairs (not related to his business or economic activity) with a bank, insurance company or other financial institution.

If a disagreement about a financial service cannot be settled directly with the service provider in a satisfactory way, the customer can complain to the financial institution. If his complaint is rejected, he can take the matter to the Financial Arbitration Board (FAB), which is a potential forum for resolving financial consumer disputes. The aim of the FAB proceedings is to resolve the situation amicably and foster an agreement between the parties. More information about the process is available on the MNB, or directly on the FAB website. As its name suggests, the purpose of FAB is conciliation. In addition to the professional approach, it allows for personal clarification of the disputed issues, and also provides room for expressing emotions, reconciling grievances and "blowing off steam". If this yields no result either, the FAB decides the dispute in justified cases.

The Financial Arbitration Board is also characterised by an emotional-intellectual duality. On the one hand, it investigates and clarifies professional (financial, legal, economic, numerical, etc.) problems, on the other hand, it deals with conflicts, also paying attention to the human side of the problems and trying to help the parties to find a realistic solution together.

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DR GYÖRGY ÁGAI:
Witnesses and taking photos may facilitate the payment of MTPL claims

In a road accident, the other driver who crashed into your car may deny his responsibility not only on the spot. It may happen that subsequently, during the claim settlement procedure – or at his insurer – he withdraws his relevant declaration. As it is evidenced by the cases taken to the Financial Arbitration Board attached to the MNB, it makes it easier to get the justified compensation under the compulsory motor third party liability insurance if, in addition to filling in the accident form accurately, you take photographs of the vehicles and record witnesses' data.

Even if no bodily injury occurs – which can cause irreversible damage – the owner is left with a smashed car after the accident. This is rather depressing for owners, while it is also uncertain who will pay for the damage.

If no other vehicle is involved in the accident, only CASCO can help.

If the driver crashed his car on his own, without external intervention, e.g. after a careless manoeuvre he smashes his own garage door or fence, the question is whether there is a CASCO contract. If there is one, you notify your insurer of the claim event and, after the claims settlement procedure, you will receive the amount of your insurance benefit, which you may or may not agree to. If you have no CASCO contract, you must bear your loss on your own, as the owner of the car.

In Hungary, the Act on Compulsory Motor Third Party Liability Insurance (MTPL) states that all registered keepers of motor vehicles with a permanent establishment in Hungary are obliged to take out an insurance policy to cover losses caused during the operation of the vehicle. This obligation is observed by all but a few rare exceptions, since everybody knows that if they have caused an accident, the insurer will pay for the damage to the vehicle that is not at fault.

After a damage, insurers may rightfully impose certain sanctions (e.g. degrading in the bonus/malus scheme, damage surcharge) on the party at fault. Due to this, some drivers at fault do not always accept responsibility for causing the accident and take every opportunity to escape negative legal consequences. It is therefore very important that the driver actually not at fault is "on the alert" after the accident has occurred and is prepared for the possibility that the other party may try to hold him liable in the claims settlement procedure for the accident or damage that he did not cause.

Given a narrow street in the city centre, there is a battle for parking spaces. Car A sees a free space and starts to move right backwards between two cars. Then comes the unexpected loud crack from behind. Now he looks carefully behind him and sees that the rear of his car crashed into vehicle B behind him.

The two drivers inspect the damage. Let us assume there is no dispute between the parties, the driver of car A apologises and says he accepts his responsibility. The driver of vehicle B is happy to acknowledge this fact and they agree where to fill in the blue-yellow accident report form. They arrange a time and a place where they can do the administrative work more calmly, as the drivers behind them are already upset.

The driver keeps his word and they meet. However, he may – having re-evaluated his situation – tell the driver of car B that he does not accept responsibility because he was not reversing but rather the other car crashed into him. Here, a dispute is likely to arise between the parties, the civilised solution of which is to describe only the fact and mechanism of the accident as they see it.

It is also possible that the driver of car A still accepts responsibility and they record it in the accident report. In the following days (within 30 days under the MTPL Act), the driver of vehicle B reports the claim to the insurer and the claims settlement procedure starts. At this time the owner of the car not at fault is already convinced that the insurance company will settle the claim.

However, the insurer of the party causing the damage notifies him that it would not settle the claim because it is of the opinion that the accident had been caused not by the party insured by it. The owner of car B is engaged in a dispute with the insurer, and it turns out that the driver of car A withdrew his acknowledgment of liability during the claim settlement

procedure, and thus the insurer believes that it was not a reversing accident, but that car B slid into car A. In this case, not only the car of the owner the car not at fault has damaged, but also his sense of justice.

Now let's see what the party not at fault needs to do to avoid this unpleasant disappointment. His most important task is to record the damage, regardless of the hoot by the cars behind him. After getting out of the car after the accident and ascertaining that indeed material damage has occurred, use your mobile phone for recording all relevant circumstances. Take photos of the damaged vehicles from all sides, as well as of the accident scene in the wider area.

The most important is to document the damage to the vehicles, the position of the vehicles relative to each other, and other circumstances that help to establish the mechanism of the accident. This can significantly simplify the claims settlement process later on. If you have the opportunity, you should also look for witnesses who can later make a declaration on the circumstances of the accident.

The parties may then leave the accident scene to complete the accident report in a calmer environment. According to the MTPL Act, in addition to the basic information on the vehicles and their insurers, this must include information on the relevant circumstances of the accident.

It is only an option and not a statutory requirement to record whether either party accepts responsibility. The declarant is not prohibited from withdrawing later on the declaration on the acceptance of responsibility, if any. The question of liability for damages will be decided by the insurer, on the basis of a statutory mandate, in many cases independently of the declarations of liability. Accordingly, such declaration is not conclusive. The most important thing is that the damage after the crash is recorded. A well-documented claim is the basis for a fair claim settlement.

DR ORSOLYA RÓZSAVÖLGYI:
Payment moratorium: opt out or stay?

Staying in the moratorium on repayments extends the maturity, which also means that the interest charged by the bank on the principal debt is accrued for a longer time. In addition to this, if it is a variable rate loan, you will also be exposed to the possibility of an interest rate rise for an even longer period. If you have more than one loan in moratorium, even in a bad financial situation, it makes sense financially to restart repayments on at least one of them and pay it off as soon as possible. Pros and cons of the moratorium.

Following its introduction in March 2020, the moratorium on payments has made the financial burden more bearable for many consumers amid the difficulties caused by the pandemic. From 1 November 2021, the moratorium was available only to debtors belonging to priority social groups (e.g. pensioners, the unemployed, public employees, borrowers with children), and only if they applied for it on a dedicated form within the statutory deadline.

The same applies to the extension of the moratorium until 31 December 2022. And those who opted out cannot re-enter the moratorium. But what should be the main considerations for a pensioner whose credit card debt is affected by such a moratorium, or for a parent with young children who uses the moratorium's protective umbrella, for example in connection with a housing loan? What is the right choice? Opt out or stay?

In cases where the financial means of a consumer belonging to one of the above categories do not make it possible to continue the repayments at all, the question does not really exist. Utilisation of the moratorium until 31 December 2022 still grants a respite for payments. But what if your income would allow you to pay the instalments? What long-term effects should you be prepared for due to utilisation of the moratorium?

The lengthening of the maturity – an important effect of the moratorium – can be perceived the most in the area of housing loans. Perhaps by now all those concerned know that the debt continues to accrue interest also during the term of the moratorium. The customer has to pay this interest in interest-free instalments rather than in a lump sum. What does this mean in terms of maturity? Housing loans are annuity loans, which means that the amount of the instalments is constant, but the principal-to-interest ratio within the instalments is continuously changing, since the outstanding principal decreases in parallel with the amount of interest charged on the principal.

The moratorium changes this repayment schedule, as it takes into account an additional factor. This is the interest accrued during the moratorium period, which must be paid in equal monthly instalments, i.e. spread equally on a straight line basis. That is, a small part of the instalment that will be used for the interest accrued during the moratorium. Of course, in addition to this the monthly transaction interest still needs to be paid, and it is also an important rule that the instalment amount must not exceed the original instalment amount specified in the contract. It is easy to see that in order for the original instalment amount not to increase, the third element of the instalment, i.e. the principal, must decrease.

Let us see an example: let us assume that (without a moratorium) your original instalment would be HUF 150,000, of which HUF 100,000 would be the principal and HUF 50,000 the interest. However, after the moratorium, you will have to start paying off the interest accrued during the moratorium. If this is e.g. HUF 7,000 per month, the monthly transaction interest will be HUF 50,000 (since it is payable on the existing principal debt), added to it HUF 7,000, i.e. the interest amount spread on straight line basis. Together this is HUF 57,000.

However, since – according to the rules of the moratorium –the monthly instalment payable must not exceed the amount paid until the ordering of the moratorium, i.e. HUF 150,000, the principal will decrease monthly by a much lower amount than HUF 100,000. As the principal reduction is smaller, the remaining outstanding principal will be larger than if the original schedule – i.e. without the moratorium – had remained in place. This is a recurring pattern, month after month, until maturity. Accordingly, the interest accrued during the moratorium, the maturity and the overall the interest payable will increase proportionally to the time spent in the moratorium.

In the case of contracts linked to the reference rate, additional criteria should be also taken into consideration. In this case, the interest rate on the contract is variable, for example linked to 3-month BUBOR, plus a interest spread. The reference interest rate changes periodically (every 3 months, every 6 months, etc.), but if the contract so provides, the interest spread also changes periodically; the latter is referred to as the interest spread period.

As there are no repayments during the moratorium, i.e. the principal is not reduced, interest is charged on this (non-declining) principal. While the interest rate on fixed-interest housing loans does not change, the reference rate is a continuously variable rate (which has been rising steadily recently) until the freezing of interest rates.

Although at present the interest rate freeze capped the reference rate at the level of 27 October 2021 until 31 December 2022, it should be borne in mind that in the event of a future lifting of the interest rate freeze, the contractual interest rate prevailing then shall be payable on the outstanding principal debt not yet due. Thus not only has the principal (i.e. the basis of interest calculation) not decreased as a result of participation in the moratorium, the interest rate has also increased compared to March 2020.

However, if you opt out of the moratorium and start paying the instalment, the amortisation of the principal can commence. This means that the higher interest rate payable in the event of the potential lifting of the interest rate freeze will be charged on a lower principal amount, thereby reducing the amount of the interest payable.

If you contemplate taking a refinancing loan now or later on, the settlement of the interest accrued during the moratorium – augmenting upon remaining in the moratorium on payments – could increase your burden further. As regards its title, this amount is classified as interest payable on the transaction. In the case of refinancing, the entire debt arising from the existing contract (including interest accrued during the moratorium) must be settled. If you ae unable to do the latter from your own resources, the amount of the refinancing loan will have to include this as well. However, while the interest accrued during the moratorium on your original loan was payable in interest-free instalments, in the case of loan refinancing this amount will already be a principal debt (as this be advanced to you by the refinancing loan), on which you will have to pay transaction interest. The longer time you participate in the moratorium, the higher this amount.

It is advisable for consumers who already had arrears when they entered the moratorium, albeit their contract has not been terminated, to enquire about their options in due course. Although these loans are also covered by the moratorium, once it is terminated, the debtors concerned will be in a complex and difficult situation.

Not only will they have to start paying the instalments again, but they will also have to settle the overdue debt. Once the moratorium is lifted or you opt out, the legal consequences of late payment, such as default interest, will apply again to debts that became overdue before 18 March 2020. These debtors should therefore thoroughly consider opting out and whether they have any solution for this situation. Contact your bank as soon as possible and negotiate at least about the settlement of the debts that have become overdue already before the moratorium.

In the case of open-ended loans – such as credit card contracts and overdrafts – it is also important to assess your situation in relation to the moratorium. In the case of these contracts the moratorium applied only to the debt outstanding on 18 March 2020, after which the credit card/overdraft facility continued to operate under the standard rules. In relation to interest accrued during the moratorium, in autumn 2021 the law prescribed a recalculation, whereby the moratorium interest rate was set to 11.99 percent.

This rate has significantly reduced the outstanding accrued interest on the respective contracts. Another relief provided to these debtors is that they can settle the recalculated debt in 12 monthly instalments, rather than immediately. When your money is tight, negotiate with your bank on the instalments. This is important, because if you fail to pay the agreed instalments after opting out, the bank will collect these instalments by debiting those to the credit line, as you are no longer protected by the moratorium. In other words, in the case of credit cards and overdrafts, late payments after opting out can significantly increase your debt.

The situation is more difficult if you have several contracts in moratorium and your capacity to pay the instalment is limited. For example, if the moratorium covers your housing loan, credit card debt and hire purchase loan, you should give consideration to opting out of the moratorium immediately or later on in respect of at least one of your loans.

In this way, if your financial situation permits, you may be able to settle a small debt (e.g. a credit card debt) in full by the end of this year, thereby avoiding that suddenly you are faced with a large monthly payment obligation. You may be able to do this, for example, through a special agreement with your bank, which may provide you with preferential terms. Accordingly, it is important to negotiate with your financial service provider on the procedure of opting out.

You should consider not only whether you will be able to make the payments immediately after opting out of the moratorium, but also think about the whole term. For example, how old you will be when the loan expires according to the new maturity after the prolongation? How will this affect your long-term plans, savings, or perhaps your pension savings? What are your future plans for this period? The fact that part of your disposable income will be “tied up” by the instalment for the prolonged term may impact a future purchase of real estate, a large investment, home improvement or even the possibilities of your expanding family. It is not all the same whether this is for 20 or 23 or 25 years. The momentary advantage may generate a number of problems in the long run, ultimately putting you in a difficult situation.

Opting out of the moratorium is a complex decision, greatly influenced by the financial and income situation of the debtor. Accordingly, always do consider the long-term effects as well. To make the right decision, it is essential to consult your bank and monitor your contract on an ongoing basis. Conscious planning may help you avoid a difficult situation later. Accordingly, assess your options and remember that there is a reason why the saying goes: “Don’t put off until tomorrow what you can do today”.

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DR ORSOLYA RÓZSAVÖLGYI:
Solutions when you want to opt out of the moratorium

Opting out of the moratorium is an important decision, and thus the final decision should be made only after careful consideration of the pros and cons. From 1 November 2021, the moratorium was only available to debtors belonging to priority social groups, such as pensioners, the unemployed, fostered workers and households with children. This also applies to the extension until 31 December 2022.

Those participating in the moratorium now and would like to opt out, do not have to do anything, as only those need to make a declaration who wish to stay. If you make no declaration, you no longer will be eligible for the moratorium and will have to start repayments. If you wish to stay, you must make a declaration to this effect on the standard form by 31 July 2022. What are the options for those who want to opt out of the moratorium but not being sure that they can pay the instalments?

Irrespective of the type of the contract covered by the moratorium, the first step is always to check the notification letters, account statements and moratorium notices sent by the bank. Especially in the case of credit card debts, the Financial Arbitration Board (FAB) often hears the argument that "I did not even know about the debt" or " did not receive a statement". Many people forget that if they have requested an electronic statement when they signed the contract, they are waiting for these statements on paper in vain. This is the first thing to clarify, if you do not receive the statements on paper. Then size up whether your financial and income situation allows you to start paying the instalments. In connection with this make prior enquiries at your bank as to the payment obligations you will be faced with if you opt out of the moratorium. It is also worth asking about the impact of opting out – even 1-2 months later – on your debts and future burdens. In addition to the foregoing, prepare a family budget by taking stock of your income and expenditure. This helps you to see the amount that you can use for the monthly instalment without overstretching your liquidity. For example, the Household Budget Calculator of the Financial Navigator can help you plan your monthly budget.

If your financial means allow, you may want to consider taking on a higher instalments. In this way you may as well fit it into the original term, and although you will have to pay higher instalments, the maturity and ultimately the total interest you pay will be lower. In an Executive Circular the MNB formulated an expectation toward the banks that they should offer customers the possibility to amend their contracts free of charge if the customer – with a view to shortening the extended maturity – is ready to pay higher monthly instalments, and to provide them with this opportunity at least until 31 December 2022. It should be noted that the resetting of original maturity is subject to an income verification. The statutory payment-to-income ratio (PTI) applies here as well, other costs may also arise.

If you have a larger amount of money at your disposal, you should also consider prepaying the interest accrued during the moratorium in addition to opting out. In connection with this, the aforementioned Executive Circular of the MNB also expects banks to exempt consumers from the fees until at least 31 December 2022.

Even if you are not necessarily convinced that you will be able to fulfil the payment obligation after opting out of the moratorium, it is still worth asking your bank whether there is a possibility to renegotiate the contractual terms and conditions, or to elaborate solutions tailored to your situation. The solution may be to agree a new maturity date with the bank and amend the contract accordingly. Enquire about the schemes potentially available, especially if you have a housing loan contract tied to a reference rate. If it is possible to fix the interest rate, it is worth considering this option as well, as although the interest rate freeze tackles this issue for the time being, once it is over, interest rates will change again. As an individual solution, there are a number of other possibilities for combining these options, such as interest rate fixation with additional extension of the maturity, prepayment with interest rate fixation, prepayment partially from own funds combined with loan refinancing, etc. And if you still cannot find a mutually acceptable solution with the financial service provider, you can turn to the Financial Arbitration Board after an unsuccessful complaint procedure with the bank. In the FAB procedures several settlement agreements have been concluded in cases related to the moratorium, which concluded with debt forgiveness, resetting the maturity or, for example, the possibility of interest-free instalments. Of course, consumers still have the possibility to initiate the FAB procedure while they participate in the moratorium, before they opt out. Accordingly, they can make their decision on opting out depending on whether they can reach an agreement with their bank on the settlement of the debt.

One of the petitioners, whose credit card debt had increased significantly over more than 2 years, also resorted to the FAB proceedings. He wanted to find a solution to his difficult situation, but could not reach an agreement with the service provider. His low pension did not allow him to pay off the debt or to pay a higher monthly instalment. During the FAB procedure, the bank offered the petitioner an interest-free payment option, payable in monthly instalments that was still affordable for the petitioner. Accordingly, the agreement of the parties was able to settle the situation in a predictable manner for the long run, taking into account the possibilities of the customer, in a way that facilitated the gradual reduction of the debt without jeopardising the petitioner's subsistence.

In another case, the petitioner also applied to the FAB in connection with a credit card debt. At the time, he still participated in the moratorium on instalments. He also had spending after the start of the moratorium, i.e. 18 March 2020, which were not covered by the moratorium. Since he did not pay those either the bank also charged him for the contractual interest and fees, which increased his debt significantly. The service provider was open to negotiation and waived more than HUF 100,000 from the debt, while the petitioner agreed to settle the remaining debt in one sum.

There were also cases where the parties were able to agree on how the maturity and instalment would change if the customer opted out of the moratorium later on, and the bank even made an approximate calculation (containing the anticipated figures).

In another case, the petitioner also wished to receive comprehensive information on his options before opting out of the moratorium. The parties discussed the situation in detail, but as the petitioner had no specific ideas on how to settle his debt, he finally decided to visit the bank branch.

However, there have also been cases where debtors have already opted out of the moratorium when they resorted to the FAB. They have typically faced increased burdens after the end of the moratorium, which may as well have jeopardised their daily subsistence. In one of the cases, the petitioner complained that due to having opted out the combined amount of the instalment of the debt accumulated during the moratorium and the minimum amount payable by him in respect of the balance utilised outside the moratorium overstretched his liquidity. Here too, the parties were finally able to agree on a monthly payment schedule that the petitioner was still able to pay and also resulted in a substantial reduction of the debt.

One petitioner turned to the FAB because, when his current account was closed, he realised that he had a moratorium debt arising from the overdraft facility linked to the account. He stated that he was not aware of this debt, and thus he disputed it. At the hearing held by the FAB, the petitioner understood and acknowledged the debt. However, due to his low pension and difficult financial situation, it was not possible to settle it immediately in full. The bank was open to providing him with the option of interest-free instalments, and the monthly instalments were adjusted to the petitioner's pension and other expenses.

It should be noted that even if paying off the debt seems to be unfeasible, a solution can still be found. Accordingly, if you are unsure whether to continue participating in the moratorium or start paying the instalments, you should try to find an individual solution with your bank. Plan ahead so that you can make informed financial decisions for the near and, in many cases, for the distant future.

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DR ORSOLYA RÓZSAVÖLGYI:
When the TV on special offer costs a fortune

Has the fridge or the washing machine broken down, or is it time for a new TV? We often need to invest in such household appliances, but sometimes it is not just necessity that drives us to buy, but also the special offers of the stores. However, it does matter how much the "bargain-price" product will ultimately cost if you buy on trade credit or pay for it with a credit card – this is what consumer disputes brought before the Financial Conduct Board evidence.

The price of certain durable goods may exceed the means of the family budget, and then many people resort to trade credit. It also happens that the consumer does have the money for the goods, but because of the favourable or seemingly favourable terms of the credit product, he decides to resort to the trade credit available in the stores. What should you look out for in such a case, how can you avoid future problems and what can you do if you cannot agree with your financial service provider?

First of all, there is a difference whether the problem relates to the product purchased or to the trade credit. Warranty or guarantee claims concerning the technical appliance can only be made to the seller of the product. It is also important to know that the cancellation of the loan contract does not affect the contract concluded for the product purchased. Disputes of this nature can be referred to general conciliation bodies.

The Financial Conciliation Board (FAB), attached to the Magyar Nemzeti Bank, deals with financial consumer disputes. For example, in the case of a consumer dispute relating to a trade credit or a "hybrid" credit card contract combined with a trade credit, the FAB procedure can be initiated if the complaint procedure with the financial service provider is unsuccessful.

Experience shows that disputes arise mainly in connection with purchases made with credit cards. In addition to traditional credit cards, hybrid products allow consumers to make purchases against the credit facility, pay in instalments and at the same time conclude a trade credit contract, usually under favourable terms. The latter transaction is separate from the credit card, with individual maturity, interest rate and instalment. Most of the problems taken to the FAB arise from this duality. So what should you look out for?

Many consumers claim that they did not even know that they signed a credit card contract when they concluded the contract, they just wanted to buy a new fridge, they did not want a credit card, just a preferential trade credit. There were also complaints from consumers that there was not enough room for reading the contract, the lighting was poor, or the contract was in small print. Perusal of the contractual documents is of utmost importance, as they involve a financial commitment. It is worth asking about the available loan products in person, online or over the phone, or reading the available leaflets, already a few days before the purchase.

Before signing the contract, you should clarify whether it is merely a trade credit or a product combined with a credit card. This is because although the terms of a trade credit combined with a credit card may be favourable, the credit card is typically a product that incurs high interest. Moreover, other fees and charges may apply according to the terms of the contract, be it a card fee, default interest, postal money order fee, SMS service fee or closing fee.

For some schemes, the first annual card fee is waived, but it may also happen that the card fee is charged depending on the utilisation of the credit facility or it is not charged if there are no credit card transactions. Many people also realise only later that they have to pay a card fee because they have basically signed a credit card contract. In one case, the consumer realised that the financial service provider had debited the annual card fee to the credit card two years after the contract was signed. The customer claimed that he only wanted to conclude a trade credit contract and not a credit card contract. In the financial service provider's opinion the debiting of the card fee was lawful, but waived it on an equitable basis. Thus, the parties were able to settle this dispute with a compromise.

Many problems also arise from the late payment of the trade credit instalments. In such cases, various fees such as default interest and debt management fees may be incurred, which, together with interest on late payments, may amount to several thousand forints per month.

In the case of credit cards combined with a trade credit, if the contract provides for it, the bank will deduct the instalments from the credit card in the event of default. In this case, the favourable terms of the trade credit will no longer apply to the instalment. And you also use the credit card, the amount to be repaid increases further, as not only the trade credit instalments must be paid, but also the balance of the credit card. The use of a payment protection insurance also increases the monthly amount to be paid.

Therefore, if you decide to conclude a credit card contract combined with a trade credit, it is important to keep track of the debt and regularly check your bank statements. It is also important to pay the monthly amount due, because even a few days' delay may result in a large interest and fee charge.

In one of the cases taken to the FAB, the consumer used his credit card continuously in addition to the trade credit, but paid the instalments irregularly and failed to settle his full monthly obligation on several occasions. As a result of this, the late payment fees and default interest charged have significantly increased the debt. The bank made a settlement offer in the case, but the consumer did not accept it. He continued to dispute the outstanding debt, but he could not substantiate his position, he had indeed failed to make the payments duly, and thus his claim was unfounded.

There was also a case where a customer paid the trade credit instalment on postal money order by the deadline, but still had to pay default interest. Many people forget that the date of making the payment on postal money order is not the same date when money is received by the bank (the latter is considered to be the date of payment). Accordingly, the postal money order must be sent at least two working days before the deadline for the instalment to reach the bank. Different fees may also apply to different payment methods. It is therefore worth considering whether payment by postal money order, ad hoc transfer or direct debit is the most appropriate option, and when signing a contract, ask about the costs and information about each payment method.

It is particularly important to bear in mind that the credit card contract is not terminated automatically when the trade credit is repaid. In the case of combined contracts, only the trade credit part is terminated, the underlying contract, i.e. the credit card, remains in place. If the consumer does not wish to keep it, it must be terminated separately.

In one of the cases taken to the FAB, the consumer realised only after the hearing and consultation that the settlement of the trade credit part of the transaction did not terminate the contract and the credit card account remains in place. It was also turned out that the consumer did not want to keep the credit card, but was not aware of the termination procedure. Finally, the agreement of the parties also covered the termination of the entire contract in addition to forgiving part of the debt.

It should also be borne in mind that in these combined contracts the structure of the account and debt statements is more complex than usual. Two or more transactions may appear on them simultaneously. In addition, a credit card can be linked to several trade credit contracts, which often make it more complicated for consumers to keep track of their payments.

In one of the cases taken to the FAB, five different trade credits were linked to the petitioner's credit card, all of them with different loan amount, maturity and transaction interest rate. The consumer complained about his outstanding debt, and it was not clear to him either which of his debts were reduced by the instalments he had paid. The hearing held by the FAB provided the parties with the opportunity to discuss the matter in detail. Finally, the parties eventually reached a compromise in the dispute, which included the forgiving of more than a third of the outstanding debt.

These examples also show that consumers should monitor hybrid credit card and trade credit products in a complex and comprehensive way. If you finance your spending from a loan, take time to peruse the contract and clarify the basic questions: which payment method is the most appropriate, what happens if you default on an instalment, what costs should you expect and what are the main things to know about terminating the contract.

And if you experience an “unusual”” or unexpected event after concluding the contract (for example, you receive a credit card that you did not want or you are charged an unexpected fee), it is worth investigating and contacting your financial service provider as soon as possible. Concluding a trade credit or credit card contract is as important as choosing the new TV, fridge, etc. Devote enough time to it!

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DR KRISZTINA ÉVA SZENTE:
Bank guarantees may have a price

It is self-explanatory for most of us that we are ready to help family members, friends and colleagues who are close to us, and that we can expect the same of them. However, a number of obligations may arise if you are asked to act as a surety or pledgor for a consumer loan and the borrower fails to pay the bank, or pays late.

What if someone you care about asks you to act as a surety for their loan or pledge your property as collateral for their loan? It is very difficult to make the right decision. If you refuse, the existing good relationship or friendship may be at stake. However, if you agree to act a surety or mortgagor, assuming that person you stand surety for is reliable and will surely repay the loan, later on you may pay a high price for the favour you did for your relative or friend.

The cases taken to the Financial Arbitration Board, attached to the MNB, show that it is important, first and foremost, to be aware of exactly the obligations entailed by agreeing to act as surety or mortgagor and the consequences of it.

The lending activity of credit institutions is governed by strict rules. They may grant loans in the amount and under conditions that properly ensure that the debtor is able to repay it and that, in the event of default, the claim is enforceable against the collaterals.

In the case of consumer credit, such collaterals typically include demand guarantee, mortgage on property or independent lien. It covers many types of credit, from consumer personal loans through mortgage loans to subsidised housing loans. A consumer is a natural person who acts, borrows or provides collateral not in connection with his undertaking or economic activity, and thus a consumer may also act as a surety or mortgagor.

The bank usually also verifies the income of the surety, and may ask for proof of employment or income. If the credit assessment is favourable, the bank concludes a loan contract with the debtor and a guarantee contract with the surety. With the latter, the surety undertakes to perform the obligations of the debtor toward the bank, if the debtor defaults. Demand guarantee means that the guarantor cannot expect the bank to first try to recover the debt from someone else, such as the debtor.

The bank is obliged to inform the consumer acting as surety of his rights and obligations as guarantor and of the specific risks arising from the situation of the debtor or the nature of the obligation known to it, prior to concluding the guarantee contract. The guarantor’s obligation to pay is proportionate to the obligation or debt for which he has undertaken the guarantee and may not become more onerous than undertaken.

However, this does not mean that the guarantor does not have to bear the consequences of the debtor’s breach of contract, such as default interest or other costs related to the enforcement of the claim. When the surety is provided by a consumer, the maximum amount up to which the guarantor is liable for the debtor’s debt must also be specified in the surety agreement. It is reassuring that the bank cannot demand a higher amount than that.

Let us see two examples. You undertook a demand guarantee; the debtor pays for a while and then defaults on his payment obligation. You receive a demand for payment from the bank to pay the debt. As a demand guarantee provider you must pay the arrears of the debtor by the deadline set by the bank, at the latest. In such cases, we are entitled to a claim for reimbursement by the debtor.

If neither the debtor, nor you – as a guarantor – pay, the bank is entitled to seek satisfaction from your total assets up to the amount of the receivables from the debtor plus incidental charges, not exceeding the maximum amount specified in the surety agreement. It should be noted that in the case of a demand guarantee, the bank is free to decide whether to ask the demand guarantee provider or the debtor to settle the debt. In the absence of voluntary performance, the bank may enforce its claim by legal means, and enforcement proceedings may be initiated against you on the basis of an enforceable instrument (which may be a notarial deed of execution, a final order for payment or a final judgment). As a demand guarantee provider, you are liable for the debt with all your assets and any assets you own can be seized.

If you provide your real property as collateral and you are “only” a mortgagor in a loan transaction, and the debtor defaults on the payment, you may lose the property you offered as collateral. The solution may be to sell the property, which is subject to the consent of the creditor. Ultimately, the creditor can recover its claim by selling the collateral property in an auction as part of the enforcement procedure, which is the least favourable solution for the mortgagor, partly because of the enforcement costs and partly because of the price realisable.

In either case, it is advisable to contact the bank as soon as possible and try to settle the debt with the debtor.

In summary, the most significant risk when acting as a surety or mortgagor is that the debtor fails to pay his debt. In this case, the fact that it was not you who used the loan amount and that you did not see a penny of it, did not benefit from the loan and that only assumed the obligation as a favour, does not influence the enforcement of the claim against you. If the debtor is persistently late with the instalments, the lender may terminate the contract and demand payment of the debt in one sum. In such a case, the default interest, the debt management costs, and the costs of enforcement in the case of enforcement proceedings, will further increase the amount to be repaid.

The guarantor’s data may be transferred to the Central Credit Information System (CCIS), making it more difficult or impossible for him to get a loan later. The mortgagor could lose the property offered as collateral for the loan, and thereby possibly also his dwelling. A demand guarantee provider may as well lose “everything”, as he is liable for the debt with all his assets. All this should be weighed carefully before assuming any obligation.

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DR ORSOLYA RÓZSAVÖLGYI:
Dispute can be prevented if you understand the statement on loan instalments

Reference rate, annuity, spread, announcement, list of conditions – these are alarming technical terms concerning your bank loan, and you may feel similarly when you receive your statements on loan instalments. Many consumers go to financial conciliators without checking their repayment notices or complain that those are incomprehensible to them. So let us clarify these notions!

According to the Act on Consumer Credits Act, during the term of the loan contract, upon request the lender must provide the consumer with a statement of the debt in the form of an repayment schedule, free of charge. In the case of mortgage loans, the lender must provide information on the debt in the form of a repayment schedule once a year or on the interest rollover date, free of charge.

The law also prescribes that the repayment schedule must include the instalment amounts, the frequency and terms of repayment, and any other elements (e.g. fees, commissions, charges) other than the principal and interest of each instalment. In the case of receivables managed by debt management companies, the MNB formulated its expectations regarding information to debtors in a recommendation.

In the case of statements, the first step is to check whether the contract contains data for the entire term from the date of the contract, or whether it is e.g. an annual loan reconciliation/information letter or a balance statement/statement of debt for a specific period or date.

Let us examine the breakdown of the statement. For example, are the principal, transaction interest, costs, default interest, principal not yet due and charges shown separately. It is important to understand the meaning of the individual columns. For example, the total debt/closing balance is the total amount owed under any title, and thus this amount includes not only the principal but also interest, fees, etc. In many cases, the total balance is therefore higher than the principal balance due to the incidental items. Also check, whether the heading of columns shows due / overdue or not due. For example, the principal not due column does not necessarily show the total amount of the outstanding principal, as it does not include the overdue but not paid principal.

You get the most comprehensive picture of your debt, if the statement covers the whole term and includes both debits and credits (i.e. items increasing and decreasing the debt), broken down by title (cost, interest, principal).

It is worth checking the amount of the expected monthly payment (i.e. the instalment) and the payment amounts included in the statement, in addition to the initial principal debt. If the monthly instalment amount is different from what you expect, make sure that you ask the bank about this. If you notice that a payment is missing or shown in an amount other than you have paid, always notify the bank or the debt management company in writing and send a copy of the deposit slip, credit transfer slip, postal money order, etc. confirming the payment.

In a case taken to the Financial Arbitration Board (FAB), the petitioner complained, among others, that although the bailiff had issued a garnishment on his income in the enforcement proceedings against him and deductions were continuously made, the debt management company recognised not all payments as items reducing the outstanding debt. He claimed that almost HUF 700,000 has not been accounted for, and also attached a statement of this. During the procedure, the debt management company acknowledged the receipt of the items specified by the petitioner, but some technical error had occurred. However, the necessary adjustments were already made during the FAB proceedings and the debt was reduced accordingly.

This was not only the result of the FAB proceedings; the parties also concluded an agreement for the payment of two-thirds of the debt outstanding after the correction in interest-free instalments. This also shows that a consumer even without relevant financial education can do a lot for the settlement of his issues.

In addition to the instalments paid, you can also check how they are accounted for. The Civil Code prescribes an order of settlement, from which the bank or the debt management company may, but not obliged to, depart in favour of the debtor. Therefore, if the payment is not sufficient to settle the entire debt, the sequence of the settlement shall be cost, interest and principal.

If, for example, the monthly instalment is not paid in full, the payment is first used for the settlement of the cost (if any), then the interest and only the remaining amount reduces the principal. It is also possible that you make regular payments to the debt management company, but nevertheless the principal debt does not decrease. The reason for this may be that the payments are used for reducing other debts (interest, costs).

The next important issue is the interest charged on the transaction, which may be examined both in terms of percentage and amount. The percentage rate of the transaction interest is specified in the contracts, nevertheless it may happen that the bank applies a different rate. One reason for this may be that, in the case of a variable rate contract, the interest rate will also change due to changes in the reference rate, compared to the initial rate in the contract. Another reason for the discrepancy could be the cancellation of the preferential interest rate. If you have a contract where the bank provides you with preferential interest rate subject to certain conditions (e.g. certain amount is credited monthly to your account), if this preferential interest rate is cancelled, the interest rate (and therefore the instalment amount) will be higher than before.

Thus if you notice a change in the interest rate percentage, make sure that you ask for the reason. With regard to the amount of interest, it should also be taken into consideration that loan contracts are annuity-based, which means that the amount of the instalments is the same, but the principal-to-interest ratio within the instalments varies continuously over the term.

Since the ratio and the amount of interest within the instalment are steadily decreasing during the term, it is often cited in the FAB proceedings that "I have already paid the interest for the whole term in advance." There have also been cases where the customer has asked for a refund of interest after the final repayment, stating that due to the final repayment he repaid the debt faster. He cited that he had already paid interest for the whole or a significant part of the term, and thus he was entitled to an interest refund, as the contract was terminated before the original maturity.

These petitions are unfounded. The monthly instalment is comprised of the principal and interest (in addition to any handling fees). The business terms and conditions contain the interest calculation formula. It should be noted that the interest component is the interest charged on the principal due at the end of the previous month (typically shown as capital not due in the statements). The interest calculation formulas applied by financial service providers most often calculate with a 360-day year. Months are taken in into consideration as 30-day months, but in some cases the formula calculates with the number of calendar days in the past period (e.g. 1-31 March = 31 days).

Let us suppose that you draw down a loan of one million forints at an interest rate of 5 percent p.a.. The monthly interest amount in the first month is as follows: HUF 1,000,000 * 5% = HUF 50,000 (annual interest), divided by 360 = HUF 138.9 (daily interest), multiplied by 30 = HUF 4,166.7 (monthly interest). As the principal debt decreases in parallel with the payment of the instalments, the monthly interest payable on the transaction also decreases. If we set out from a monthly instalment of HUF 10,000, we see that the principal part of the HUF 10,000 instalment is (HUF 10,000 – HUF 4,166.7 =) HUF 5,833.3. I.e. this amount will therefore reduce the principal debt of one million forints. This means that at the end of the period the principal debt will be only HUF 994,166.7. In the second month – based on the calculation method shown above – the monthly interest is HUF 4,142.4 and the principal part of the instalment is HUF 5,857.6. In both cases, the instalment amount (based on annuity) will be the same, only the principal-to-interest ratio varies continuously over the term.

Also check the statement to see if any default interest has been charged. When doing this, examine whether all payments have been made on time and that the expected instalment has been paid in full. Have you received any notice about the delay and have you omitted anything? If you still think that the charging of the default interest is not justified, you should report this to the service provider.

It is also recommended to review fees and costs incurred. If you have a question about any of these items, always ask the bank or the debt management company administrator for information. It is worth reading the bank announcements and terms and conditions, as these are the documents that specify the various fees and charges. These are also available on the banks' websites, but sometimes it is difficult for consumers to navigate among the different documents applicable to different contracts and with different validity. If in doubt, ask for clarification!

Reading all those documents is undoubtedly time-consuming, but it will help you clarify your outstanding debt and avoid disputes. Although at first glance it may seem difficult to interpret a statement, even a consumer without financial expertise can find out a lot about the changes in his debt. And if you still dispute any item, you can negotiate with the financial service provider in the FAB procedure after an unsuccessful complaint procedure.

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DR KATALIN BARITSA: Manage your pension savings prudently!

Given the current unfavourable yield environment, members who have recently submitted a withdrawal request to their voluntary pension fund for payment, hoping to receive the amount stated in the statement they received at the beginning of the year, may have had an unpleasant surprise. Advance savings through pension funds is a long-term saving, and thus before withdrawing it you should check the actual balance of the individual account thereby preventing the realisation of losses through a hasty decision. If you need money immediately, you should withdraw only part of it, and claim the rest later, when yields are more favourable.

The withdrawal of the yield on the individual pension account of a voluntary pension fund member is tax-free after a 10-year waiting period. In a case taken to the Financial Arbitration Board (FAB), attached to the MNB, on 25 March 2020 a voluntary pension fund member – relying on the data shown in the account statement of his individual account and the results of the voluntary pension fund at the end of 2019 – submitted to the voluntary pension fund an application for the payment of the yield after the 10-year waiting period.

When the member received the amount of the yield and the relevant statement, he realised that the yield on his individual account had decreased by more than HUF 300,000 compared to the end of the previous year. In the proceedings before the FAB, the petitioner complained that the amount paid to him did not correspond to the yield indicated in the statement of his fund account and that he was not informed in time, before the yield was paid, of the exact amount and the reason for the change.

During the procedure, the fund noted that it operated a selectable portfolio scheme and a register based on units of account, and thus its members could have obtained information in advance on the website of the voluntary pension fund. The daily prices for the portfolio that includes the personal savings are available on the pension fund's website, in the knowledge of which the petitioner can decide whether to request further information and submit an application for the payment of the yield based on that or to desist from his intention.

The petitioner submitted his application to the voluntary pension fund for payment of the yield at a time when he could have already heard from the news that returns on investments had fallen significantly both in the international and the domestic markets due to the COVID-19 pandemic. In the interest of its members, the voluntary pension fund also published a notice on its website a week before the submission of the application, warning members of the impact of the COVID-19 pandemic and the greater fall in yields.

The FAB found the petition to be unfounded, as the yield on the petitioner's savings in the selectable portfolio was calculated in accordance with the legislation and the provisions of the internal regulations of the voluntary pension fund. When an application for the payment of the yield is submitted, it is calculated and paid not on the basis of the annual statement, but after the receipt of the application, for future date (accounting date). Between the two dates, the price of the portfolio containing the savings of the member may change significantly.

Voluntary pension savings are investments the return on which is defined based on the price prevailing at a future date. Accordingly, the investment result of the portfolio containing the member's savings cannot be determined in advance. For this reason, the petitioner could not have received any prior information from the respective customer service about the amount of the yield to be paid on the savings on his individual pension account. The pension fund was not obliged to contact the petitioner for any other reason either after receiving the application in order to pay the yield.

Recently the financial conciliators dealt with several cases where the petitioners were members of a voluntary pension fund operating a selectable portfolio scheme and a register based on units of account. The favourable yields they saw during a long period of membership unexpectedly turned negative, i.e. the amount of savings in their individual pension account decreased.

This may have been unexpected for the petitioners because they had invested their savings in a low-risk or risk-averse portfolio. They did not initiate any change of portfolio during their membership, as most of them did not want to expose

their savings to higher risks. Many of them also placed their savings in their individual pension accounts in a safe, classic portfolio.

They have concluded from the name of the portfolio or its composition that the portfolio they have chosen is risk-free, i.e. so safe that negative returns are excluded. This is why they were surprised when they received at the beginning of the year the statement on their individual voluntary pension fund accounts and the results of the fund at the end of 2021. This is despite the fact that the pension funds concerned have tried to use as many channels as possible to inform their members that a negative return shown for a certain point in time could turn positive again in the future in a favourable investment environment. Namely, as long as members do not request a payout, they will not realise the negative return on their savings.

There were also cases where the petitioner, after receiving the statement on the year-end result, was so worried about the negative returns that he initiated the termination of his voluntary pension fund membership, despite more than 10 years of membership and favourable investment returns. Moreover, although he initiated the termination of membership after the 10-year waiting period, he was not yet eligible for pension benefit, due to which the payment exceeding the yield was taxable.

Those petitioners who, after receiving the account statement for the end of 2021, initiated the termination of their membership – as eligible members – claiming a lump-sum pension benefit instead of consulting their own pension fund in advance, also came off badly.

Pension fund member should be aware of the fact that upon applying for a lump-sum pension benefit, the member has the option to specify the date of the payment. In the absence of this, according to the law, the voluntary pension fund keeping a register based on units of account can take the 10th working day after the receipt of the application as the accounting date as the latest date, provided that all the data and documents necessary for the assessment of the application are available.

If, for example, the petitioner has not submitted himself to the identity verification required by the anti-money laundering legislation (i.e. has not duly completed and signed the identification form) or has not notified and proved a change in his documents to the voluntary pension fund, the settlement accounting date is calculated from the date of receiving the missing data in full rather than from day after the date of receipt of the application by the voluntary pension fund.

In the conciliation procedure, these petitioners complained that the portfolios in which they invested had realised negative returns, whereas in their view this could not have happened because of the composition of the portfolio. Voluntary pension funds have pointed out in these proceedings that even the low-risk or risk-averse portfolios are not risk-free and may also incur losses temporarily due to the adverse investment environment. Voluntary pension funds do not undertake any capital or yield guarantee. They also emphasised that if a member requests a payment from his individual pension account, the savings will be accounted for at the price prevailing on the accounting date specified after submitting the application. If on that date the investment performance of the portfolio happens to be unfavourable, the member will immediately realise the loss through his withdrawal request.

The mere fact that at the moment the yield on a selectable portfolio of a voluntary pension fund is negative does not mean that the institution has acted unlawfully and failed to proceed with due care when managing the savings of its members. Adverse changes may occur (e.g. COVID-19 pandemic, Russia-Ukraine war), which negatively affects investment performance. In the absence of evidence of unlawful conduct, proven damage and a causal link between the two, no compensation can be awarded, and thus the FAB closed all cases where the claim for compensation was not justified based on the available evidence.

However, in two cases, the FAB's decision approved the settlement agreement between the petitioner and the pension fund concerned. In one of the cases, the pension fund sent the call for supplementation not in line with the provisions of its internal regulations to the petitioner who applied for a lump-sum pension benefit. In the other case, the member submitted a pension benefit application to his voluntary pension fund for the withdrawal of part of the savings in his individual account. In connection with this, he contested the establishment of the pension benefit accounting date and

the settlement made by the voluntary pension fund. Finally, the parties reached an agreement and, after settling accounts with each other, the petitioner's membership was terminated as he joined another voluntary pension fund.

What is the lesson drawn? Manage your funds prudently! Decisions on the savings you have accumulated over many years should not be based purely on the voluntary pension fund account statement for the current year. Find out as much as possible through various channels in advance about the use of your savings. Unlike in the case of pension insurance, there is no contractual maturity date for savings in an individual account. As a member of the fund you can decide on your own (in accordance with the law and the internal rules of the voluntary pension fund concerned) when, how and in what amount you withdraw your money.

This prudence is particularly important in adverse investment periods. Voluntary pension funds are ready to provide information to their members in person, over the telephone and in writing on the possibilities of using the savings (e.g. applying for an equity loan; withdrawing only the yield after the 10-year waiting period; withdrawing a certain part of the amount in the member's individual pension account as a person eligible for pension benefit and terminating the payment of contributions; or continuing to invest the amount accumulated in the individual account by suspending the payment of contributions when the member reaches retirement age.)

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DR ANITA LAKÓ:
Problems with the bank may be avoided in the case of prenatal baby support loans

In recent years, the range of allowances available to those having children has expanded significantly in Hungary, for example, from 2019, the prenatal baby support loan is also available. The scheme seems simple: you commit to having a child within five years after submitting the application; no own contribution or real estate collateral is required; you also do not need to tell how many children you want to have, and you can use the loan for whatever you want. What problems might still arise?

Ideally, everything goes according to plan and the child(ren) you want are born. After the first child, your loan will be interest-free for the entire term (you will still have to pay the guarantee fee) and you can apply for the suspension of the instalments. If you have two or three children, 30 percent or even the total outstanding principal may be waived, i.e. you will be entitled to a corresponding amount of subsidy.

However, there may be cases where, although all the conditions seem to have been met, you are still not eligible for the subsidy. In the cases specified in relation to the loan in the relevant decree, the metropolitan and county government offices have jurisdiction, and thus applications for legal remedy and equity petitions must be also submitted to them. For other issues, conciliation with banks can be conducted at the Financial Arbitration Board (FAB) attached to the MNB. Cases related to the prenatal baby support loan were taken to the FAB already soon after the introduction of the scheme. These were often concluded successfully and favourably for the customer.

The FAB's experience shows that customers most often complained about the banks' procedures in relation to the suspension of instalments. The petition for suspension must be submitted to the bank and it is also the credit institution who establishes whether the eligibility conditions are met on the basis of the certificates provided.

A recurring problem taken to the FAB was that although customers applied for the suspension of the instalments in the branch and submitted the required documents, the instalments were still deducted. There were cases where the customer realised that there was no trace in the bank's system of any proof of the child's birth or of the request for the suspension of the instalment. In the complaint procedure, they stated that – given the time that had passed – they were unable to reconstruct the circumstances of the application and what was said orally, and thus they could investigate the case solely on the basis of the available information and documents. The also emphasised out that once the statutory deadline has passed, the application can no longer be submitted successfully. However, in the course of the proceedings before the FAB, the credit institution settled the situation in view of the circumstances and subsequently recorded the request for the suspension.

In another case before the FAB, the customer also complained about the omission of the branch teller in connection with the application for child support. According to her petition, after the birth of her second child, she visited the branch to suspend instalments and apply for child support. There she was given a form to fill in and a list of documents to be submitted and was told to come back later to do the paperwork. The form and the documents were subsequently submitted, but she found later that the bank had not suspended the instalment nor had it processed the application for the support. This is because according to the credit institution's records the application had not been submitted.

The bank asked the customer to send the bank the document countersigned by the bank; nevertheless the subsequent enforcement of the support is not possible. Thus in this case the customer acted with due diligence and in accordance with the advice of the teller, observing the deadline, but was still unable to benefit from the reduction of the principal she was entitled to. Accordingly, it was necessary to take this case as well to the Board for dispute resolution.

Apart from the incomplete or missing documents sometimes changing family circumstances may also pose difficulties. Cases concerning the provisions of the relevant decree on divorce and remarriage, which entered into force in June 2020, appeared at the Board this year. According to these provisions, if the person eligible for the support remarries within 5 years from the disbursement of the loan, following the divorce or annulment of the marriage, and the new spouse meets the conditions set out in the Decree, the interest rate subsidy, the suspension of the instalments and the child support may be enforced.

If the beneficiaries have already repaid the prenatal baby support loan after the divorce and either party remarries afterwards, the subsidy will no longer be available to either party. However, if the debt is still outstanding and one of the parties remarries within 5 years after the disbursement of the loan, the allowances connected to the prenatal baby support loan will be available again.

In one of the cases taken to the FAB, the couple concerned concluded the prenatal baby support loan contract, and after less than a year, their marriage was dissolved and the loan was converted into a market rate loan. The petitioner initiating the dispute resolution(ex-husband) wanted to remarry soon, which would be not only his second marriage but also that of his new partner.

He asked the lender bank several times whether he can repeatedly receive an interest-subsidised loan if he remarries and has children. Each time he was told that this was not possible, as this was the second marriage for both of them. As a result of the information received from the bank he prepaid a larger amount. The petitioner learned after his remarriage that he had been given misleading information and complained that due to this he had lost the prepaid interest-subsidised loan.

The parties conducted a negotiation at the FAB, as a result of which the credit institution agreed to reverse the amount of the prepayment. However, the case did not end there, as the newlywed couple asked the bank to release the ex-wife from the contract and to involve the new wife as a debtor. After lengthy negotiation, the contract was finally amended to this effect. On this basis, the new wife (as the party joining the loan) familiarised herself with and acknowledged the original contract and joined it as a joint and several co-debtor and agreed to meet the payment obligations in full from then on. They also agreed to terminate the underlying contract with the ex-wife (as the party withdrawing from the loan).

These examples show that circumstances may arise which could lead to a loss of subsidy, even if the conditions are seemingly met. Although the majority of prenatal baby support loan cases have ended with positive outcome at the FAB, the following issues should be borne in mind to avoid (legal) disputes later:

Obtain detailed information on the things to be done when your commitment to have children is fulfilled and on the applicable deadlines already when you sign the contract.

If you choose to go to the branch, be aware that it may be difficult to reconstruct what was said there. It is therefore advisable to obtain this information (for example, in writing or in a telephone conversation recorded by the service provider) in such a way that it can be verified later, if necessary.

There is no need to submit a separate application for the interest subsidy. Applicants are eligible for it – unless provided otherwise – from the date of concluding the contract during the entire term of the loan. However, a separate application should be submitted for the suspension of the instalments and for the child support subsidy; i.e. it is not enough to notify the bank of the birth of the child(ren).

Act with due care when submitting the application. On the one hand, this must be done by the deadline for establishing the eligibility, and on the other hand, the necessary documents (as defined in the Regulation and in the individual contract) must be also submitted. The submission of the document, instrument, declaration etc. can be proved subsequently, if e.g. we ask for copy bearing the "received" stamp of the bank branch. This is particularly important because the burden of proof lies with the customer. If the teller in the branch refuses to issue such copy, you can lodge a complaint either at the branch, or later over the phone or by e-mail, or you can also send the respective documents to the bank by post.

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DR OLGA NAGY:
Travel may become a nightmare if you have a problem and the insurer does not pay

Travel or trip cancellation insurance should be chosen only after understanding the terms and conditions of the contract, and not just by looking at the premium or the benefit amounts. If you do so, travelling abroad with your family will not become a nightmare if your car gets broken into, you need a helicopter rescue because of a skiing accident or you become infected by coronavirus.

When organising a trip, you may contemplate taking out two types of insurance. Travel insurance is for the duration of the trip and usually covers accident, sickness and luggage damage, but may also include liability, car assistance, legal expenses insurance, etc. Perhaps the most useful part of it is that it provides a continuous telephone service to organise emergency medical care when needed, overcoming the difficulties resulting from not knowing the place or the language. The second one is the trip cancellation insurance, which covers you from the time you book your trip until the start of your trip and reimburses cancellation costs if you are unable to travel for an unforeseen reason.

For both insurances, the insurer will only pay compensation for the occurrence of the claim events specified in the contractual terms and conditions, up to the limit amount allocated to those i.e. it will not reimburse all the damage incurred. The two insurances can be taken out separately and there are also products where a combination of the two is available in one policy.

These can be taken out individually (e.g. online through a broker or in person at the insurer's customer service) or by joining a group insurance. It should be noted that, in the latter case, you are in direct contact with the policyholder (for example, the travel agency organising the trip), and thus the insurer is not liable for any incomplete information. It is important that the insured person must still be in Hungary when the contract is concluded, otherwise it will not enter into effect.

It may come very expensive if you do not read the contractual terms and conditions

In cases concerning travel and trip cancellation insurance taken to the Financial Arbitration Board (FAB), many travellers who took out individual policies online only looked at the price of the insurance to ensure that it was favourable and reviewed only the table containing the benefit amounts. Although they ticked the appropriate online box to confirm that they had read the terms and conditions, in fact they did not read them.

When joining a group insurance, passengers typically read the product information (a short and clear summary of the terms and conditions of the contract) provided by the travel agency or sent electronically, but sometimes they only signed a document acknowledging receipt of the information.

Some people embarked on a larger family trip with travel insurance coming with their bankcard, based on information provided over the phone many years ago, without checking the cover and limits before starting the travel.

None of the aforementioned groups perused the detailed terms and conditions of the contract, thus they were not aware of the claim events specified therein, upon the occurrence of which the insurer pays benefits.

To avoid problems later, it is advisable to choose the insurance carefully, considering the type of trip (e.g. travelling by plane or car may require different insurance contents), the theme of the trip (e.g. skiing, diving, exotic holidays may entail different special requirements), and your individual characteristics (e.g. you will be working while travelling, and thus you take your laptop or professional photography equipment with you etc.). Furthermore, it is always advisable to check the detailed terms and conditions of the insurance to avoid any unpleasant surprises.

Existing illness can be a reason for exclusion, alcohol consumption can justify exemption

You should also know that there are some risks that insurers exclude from their coverage for understandable reasons, or circumstances in which they may be exempted from their obligation to provide benefit. A typical case of exclusion is when you are forced to cancel a trip or you need medical treatment during the trip due to a pre-existing medical condition diagnosed before the risk inception. The insurer may be exempted if, for example, the insured person has an accident while under the influence of alcohol. So always read carefully also the exclusion and exemption clauses in the policy.

If you are travelling in Europe, take your European Health Insurance Card with you if you have one, as it can provide immediate assistance in case of a medical emergency. However, it also has several limitations: it is only accepted by providers being in contractual relationship with the local social insurance provider, and it does not ensure comprehensive health provision and full exemption from costs. E.g. it does not cover the cost of a possible air ambulance, the cost of medicines or the patient's transportation to the home country.

In one dispute resolution case before the FAB, a passenger specifically sought insurance for skiing. The product he chose was very promising, with 44 different benefits for a variety of claims. In a lengthy table of covers, the limit was set in the amount of HUF 50 million for "*medical assistance in the event of illness or accident during the insured's trip abroad, including air and road rescue*"; further down in the table, HUF 2 million for "*rescue from a ski track"; and then in the last row of the table, HUF 1 million for "air rescue, mountain rescue, search*". The passenger failed to read 79-page detailed terms and conditions of the product.

Then a misfortune befell him: the customer suffered an injury on the ski track and he required a helicopter rescue. However, the insurer reimbursed only HUF 1 million of the HUF 2.5 million helicopter rescue costs incurred. This is because the detailed terms of the contract stipulated this limit for the event of helicopter rescue for accidents on the ski track.

It also matters when you take out insurance: make sure you do it before you start your trip! One passenger was already abroad when he asked his relatives in Hungary to take out insurance for him before going for rock climbing. He suffered a serious accident during rock climbing, but the insurance company did not provide any benefit, only reimbursed the insurance premium paid. The insurance company referred to the contractual terms and conditions according to which if the insured was not in Hungary at the time of concluding the contract, the contract is not valid.

Bad luck with the car

If your luggage is stolen from our car, it also makes a difference where it was stored. Insurers only cover the theft of luggage stolen by forcibly breaking into a locked vehicle and placed in the boot protected from view. An additional condition is that you should attach to your claim the report to the local police. In the latter case (despite the language difficulties), make sure that the foreign police document states that the vehicle was broken into, that luggage was stolen from the boot protected from view, all insured persons who suffered luggage damage are named and that you try to quantify the damage.

In the case of theft damage involving theft from the boot, insurers usually exclude cash, jewellery and technical equipment or set a lower limit for those.

A family who suffered damage packed the boot of their rental car on the last day of their holiday and went for a last beach trip before driving to the airport. The rented vehicle was broken into, all their luggage was stolen, and the passengers

were left with only their phones and beach gear. They called the insurance company, asking for immediate financial assistance. Their insurer asked them to take photographs of the broken-into vehicle, file a report with the local police and then report the claim attaching the appropriate documents.

In such cases, you should apply for assistance from the nearest Hungarian consulate, as the insurer will not replace your documents and will not provide immediate emergency assistance for your return home unless it is included in the terms and conditions. When the family arrived home, they reported the claim to the insurance company, which only partially reimbursed it. Although it turned a blind eye to the fact that the police document did not state that the stolen personal property was placed in the boot of the vehicle (which was protected from view), it paid only to one of the insured persons because he was the only one named in the document. The insurer reimbursed him only for the personal property listed in the police report, up to the limit specified in the policy.

Before you travel, it is also worth checking the terms and conditions of the insurance included in your bankcard to avoid any unpleasant surprises.

A family travelled by plane with their young child, but on arrival the pram – which had been checked in as luggage and was worth more than HUF 250,000 – arrived broken into pieces. The insurer did not reimburse the baggage damage because the contract did not cover property worth more than HUF 250,000.

“COVID coverage included”. Or not?

A family has applied for reimbursement of their cancellation costs under a trip cancellation insurance policy with COVID cover. One of their children was quarantined by the authorities, and they were unable to make their planned trip. The child did not test positive for COVID and did not receive any medical treatment, but was subjected to official measure due to illnesses in his school class. The insurer refused to pay damages citing that it underwrote the risk specifically for the event of the insured’s COVID illness.

Another insurer also refused to pay when a member of a family of five arriving in Greece was detected by the airport’s thermal imaging camera, after which he was tested for COVID and it was positive. The whole family was placed in quarantine for two weeks as part of an administrative measure, which resulted in extra accommodation costs and other expenses due to changing their flight tickets. However, they had no symptoms, hence they received no medical treatment. Thus, their insurer did not provide the benefit because its contractual terms excluded the settlement of claims related to administrative epidemiological measures.

Let us learn the lessons from the above cases and make sure that you read the detailed terms and conditions of the contract and decide which travel insurance product to choose not only on the basis of on the table containing the insurance benefit amounts or based on the favourable premiums.

If nevertheless you have a dispute with the insurer, you can take the matter to the FAB, attached to the MNB, for free dispute resolution or institute proceedings in the civil court.

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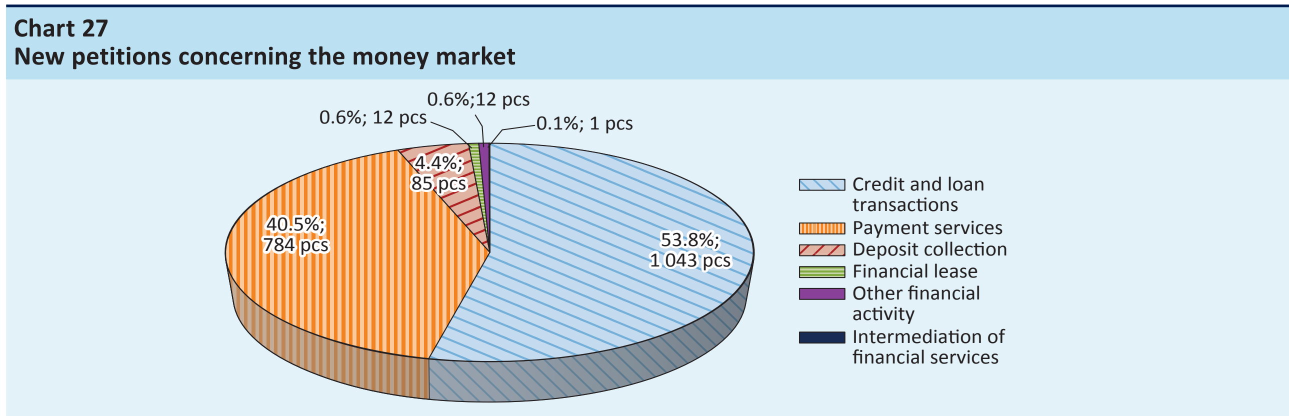
IV. Analysis by sectors

A) LEGAL DISPUTES RELATED TO MONEY MARKET SERVICES

The largest number of cases dealt by the Board came from the financial markets sector. 62 percent of the petitions (1,937 cases) were related to disputes involving the services of a financial market participant, with most of the financial market cases relating to the granting of credits and loans and payment services.

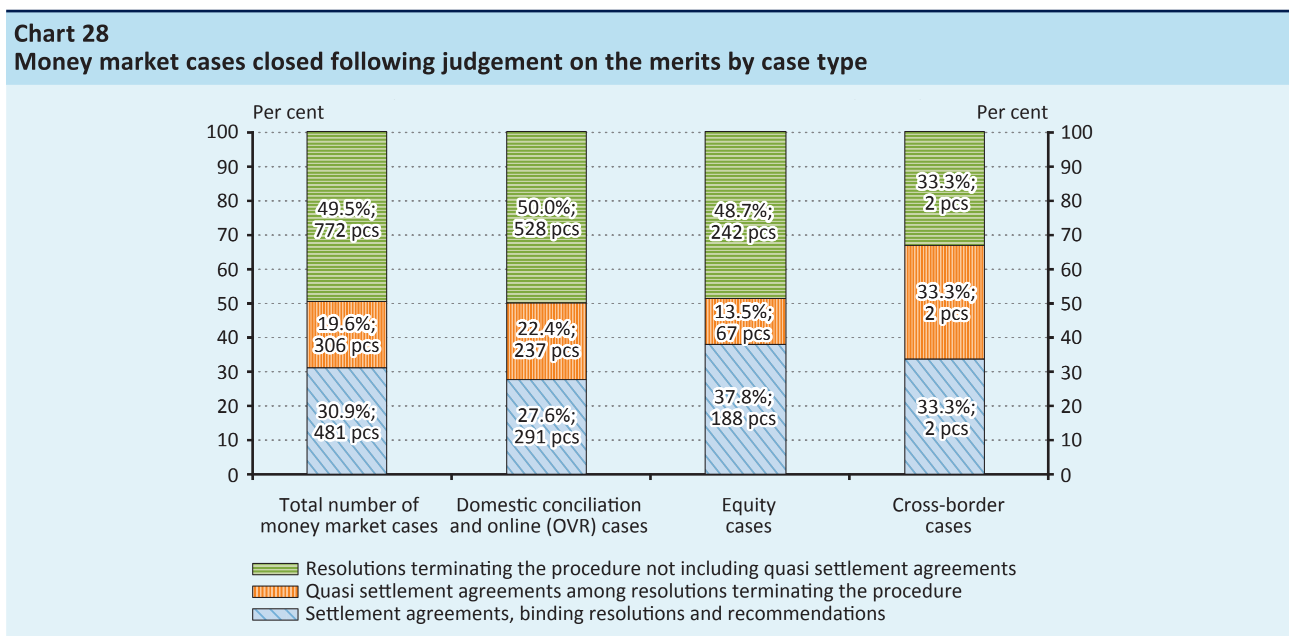
Chart 27
New petitions concerning the money market



The Board closed 1,906 financial market cases, 347 of which were rejected without a hearing, due to the lack of competence, procedural obstacle or failure to comply with the request for supplying missing information. In 30 percent of the 1,559 petitions accepted, i.e. in 474 cases, the parties concluded a settlement agreement, while in 5 cases a binding resolution and in another 2 cases a recommendation was issued. In an additional 306 cases the parties made a settlement agreement out of proceedings, or the financial service provider, revising its former position, voluntarily fulfilled the petitioner's overall petition. Overall, 50.5 percent of the cases concerning the money market ended with a positive result for the petitioners.

The figure below shows the distribution of cases closed after a judgement on the merits per decision type, including the individual case types.

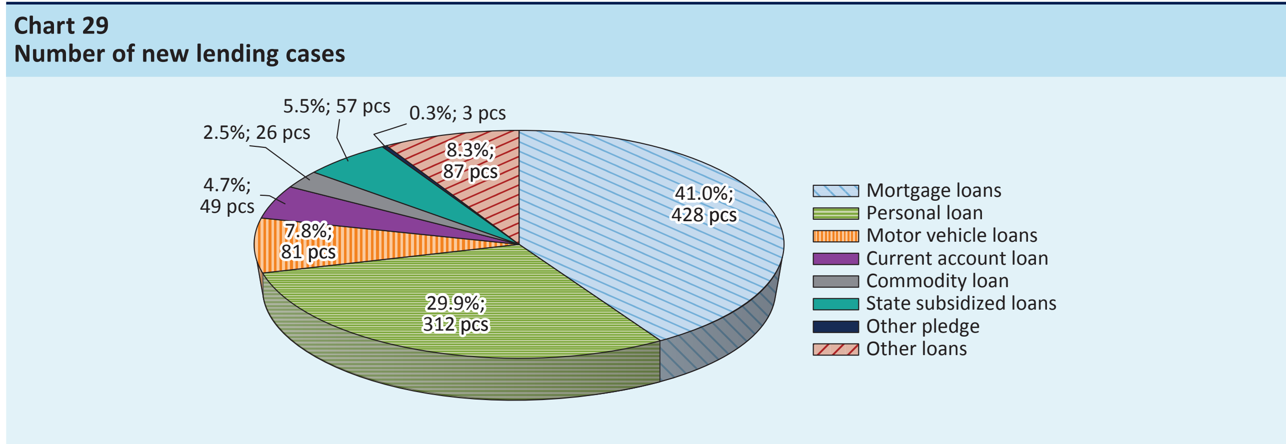
Chart 28
Money market cases closed following judgement on the merits by case type



1. LENDING

Almost half of the 1,043 cases related to credits and loans related to mortgage loans, followed by cases related to personal loans and car loans being the most common.

Chart 29
Number of new lending cases



The Board closed 1100 general cases relating to lending. Among the 870 cases judged on the merits, there were 285 settlement agreements approved in a resolution, which means 33 percent. A binding resolution was also taken. In a further 198 cases, the parties reached an agreement out of the proceeding. The proportion of cases that were favourable to petitioners totalled 55.6 percent.

In 2022, the moratorium on payments introduced by Government Decree No 47/2020 (III. 18) on the Immediate actions necessary in order to mitigate the effects of the coronavirus pandemic on the national economy has also led to disputes. In many cases, the relevant rules were not sufficiently transparent even for those working in the financial sector. Consumers often misinterpreted the nature of the moratorium, assuming that interest was waived during the moratorium period, or disputed the extension of the maturity after the ending of the moratorium. The extension of the moratorium several times, until 31 October 2021, provided all debtors with the possibility to resort to respite. From 1 November 2021 and then from 1 August 2022, the option was open only to certain priority social groups, such as pensioners, the unemployed and people with children. The number of cases concerning the notification of the intention to continue participating in the moratorium has been steadily increasing since 1 August 2022. The experiences of 2022 show that special attention should be paid to the starting the repayments after the moratorium.

The Board recommends to consumers to act prudently when reading notices and information on the moratorium. They are advised not to rely on assumptions, but rather obtain information from several sources and, if in doubt, contact their bank. Their questions can be answered by the Customer Service Desk of the Magyar Nemzeti Bank and the Financial Navigator Advisory Office Network, operated by the MNB, can be also contacted for free information.

In addition to cases related to the moratorium on payments, the Board continued to receive cases disputing the outstanding credit or loan amount or related to prepayments and delays in the disbursement.

1.1. MORTGAGE LOANS

There was a high level of willingness to compromise on the part of financial service providers to resolve disputes concerning the moratorium. The Board considered the practice of service providers to provide customers with detailed explanation – understandable to lay customers – on the change in the maturity after the moratorium, as a positive trend and as a guideline and a good practice to be followed in the future as well. In the majority of cases, the petitioners understood the bank's position, and the hearings facilitated the identification and remedying of the real problems. As a result, petitions initially submitted to dispute the debt and/or extension have become irrelevant as a consequence of the consultations and petitioners applied for allowance in order to prevent payment difficulties. These requests were judged in equity proceedings. The consultations on these issues were very useful not only because the customers were able to ascertain

that the service providers were handling their contracts legally and with due care, but also because in several cases the conciliation ended with the service providers agreeing to send additional statements and calculations related to the contract modification. In many cases this has strengthened trust and good business relations between the parties.

In a significant part of the cases, the reasons for the petitioner's objections to the extension of the maturity were lack of knowledge of the methodology, incomplete information or information misunderstood by the petitioner. The Board had positive experiences, as the proceedings facilitated the clarification of misunderstandings between the parties and financial service providers proved to be willing to compromise in order to resolve the problems subsequently.

Pursuant to Government Decree No 782/2021 (XII. 24.) on the different application of Act CLXII of 2009 on Consumer Credits in the emergency situations, from 1 January 2022 the reference rate applicable from the previous contractual rollover date must not exceed the rate prevailing on 27 October 2021. This is referred to as interest rate freezing. Accordingly, after 1 January 2022 financial institutions were not allowed to charge a reference rate that exceeded the reference rate prevailing on 27 October 2021. The Board issued a binding resolution in one interest rate freeze case, but there were also examples where the service provider concluded a comprise on the interest rate freeze and refunded the difference between the two interest rates pro rata for the broken period of January 2022.

The most frequent dispute in relation to mortgage loans was the amount of the receivable. In the case of loans disbursed in 2022 and in the previous few years, the subject of several disputes included the loan assessment process, the delay in disbursement after the conclusion of the contract, and incomplete information received upon concluding the contract. In these cases, petitioners often requested that the service provider should be obliged to pay compensation. In the cases where the amount of the debt was disputed, consumers asked for a detailed statement substantiating the service provider's receivable. In possession of the relevant data, the procedures continued mainly with consultations focusing on the settlement of the outstanding debt. In the cases aimed at partial or full prepayment of debt, the dispute often concerned the interpretation of the respective contractual provision. Most often, consumers disputed the legality (legal basis) and the amount of the prepayment fee charged, but disputes also arose with regard to the settlement of the amount paid or the failure to submit a debt certificate, or the lack of the necessary financial coverage.

The Board recommends that consumers should always notify the lender of their intention to make a prepayment or a final repayment in writing, using the form applied by the bank, if necessary. The requirements should be formulated in a precise and transparent form, and they should collect information and ask for help, as necessary, beforehand. Their questions can be answered by the Customer Service Desk of the Magyar Nemzeti Bank and the Financial Navigator Advisory Office Network, operated by the MNB, can be also contacted for free information.

In the area of mortgage lending, proceedings also involved complaints about the rate of interest charged on the loan, because the petitioner did not receive the allowance which – he believed – was entitled to under the contract. ***Financial institutions are expected to specify in the contracts and commercial communication the conditions of the allowances offered to consumers.***

There were still several problems arising from the long-term, originally foreign currency-denominated loans, which have already been converted into forint by virtue of law. In these cases, the petitioners, in addition to disputing the amount of the debt, cited the invalidity of the contract or of certain contractual terms, and in many cases also made an settlement offer in order to resolve the dispute. In some cases, the petitioners wanted to assert a settlement claim against their lender citing the alleged invalidity of the loan agreement. They often complained that the bank had not provided them with comprehensive information on the exchange rate risk of the foreign currency loan prior to concluding the contract, and failed to assess properly the customer's capacity to bear the burden of the debt. The most frequently disputed issues included the amount of the debt – in some cases, the outstanding debts arising from exchange rate changes prior to the conversion into forint – the amount and rate of default interest and transaction interest, the method of interest calculation, the fees charged, and the use of savings from home savings contract for repayment. Sometimes the petitioners assumed – erroneously – that the amount of the outstanding debt, complained about, is attributable to the statutory conversion into forint. In the case of mortgage loans belonging in this category, there were only a negligible number of cases where the petitioners made demands on the bank citing that the statutory settlement should have also addressed and mitigated the effects of exchange rate changes. In one case, there was a non-standard, special review task in connection with the

settlement under Act XL of 2014 on the exchange rate gap and unilateral contract modification. In view of the deficiencies and errors identified, the Board obliged the financial institution to prepare a new settlement.

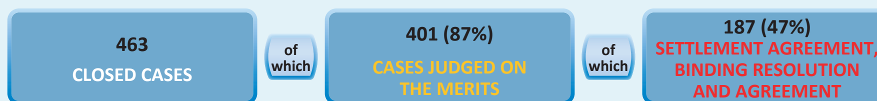
There were a small number of cases arising from contracts concluded under Government Decree No 12/2001 (I. 31.) on State subsidies for housing. The petitioners mainly applied for intervention by Board in relation to the acknowledgement of the fulfilment of the commitment to have children, the repayment of the housing allowance and the granting of subsequent housing allowance. In the course of the procedures, the conciliation of the parties was usually successful.

The Board recommends that consumers should always fulfil their contractual obligations to provide proof (e.g. fulfilment of the commitment to have children) by the deadlines specified in the contract and in a way that can be verified afterwards.

In connection with the home improvement loan contracts concluded pursuant to Government Decree No 17/2016 (II. 10.) on Home purchase subsidy for families for the purchase and extension of used homes, petitioners complained in several cases about late disbursement by the service providers. They claimed to have suffered financial loss due to the service provider's delay. In the course of the procedure, the petitioners were generally unable to substantiate the legal basis and the amount of the compensation claimed by them, and thus the cogency of the claims could not be established.

Summarising the experience of the Board's proceedings in the field of mortgage transactions, it can be stated that the service providers have endeavoured to settle the situations contested by the petitioners and to this end to discuss the opinions on the cases in detail in person at the hearing. In several cases, settlement offers have been made to resolve the dispute.

Chart 30
Outcome of closed mortgage cases



1.2. Personal loans

A significant part of the petitions concerning personal loan contracts related to the moratorium were based on objections to the amount of the debt. In this category, the number of cases contesting the extension of maturity decreased. Special cases of complaints related to the amount of the debt were petitions connected to prepayments initiated by consumers. In several cases, it was confirmed that the bank had failed to inform the customer of the moratorium debt, and thus it specified an incorrect amount for the repayment. A significant proportion of these cases ended with a settlement agreement. The petitioners acknowledged that there was still a debt, and the service provider asked them to pay only the amount outstanding on the day of the final repayment, and waived other items incurred in the meantime, such as interest, fees and costs.

Disputes on prepayments and final repayments also arose in transactions not covered by the moratorium. In some cases, the problem was caused by the fact that the petitioners did not submit a prepayment or final repayment declaration, only paid the required amount to the lender. In the absence of a declaration, banks do not use the payments for final repayment even if the amount received is unusually high compared to the amount of the monthly instalment.

Financial institutions are expected
a) to take the initiative to resolve the situation when consumers act contrary to the contract and in an unusual way;
b) in the case of prepayment or final repayment, to pay special attention to the proper training of branch tellers to ensure that customers are fully informed.

The Board regards it as good practice for financial service providers to help customers with information leaflets, including those sent electronically, on prepayment or final repayment.

The Board recommends that consumers should monitor the progress of the administration commenced by the service providers and notify the service provider immediately if there is any hindrance in the execution. If they have not been notified of the progress, they should take the necessary steps to notify the service provider of the problem.

A recurring problem was the disputes concerning the debts of an estate where the testator had an outstanding debt arising from a contract with a credit institution and the lengthy probate proceedings have significantly increased the amount of the debt. In these cases, the petitioners often contested the amount of the debt, the interest charged after the death and the reporting of it to the bank, the liability for the debt of the estate and the degree of such liability, and applied for payment in interest-free instalments. What consumers often do not know is that, pursuant to the provisions of the law, heirs are liable for the debt outstanding at the date of payment rather than at the date of death.

The Board draws the attention of consumers to the fact that the failure of a creditor to lodge a claim in the probate proceedings does not constitute an obstacle to the subsequent enforcement of the creditor's claims.

Financial institutions are expected to provide the widest possible information to the close relatives of the deceased in probate cases, within the framework of the legal provisions, and to apply a procedure that ensures that any significant increase in the debt is prevented until the heir(s) become known.

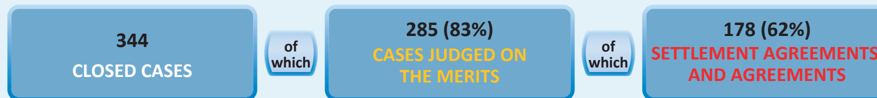
Personal loans include the general purpose prenatal baby support loans, available subject to the conditions stipulated in Government Decree No 44/2019 (III. 12.), in a maximum amount of HUF 10 million, in respect of which several petitions have been received. In view of the number of children born, if the statutory conditions are met, debtors can benefit from an allowance, and thus the loan may become interest-free for the entire term, the suspension of the instalments may be applied for, and parents may become eligible for a subsidy of 30 percent of the outstanding principal. Petitioners most often complained about the banks' procedures in relation to the suspension of instalments. The application for the suspension of the instalments must be submitted to the credit institution based on which the credit institution establishes whether the eligibility criteria are met.

The Board recommends that consumers
a) should obtain detailed information already at the time of signing the contract about the measures they will have to take in order to receive subsidy when the child(ren) is/are born and the relevant deadlines;
b) should obtain information about their contractual obligations in a way (e.g. in writing, in a telephone conversation recorded by the service provider) that can be verified later if necessary;
c) if they opt for visiting the branch for this purpose, they should ask for a copy of any documents, statements, declarations, etc. bearing the bank's "received" stamp.

Cases concerning the provisions of Government Decree No 44/2019 (III. 12.), which entered into force from June 2020, also appeared at the Board. According to the provisions of the Decree, if the person eligible for the support remarries within five years from the disbursement of the loan, following the divorce or annulment of the marriage, and the new spouse meets the conditions set out in the Decree, the interest rate subsidy, the suspension of the instalments and the child support may be enforced.

In summary, in the majority of the proceedings related to personal loans, financial service providers have either fully complied with the request or made a settlement offer with a content that was accepted by the petitioners and the dispute has been settled.

Chart 31
Outcome of personal loan cases closed

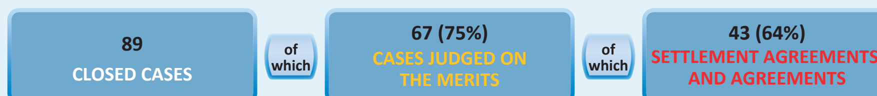


1.3. Motor vehicle loans

The petitions submitted in connection with motor vehicle loans related to receivable arising from terminated loan contracts, a significant part of which had already been assigned to a debt management company. Consumers disputed the lawfulness of the termination, and in several cases they initiated proceedings to dispute the amount of the debt arising from foreign currency loan contracts converted into forint based on the law. In general, they complained that the amount of the outstanding debt was significant, despite the fact that they have already repaid a substantially higher amount than the original loan amount, and that the service provider did not take into consideration the fall in the market value of the vehicle or the fact that meanwhile the vehicle had been sold or destroyed.

The Board reminds consumers that the amount of the debt is determined based on the contractual terms and provisions rather than on the basis of the value of the vehicle, constituting the loan purpose, and not only the vehicle but also all of their assets serve as collateral for the debt.

Chart 32
Outcome of closed motor vehicle loan cases



1.4. Overdraft facility

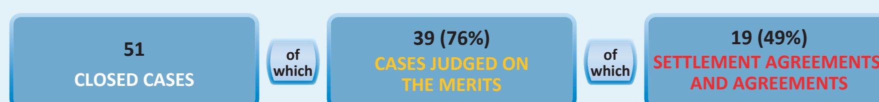
The number of disputes arising from overdraft contracts was not significant compared to the total number of cases. Petitioners mostly disputed the amount of the outstanding debt, and there were also cases where the petitioner claimed that he did not have a credit line at all. In other cases, the petition involved a request for reinstatement of the credit line, reimbursement of the fee or for establishing that the debt has lapsed.

Several consumers turned to the Board regarding the implementation by the service providers of Government Decree No 537/2021 (IX. 15.) on the settlement rules for certain contracts related to the moratorium on loan repayments, applicable to credit card contracts and loan contracts connected to payment accounts (overdraft) of natural persons falling within the moratorium on payments. In some cases, consumers complained about the bank's procedure specifically in relation to the recalculation, but there were also examples where the problem of recalculation emerged during the review of the case in the Board's proceedings. Overall, the banks showed a very positive attitude, as they were all open for discussing the recalculation and making declarations on the merits. There were also examples where, although the original subject of proceedings was something else, the omitted recalculation was nevertheless carried out.

Disputes also arose between the parties because the financial service provider executed the transfer of funds by court order utilising the overdraft facility. Pursuant to the provisions of the law, the service provider not only has the right, but is also obliged to do this, unless the contract provides otherwise. The problem in all these cases was that the petitioners were not aware of this legal provision and claimed that they had not been informed of it before the conclusion of the contract, and that their contract did not contain anything about this rule. Accordingly, they did not and could not know, that if they do not have sufficient own funds in their account, but there is a credit line linked to the account, the credit line would be used to settle the claims collectable through payment transactions, either by transfer of funds by court order or order to transfer funds.

The Board draws consumers' attention to the fact that the execution of payments under transfer of funds by court order and order to transfer funds against the credit line linked to a current account is a legitimate practice. According to the law, service providers are obliged to execute transfer of funds by court order and order to transfer funds against the credit line, unless provided otherwise in the contract between the service provider and the consumer.

Chart 33
Outcome of closed overdraft facility cases



1.5. Trade credits

Trade credits may be attractive to consumers because it can be applied for at the point of sales within a short time, it offers immediate assistance and is a fast way to buy the essential or desired product. Short maturity and low instalment make the product or service affordable even if the full purchase price is not available. The possibility of fast loan application may be an advantage as well as a disadvantage, because the purchase is not always based on a rational decision but it is rather an impulsive shopping. Sometimes the obligations undertaken in the contract concluded go beyond the consumer's original intention, especially if there is an additional service attached to the loan. In many cases, consumers obtain the missing amount in a scheme combined with credit card.

The Board recommends that consumers should always check whether it is a "traditional" trade credit or a hybrid product (e.g. combined with a credit card) and decide whether to sign a contract accordingly. If they are unable to decide, they should not rush the purchase but rather postpone it and seek advice before making a commitment.

The Board draws consumers' attention to the fact that the credit line attached to the credit card may be utilised even without using the card, for example, by paying instalment of the trade credit late, which may generate a significant additional liability for the consumer. If a credit insurance is also connected to the trade credit contract, the insurance premium must be paid in excess of the trade credit instalment.

If the consumer defaults on the monthly instalment of a trade credit combined with credit – and the contractual terms and conditions permit it –, the bank will charge the unpaid amount to the credit line, and thus to the fees and interest applicable to the credit card will be added to the amount of the original instalment. The annual card fee may come as an additional unexpected expense, which is waived by the service provider only if certain conditions are met, such as a certain level of utilisation of the credit line. The payment made and the outstanding debt can be checked monthly based on the account statement.

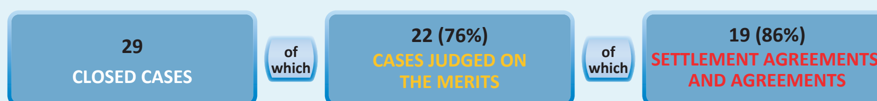
In 2022, the number of cases arising from credit card contracts combined with trade credits and related to the moratorium decreased. In the case of these hybrid products, it is very difficult for consumers to review and interpret the statements. This was the most evident in the cases where several trade credits were linked to the same credit card account. Banks remained open to negotiating an agreement and providing detailed information on these matters.

The number of disputes related to the trade credit contracts were low compared to the total number of cases at the Board. Petitioners mostly disputed the amount of the outstanding debt. Within this, the subject of the cases included complaints relating to the principal debt and the interest and fees charged, but in some cases, consumers disputed the legal basis of the claim. Generally speaking, when taking out a loan, past experience and current circumstances determine the criteria according to which the consumer chooses a product or scheme. The length of the maturity and the amount of the monthly instalment are key factors for most consumers when they make a decision.

The Board recommends that consumers should consider the interest rate linked to the product, the situations of life that may affect their ability to pay, the family's financial and income situation, the household's debt service capacity and any potential change in it during tenor of the loan.

Financial institutions are expected, in the case of trade credits, to pay special attention to the professional training of credit officers in the stores, in order to keep their knowledge up-to-date, to ensure that they possess all the necessary information on the product from the service provider, and that they draw the attention of customers to the consequences of defaulting during the contracting process. The text of the contracts must be appropriate, i.e. legible (appropriate font size) and understandable.

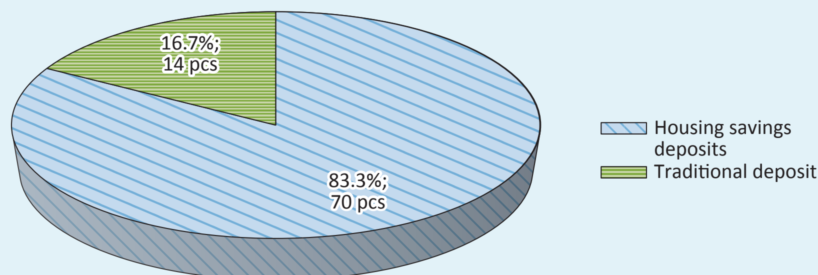
Chart 34
Outcome of trade credit cases closed



2. DEPOSIT COLLECTION AND PAYMENTS SERVICES

In 4.4 percent of the cases concerning the financial markets sector, the petitioners complained about the service providers' activities related to the collection of deposits. The petitions were related to housing savings and traditional deposits, 70 petitions concerned the first and 14 the latter.

Chart 35
New cases relating to deposit collection cases

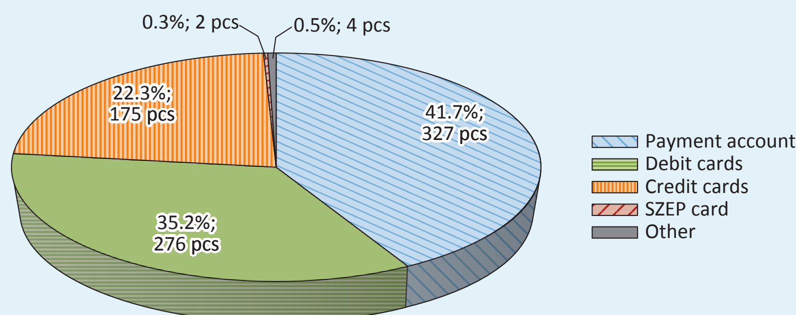


The Board closed 109 cases relating to deposits. Out of the 93 cases judged on the merits the number of settlement agreements approved with a resolution was 20, 1 binding resolution was adopted, and in 22 cases the procedure was terminated due to the parties' agreement out of procedure. Thus, the proportion of cases favourable for petitioners made up a total of 46.2 percent.

784 new petitions concerned payment services, an increase of almost 30 percent compared to previous years. These cases were partly similar to those of previous years, but there was also a significant and growing number of petitions concerning payment account and bankcard frauds. These accounted for 40 percent of all payment cases. The largest

number of petitions were received in relation to payment accounts and debit cards, while the number of credit card cases decreased significantly.

Chart 36
New payment services cases



The Board closed 668 cases relating to payment services. Among the 577 cases judged on the merits, there were 160 settlement agreements approved in a resolution. 3 binding resolutions and 2 recommendations were issued. In 82 cases the proceedings were terminated, because the parties reached an agreement outside the procedure. Thus, the proportion of cases favourable for petitioners made up a total of 42.8 percent.

2.1. Deposit

A significant part of the proceedings initiated against *building societies* concerned claims regarding the use of the funds for housing purposes, the related certification obligation, and account opening fees. Cases related to the unavailability of the tax identification number of the beneficiary and/or of the holder of the savings contract due to prior utilisation, to the change of the beneficiary, or the death of the person designated as beneficiary during the savings period still arose. With regard to the latter, the petitioners complained that it is not possible to obtain state subsidy for the contract in the right of the deceased beneficiary, even for the period when the beneficiary was still alive, because the service provider takes into account the tax identification number of the holder of the home savings deposit and if it is already utilised, no state subsidy is granted for the contract.

In part of the cases, consumers submitted a claim for damages. Several petitioners claimed that the process of the remittance of the savings was lengthy, the financial service provider failed to inform them of this properly, due to which they incurred losses. The main problem in the disputes concerning the use for housing purposes and the related obligation to provide proof was that the date of invoices submitted in the case of home improvement or the date of the partial payment of the purchase price in the case of purchase of a property was earlier than the first day of the remittance period or – in the case of termination – the date of receipt of the declaration of termination by the service provider. In several cases, the petitioners cited that they acted in accordance with the information they received from the service provider's employee, and thus, if they did not act properly, it was the result of incorrect information. It also led to a dispute that a petitioner wanted to withdraw the deposit for buying a home and handed over his declaration of termination to an employee of the service, but the building society registered in its records only several days later. The holder of the housing saving deposit paid the purchase price to the seller after the handover of the document, but the service provider decided that it was not in position to pay the contractual amount for the purchase of the property, as the contract did not have valid remittance confirmation or declaration of termination before the payment of the full purchase price. The parties reached a settlement agreement on the matter.

The Board recommends consumers that upon utilising the amount of the savings they should take into consideration that building societies may only accept as a proof of use for housing purposes an invoice or an instrument on the payment that was issued on or after the first day of the period starting with the remittance or on the day when the declaration statement of termination is received by the building society.

In an outstandingly high number of cases, the petitioners did not prove to the service provider that the savings amount had been used for housing purposes, despite the fact that the legal requirement is that the building society must be subsequently notified of the use of the disbursed amount for housing purposes within the statutory deadline. In view of the omission, the service provider usually called upon its customers to comply with their statutory and contractual obligations and, if they failed to do so, initiated the issuance of a warrant for payment to recover the unjustified state subsidy paid. In the absence of voluntary performance, the claim established in the non-appealable warrant for payment enforced by the National Tax and Customs Administration. If the claim was subject to a non-appealable warrant for payment, the Board could accept the petition only as a petition of equity. The majority of the procedures ended with a positive outcome for the petitioner as the building societies were open for resolving the situation.

The Board draws the attention of consumers to the fact that even after the withdrawal of the savings amount supplemented with state subsidy, there is an obligation to provide proof of the realisation of the housing purpose to be complied with by the deadlines specified in Government Decree No 215/1996 (XII. 23.). When calculating the deadlines, the period during which the holder of the home saving deposit is unable to fulfil his obligation to provide proof due reasons beyond his control shall be disregarded.

A common feature of the petitions for the reimbursement of account opening fees was that for some reason the petitioners did not wish to maintain their contract after concluding it, most often because they would have liked to take a loan as well, but the result of the loan assessment was negative. In one of these cases the financial service provider took the position that the account opening fee is linked to the establishment and existence of the contract, which must be paid by the holder of the home saving deposit according to the contractual terms and conditions, and – unless agreed otherwise – the building society would not refund it.

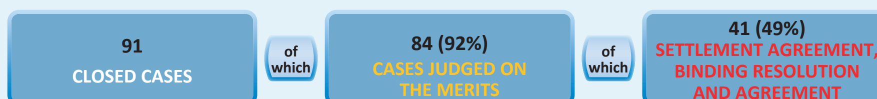
Sales agents representing the building societies are expected to provide customers with comprehensive information on the essential features of the contract to be concluded, such as the account opening fee, which is a special element of the home savings contract. Building societies should pay special attention to this when training their sales staff or personal bankers.

The Board recommends consumers to exercise due foresight when signing a contract. **They should familiarise themselves with the contractual terms and give due consideration to the decision, because once the contract has been concluded, the contractual terms (including the provisions of the business regulation) will govern the legal relationship between the parties, even if they failed to read it.** ***Under the standard terms and conditions applied by service providers, the account opening fee, which is often not a small amount, is not refundable even if the contract is then terminated.***

A smaller number of cases concerning the application for state subsidy were brought before the Board, where petitioners complained that they had not received the amount of the state subsidy at all or received only a partial amount. One of the reasons for this was that the deposits were not made on a regular basis. There was a case where there was a disagreement between the service provider and the customer about the date of the payment by bankcard to deposit savings. According to the building society, the date of the deposit already fell to another period, and thus the petitioner was not eligible for the state subsidy.

The Board reminds consumers that if the holder of the home saving deposit performs the payments of the deposits not in line with the schedule specified in Act CXIII of 1996 on Building Societies, the service provider is not in the position to apply for the maximum state subsidy.

Chart 37
Outcome of housing savings deposits cases closed



The number of petitions for *traditional deposits* was negligible. In some of these cases the consumer contested the amount and the rate of interest credited on the deposit, while other disputes were based on the interpretation of the provision concerning the promotional interest rate or concerned the difference between the balance in the deposit book and the amount shown on the deposit slip or the turnover data of the deposit book. The vast majority of the cases related to savings book with car sweepstakes were attributable to administrative errors committed by the bank, namely, the savings book was incorrectly redeemed by the service provider or due to clerical error upon recording the name of the petitioner, his savings books were registered under two customer numbers. In these cases, the service providers acknowledged the error and offered compensation, which was not always accepted by the petitioners.

2.2. Payment accounts

There was a significant increase in the number of cases related to payment accounts. This was clearly attributable to the growth in the number of payment account fraud cases. These cases accounted for one third of all payment account cases. The frauds affected payment accounts as well as debit and credit cards. The most common disputes related to account opening and closing, to the “dormant accounts”, foreign currency transfer orders, transfer of funds based on court order and erroneous transfers.

There were only a few cases related to account opening and the number of cases related to account closure significantly decreased. Consumers do not always accept that the law permits the financial service provider to terminate a payment account contract by ordinary notice. In previous years, there were a significant number of disputes concerning “dormant accounts” and the related debts arising from the fees charged over several years. In 2022, only a small number of such cases were brought before the Board, since in the summer of 2022 Article 17 of Act LXXXV of 2009 on the Pursuit of the Business of Payment Services(Payment Services Act) was supplemented with paragraph (4a), which partially settled the issue by providing that “*The payment service provider shall have the right to terminate a contract concluded with a consumer for providing a payment account subject to two months notice after sending a request to the client for the settlement of debt by means which can be proved, if no funds are credited to, or no payments are made by order of the client from, the payment account over a period of more than six months, and/or if there is any debt outstanding for over a period of more than six months and the balance of the payment account is negative.*” The fall in the number of such cases clearly evidences the justification and positive impact of the amendment.

The termination of the bank account contract also gave rise to disputes due to the death of the account holder. The law and the financial service providers’ contractual terms and conditions stipulate that the original death certificate can be accepted as credible proof of death. The person named as beneficiary for the event of death or the heirs specified in the non-appealable grant of probate can exercise their right of disposal, including the closing of the bank account, after presenting this. Payment service providers have different rules on whether the payment account contract is terminated upon the death of the testator account holder, when the service provider is notified of the death, or whether it remains in force. If it does, it is the heir who must terminate the payment account contract.

Following the death of the account holder, it is important that the heir notifies the service provider of the death as soon as possible and attaches the death certificate, and following the probate procedure, the non-appealable grant of probate must also be presented to prove the capacity of heir. If a beneficiary has been specified in the account contract for the event of death, the balance of the account will not be part of the estate, but will be paid to the beneficiary on death, regardless of the probate proceedings. Information should be requested whether the account agreement will be terminated on the death of the account holder or whether the account agreement will have to be terminated by the heir.

In some cases, the petitioner bank account holder wanted to close his bank account, but the financial service provider denied him, because the account was blocked due to an official measure. In this case, the financial service provider is not in the position to close the account until the blocking is lifted.

In the area of payment orders, there were high number of disputes related to foreign currency transfer orders. In several cases, the disputes arose because a foreign currency transfer was credited to the foreign currency account in a significantly lower amount than expected by the petitioner. The difference was due to the fact that the financial service provider received the amount in forint rather than in the currency of the foreign currency account, and the beneficiary’s account

was credited by the financial service provider only after the conversion of the forint amount into the currency of the account, using the exchange rate specified in the relevant regulations. The financial service provider proved the currency of the incoming transfer, and claimed that since an intermediary bank was involved in the transaction, it is the initiating bank that can explain why the intermediary bank used for the transaction converted the transferred foreign currency amount into forint and forwarded it to the beneficiary's bank as a forint transfer; any corrective action can be taken also by the initiating bank.

In disputes relating to foreign currency transfer orders there were still cases when due to the fact that the consumer placed such orders relatively rarely or never, and thus had no knowledge of the matter, he asks for the help of branch tellers, and then claims that he was misinformed by them. Since consumers usually perform no verification whatsoever after submitting the order and the branch teller does not necessarily act prudently, the service provider executes the order and it is noticed only later that e.g. the order was made not from or to the account held in the same currency as the currency of the amount transferred and due to the conversion a significantly lower amount was credited to the beneficiary account. The law on payments does not contain a sample foreign exchange payment transfer form, nor its regulation or a relevant guide for completion. Contrary to the forint orders, financial service providers prepare no documents that would help customers fill in foreign currency payment orders submitted in a much lower volume but being more complex. Such document would be helpful, because the data content differs and more detailed information must be provided, and there are terms and descriptions that the customer are usually not known to the customers. In the case of foreign currency payment orders – contrary to forint payment orders – the financial service provider cannot check the validity of the beneficiary's account number, and thus if the customer provides it incorrectly, and the order is not executed, and then transferred back or revoked, usually the amount credited to the account that transfer was initiated from is lower than the original amount.

It is important to check all the data of both forint and foreign currency payment orders before signing and approving them, because afterwards the consumer cannot validly cite that the bank teller or the banking system should have recognised whether the initiating or destination account number was correct, or the currency of the transfer was incorrect.

Disputes the underlying reason for which was the loss arising from the exchange rate applied or the exchange rate difference still occurred. In some cases, it was found that the exchange rate information was displayed for the foreign currency transfer order entered through online banking interface, nevertheless the petitioner saw a higher amount debited to his bank account after the transaction was completed and suspected a bank error, ignoring the information, which indicated that the exchange rate displayed when the order was entered was only indicative and that the bank account would be debited at the exchange rate applicable at the time of execution, which in several cases had changed significantly.

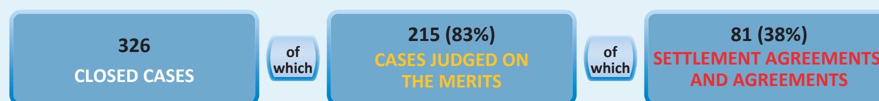
A recurring issue in disputes related to payment orders is that petitioners claim that financial service providers debit their bank accounts by executing transfer of funds by court order, without their consent. The petitioners complained that the service provider failed to notify them – as the payer account holder – of transfer of funds by court order or order to transfer funds before it was executed, partially executed or queued as required by law. Few people know that due to a statutory prohibition the payment service provider is not authorised to give prior notification. At this payment method, pursuant to Articles 79/A and 82/A (1) of Act LIII of 1994 on Judicial Enforcement (Enforcement Act), the origin of the amount in the account due to natural persons is irrelevant for the exemption from enforcement of the funds managed by the payment service provider, and this should not and must not be taken into account. The funds must be used for statutory settlement. The underlying reason for some of the disputes was that the transfer of funds by court order was queued, as there was no sufficient cover for the settlement thereof in the full amount, and during the queuing the account holder had no access to the amount exempted from enforcement, as specified by the law.

In several disputes the petitioner provided an incorrect bank account number and applied for the reimbursement of the funds transferred to that account. The reimbursement was refused by the financial service providers because the order was executed based on the data provided in the order and approved by the petitioner. In all cases where the refund has not been made in response to the request for revocation, service providers provided their customers with assistance.

Only a few disputes concerning standing orders or recurring transfers were taken to the Board for settlement. In one case, the standing order form was completed by the branch clerk at the request of the petitioner, but he indicated and incorrect

beneficiary account number, and thus for several months the payment was made not to intended service provider but to another one. The petitioner signed the standing order with the incorrect data. In the course of the procedure, the financial service provider made a settlement offer in view of all circumstances of the case and the parties reached a compromise.

Chart 38
Outcome of payment account cases closed



2.3. Debit and credit cards, ATM use

The number of disputes related to *debit cards* increased, with a significant shift in the distribution of disputes by subject. 70 percent of debit card cases concerned unauthorised payment transactions and card fraud. Similarly to previous years, there was also a high number of cases related to ATM cash withdrawal and cash deposit.

Disputes concerning cash withdrawals from ATMs, i.e. automated teller machines, showed the characteristics of previous years, but their number has clearly decreased. Petitioners claimed that the requested amount was not dispensed by the ATM or not the full amount was dispensed, or the account-keeping bank debited the account with a different amount than actually withdrawn. During the complaint procedure the financial service providers launched an internal investigation when a self-operated ATM was involved, while in the case of ATMs operated by a different bank, they initiated an investigation at the operator of the ATM. Depending on the outcome of the investigation, the disputed amount was credited to the respective bank account or the request for the credit entry was rejected. In the proceedings before the Board, the financial service providers supported their position with the journal tape of the ATM, the stocktaking records and the ATM error log, and thus in most of the cases the proceedings had to be terminated on the basis of the available data. There were also a number of cases where, as a result of the Board's proceedings, the financial service provider reviewed the available technical data and, on the basis of its findings, granted the petitioner's request. Among the cases that ended with a compromise or unilateral performance, there were cases where the technical data of another ATM were examined in the complaint procedure conducted by the service provider on the basis of data that were not sufficiently accurate, but the review revealed a communication failure of the ATM, and after repeatedly watching the video recording, the service provider accepted the customer's claim that some of the banknotes were stuck in the cash dispensing slot, contrary to what the technical data reflected.

According to the executive circular issued by the Magyar Nemzeti Bank in September 2021, from 1 January 2022, the payers' payment service providers are expected to start taking the necessary measures to process the customer's claim within one working day of receiving a request for the correction of an unauthorised or authorised but incorrectly executed payment transaction, including the launch of a complaint procedure in accordance with the rules of the international card brand. However, if the customer notifies the account-keeping bank of his claim late, the bank will no longer have the possibility to initiate the procedure, which makes it considerably more difficult, and in many cases impossible, to enforce the customer's claim.

In the case of problems related to cash withdrawal from an ATM, all relevant information must be provided and all evidence must be presented to the account-keeping credit institution during the card complaint procedure and upon filing a complaint to ensure that the investigation can properly establish the success or failure of the ATM transaction. It is important that the complaint should be reported as soon as possible, as the account-keeping bank can initiate the card complaint procedure only within a specific time limit.

There were also cases involving a bank card linked to a foreign currency account, where the petitioner made a cash withdrawal abroad from his foreign currency account in the same currency as the account. At the time of the cash withdrawal he received the requested amount requested, but his bank account was debited with a higher amount. During

the procedure, it was established that the cash withdrawal was made from an ATM which offered the petitioner, at the time of withdrawal, to carry out the transaction using Dynamic Currency Conversion (DCC). DCC is a service provided by international card companies and acquiring banks that customers can use when making purchases and withdrawing cash. The essence of it is that if a transaction is initiated in a specific country with a bank card issued in another country, based on the bankcard number the DCC module detects that the card is registered in a different currency than the official currency of that country. In this case, it offer the DCC service, on the basis of which the desired amount is converted into the currency of the card at the then prevailing exchange rate of the acquiring bank. In this case, the card issuer bank receives the converted amount and currency both at the time of authorisation and at the time of debiting the transaction to the account (the accounting is based on this), and the original transaction amount and currency are not visible. Had the petitioner not opted for DCC, the original transaction amount would have been booked on his account, but due to choosing DCC multiple conversions were made.

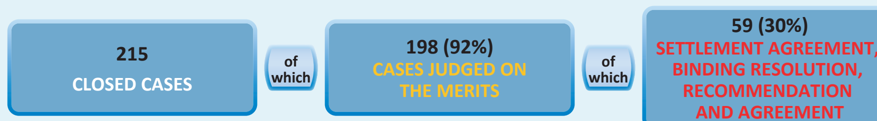
Recently, many banks installed ATMs that now also offer instant cash deposits instead of the traditional cash deposit in envelope. Instant cash deposit is a convenient and fast way to deposit cash to the payment account linked to the card, where the deposited amount is credited to the account immediately. The Board received only a few petitions regarding cash deposits through the ATM, where it was found that the customer had authorised the amount displayed without verifying the correctness of it. The service providers proved with system logs and stocktaking minutes that the credit entry corresponded to the actual amount of the cash deposit.

When making an ATM cash deposit, particular attention should be paid to ensuring that the amount and denomination of the banknotes inserted by the customer into the machine match the data displayed by the automated teller machine on the summary screen prior to authorisation. If the consumer notices any discrepancies or problems during the cash deposit, he should immediately report it to the account-keeping bank.

The number of cases received in connection with free cash withdrawal was negligible; part of them were related to the statutory possibility specified in Article 36/A of the Payment Services Act, while others concerned the interpretation of the allowance provided by the payment service provider as part of the account package. In the former cases, consumers cited that they had not received the relevant information when they opened the account and this is why they failed to make declaration prescribe by the law. In the latter cases, a dispute arose over the switching or termination of an account packaged mid-month. These disputes were settled by the parties in the proceedings.

Customers applied for the proceedings of the Board in several chargeback-related cases. These included requests for reimbursement of amounts charged for car rental abroad or online ticket purchases, on the grounds that they did not use the respective service or that the amount charged exceeded the amount shown in the order. Chargeback requests initiated by financial service providers were refused by the acquiring bank on the grounds that the merchant had provided adequate proof of service. In these cases, it was generally established that the actual dispute was between the customer and the merchant in relation to the performance of the service, and thus the Board had no competence to continue to proceedings.

Chart 39
Outcome of debit card cases closed



The number of *credit card*-related disputes decreased significantly compared to the previous year, while the petitions received showed the same characteristics as in previous years. In the petitions filed, the petitioners contested the definition of the settlement period or the interest rate – and thus the amount of the outstanding debt – or the method of settlement and its correctness. It was established in several cases that the dispute involved the lack of appropriate knowledge of the credit card products, the inappropriate fulfilment of repayment obligations and consequently the high interest payment

obligations and default interest. The declining number of items suggests that the information provided to customers over the past years was effective and many of them understood that the high interest rates associated with credit card products can be avoided only subject to the appropriate use of the card and full repayment of the debt by the deadline.

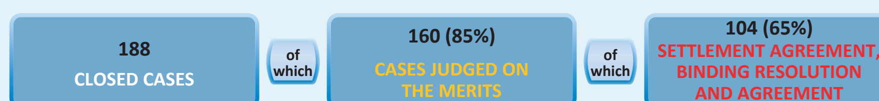
Credit cards have a credit line, and when using the card, card holders do not spend their own money, but the amount of the credit line registered on the credit account. Interest has to be paid on the amount used, just like on all loans extended. The credit card is a product, which makes it possible for its holder to use the amount of money made available for the holder by the financial service provider, free of interest, if he always repays the amount used by the due date. However, the interest-free period can only be linked to purchases done with the credit card, provided that the relating conditions are fully complied with. Exemption of interest does not apply to cash withdrawal.

There was a case when the amount paid by petitioner fell short of the actual debt outstanding on his credit card account on the rollover date only by HUF 10, due to an oversight, nevertheless the interest was charged on the total amount spent. The financial service provider waives the interest on the credit card account only if the cardholder uses his credit card only for purchase transactions and repays the total amount of the debt during the grace period. Otherwise it charges a monthly credit interest on the total amount of all transactions from the date of the transaction until the date of full repayment.

In many cases, the fact of charging the interest or default interest late and the amount thereof were not contested; customers initiated the proceedings of the Board only to help them settle the outstanding debt. In these cases, the parties usually reached a compromise and concluded a settlement agreement. Settlement agreements were also common in cases where the annual card fee was disputed because the card was not sent to the customer or it was surrendered.

The Board suggests that users should carefully study the terms and conditions of credit cards and preliminarily discuss their questions with their financial service providers. It is important to know that besides making purchases, credit cards are also suitable for cash withdrawal through ATMs, but interest will be charged. Given the terms relating to high interest rates, users should be very careful in order to avoid unexpected fees and costs.

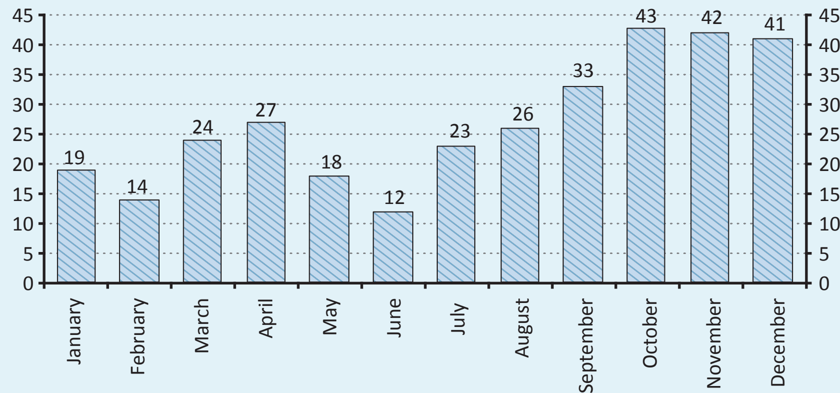
Chart 40
Outcome of credit card cases closed



3.4. Frauds related to payment accounts and bankcards

A significant number of petitions related to payment accounts and cash substitutes have been received in the previous years. The number of these increased further significantly in 2022, especially in the second half of the year. The Board received 322 fraud-related petitions, representing a growth in the number of cases related to payment accounts and bankcards as well.

Chart 41
Number of consumer disputes initiated due to unauthorised payment transactions (pcs)

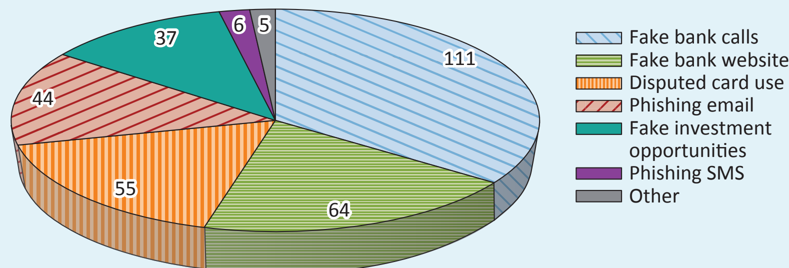


The Board received 297 general consumer petitions, 8 petitions of equity and 17 cases of cross-border consumer financial disputes related to frauds.

The most common type of frauds were those committed with debit cards, accounting for almost two thirds of all cases, while payment account fraud cases were also in the range of a hundred. There were only a very small number of such petitions involving credit cards.

Deception and psychological manipulation have become an increasingly common method of fraud. Frauds committed by fake phone calls was still the most common type of fraud, where fraudsters pretending that they were bank employees persuaded customers to provide disclose relevant payment and personal authentication details and confirmation codes needed to complete payment transactions. Addition new forms of fraud have also emerged, such as fraud linked to fake banking sites, fake investments and sending products sold on the web. The Board also received a large number of petitions related to frauds committed by traditional phishing methods (e.g. fake bank or other service provider e-mails, SMS).

Chart 42
Methods of committing the frauds (pcs)



Experience from the conducted proceedings shows that frauds affect all segments of the society, regardless of age, gender, qualification and education. This is why financial awareness and customer information must play an even more important role in fraud prevention. Customers represent the primary line of defence to prevent such frauds. Nowadays almost everyone pays attention to watching their wallet, not storing the bank card and PIN at the same place, not making a note of it and not disclosing their data to anyone. However, the same skill is not there when it comes to protecting the data, confirmation and approval codes necessary for login to the netbank.

In many cases, the fraud could have been prevented had customers not carried out their payment transactions as a routine procedure. In many cases, they do not pay attention to the content of the SMS messages they receive from

their bank, but only to the code in the SMS. They believe that when they make a bankcard transaction or log into their netbank account, they can only receive the card transaction approval or online banking login approval code. It is exactly this routine that fraudsters exploit.

Many people received phishing emails about paying a customs clearance fee or a utility bill, and in order to execute the payment they provided all of their bankcard details on the site opened through the link in the e-mail, routinely entering the code they received in an SMS from their bank. The SMS sent clearly stated that the code was related to an Apple Pay or Google Pay registration; nevertheless the customer provided the code on the phishing site. The fraudsters used the customer's card details and activation code for digitising the customer's bankcard in Apple Pay or Google Pay on their own phone and make payments up to the amount and limit on the customer's payment account without the customer's knowledge or consent.

The same routine behaviour was observed in cases where customers entered the username and password required to log in to the online bank on a fake bank page that appeared as a Google search result or from a link sent on behalf of a parcel delivery service as well as the code contained in the SMS received from the bank. However, the text of the SMS contained not the code for login to the netbank, but an activation or registration code for a new mobile banking application. While the customer would successfully log in with a netbank login code, with a mobile banking application code he installs a mobile banking application on the fraudster's mobile phone connected to the customer's payment account. Banks usually do not prohibit the registration of more than one mobile bank for a single customer. Fraudsters can use the newly installed mobile bank to make several payment transactions on the customer's payment account, and even apply for an online personal loan on this device.

Another specific feature of these cases is that customers received a separate notice about the successful registration of Apple Pay or mobile banking, but in many cases they ignored this, despite the fact that they had no intention to register for Apple Pay or mobile banking. Customers were informed about an unusual payment transaction not initiated by them (e.g. a transaction for HUF 100), but they ignored it, because e.g. the amount was low. However, the mere fact of the transaction indicates that someone, somewhere, has accessed the customer's account and can make a payment on it at any time if they want. A transaction for HUF 100 can easily turn into a loss of several millions later on, just because the apparent threat was not handled with due foresight.

The type of the code disclosed and the timing of it are of utmost importance. In many cases, the actual execution of the fraud depends on whether the code is disclosed or not. The confirmation and validation codes required for strong client authentication can fulfil their role only if clients verify the identity of the transactions they initiated and the message containing the code. In such situations, it is the sole competence of the customer to consider and assess what to use the received code for and to disclose it for what purpose.

The Board reminds consumers to read and understand all communications from their bank carefully and interpret those due foresight and caution. SMS and PUSH messages from the bank are of particular importance, as those are always sent for a specific purpose (e.g. to carry out a transaction, change a password or limit, register a new mobile application). If the message is about an unusual transaction, registration or is suspicious for any reason, the bank should be contacted immediately for verification. This is not only in the best interest of customers, but also a statutory requirement [Article 40 (2) of the Payment Services Act].

Unfortunately, the number of successful scam phone calls, pretending to be from the bank, remains high. A special feature of the fraud that unknown persons, pretending to be bank employees, citing a non-existent fraud, contacted customers over the phone and persuaded them to carry out various transactions. An important tool for this and other frauds is the installation of remote access software (mostly AnyDesk) on the customers' computers or phones, at the fraudsters' instruction. These remote access programs allowed fraudsters to gain access to the customer's netbank, the bank's mobile apps on the customer's phone and also to the SMS messages sent by the bank, giving them complete control over the bank account. Fraudsters often referred to these programs as antivirus programs, but when downloading the program, the description clearly shows that they provide remote access to the customer's device.

In a number of cases, fraudsters persuaded customers to transfer various amounts to "security accounts". The beneficiaries of the accounts were unknown persons, with a specific designation (e.g. gift) in the comments field, and the beneficiary account was of course an account with another credit institution. Customers provided their data and approved such transactions despite receiving constant notifications of successful transfers, deduction of the fees for the transfer and decline in the account balance. However, they still deemed it realistic that they were required first to "transfer" money from the account to an account unknown to them, which then would be followed by the reinstatement of the account balance. Several cases followed the same pattern, i.e. the fraudster called not on behalf of the actual account-keeping bank of the respective person, and it was the victim who told him that his account was with another bank. The fraudster then immediately apologised, and "switched over" the phone to another fraudster, who then introduced himself as the representative of the real account-keeping bank. At the request of the caller, the deluded customer logged into his netbank, disclosed the bankcard limit and the account balance, and at the request of the fraudster he raised the limit close to the amount of the account balance and finally also disclosed all the card details. He then authorised the payments initiated with his bankcard one by one, because the fraudster told him that authorisation was necessary to cancel the transactions. Apparently, the process took place without the fraudsters having any information other than the customer's name and telephone number, and all banking data were provided by the victim, who also authorised the transactions.

The Board reminds consumers that by observing the rules below, and by recognising the suspicious signs, a significant part of frauds can be prevented:

a) If it is not the account-keeping bank that calls the consumer about a potential fraud affecting the payment account, get suspicious. Banks do not operate a joint customer service, do not call each other's customers about frauds and do not transfer calls to each other.

b) Banks do not ask for all details of the bankcard, either for the purpose of identification or to prevent misuse, and they do not ask customers to provide their netbank IDs, confirmation or authorisation codes either. If such information is requested, even if it has to be given after the beep, it definitely implies a fraud. In the case of a call from the bank, it is advisable to cross-examine the caller to make sure that the call is really coming from the bank. If the situation is suspicious for any reason, ask for the name of the caller and call the bank on the phone number published on the bank's website.

c) An urgent, threatening tone is one of the characteristics of the fraud, and is certainly a cause for suspicion. Victims are persuaded to act quickly (if the code is not repeated within 30 seconds, you lose your money, etc.), thereby preventing them from evaluating correctly what is going on.

d) Banks do not ask customers to initiate or authorise bankcard transactions or transfers to prevent a fraud. Bank also do not operate safety sub-accounts or ask customers to transfer various amounts temporarily to another account to prevent frauds. Banks also do not ask customers to disclose authorisation codes to cancel transactions. In the event a suspected fraud, banks first suspend or block access to the account.

Many petitioners were also exposed to investment scams. Such frauds are characterised by the misuse of the names of well-known people on social networking sites or news portals to persuade people to purchase investments through advertisements promising very favourable returns. Initially, they make the customer start the investment with a relatively small amount and everything seems to be done professionally. Thus the customer opens an account, while the fraudsters ask for copies of personal documents and other data (utility bill, pensioner ID card, etc.) in a procedure that seems to be a compliance activity. However, an integral part of this process is the installation of remote access software on customers' computers and/or phones by the perpetrators of the fraud, claiming that they can show how the investments should be used and managed. They explain that in order for the customer to be able to withdraw the return on his investment, the accounts connected to the investment and the customer's bank accounts must be linked. The customer is asked to log into the netbank using remote access where he will be assisted in linking his accounts. Unfortunately, if this happens, a number of unintended processes can be triggered and even online personal loans can be taken out without the customer's knowledge.

With regard to fraudulent investments, the Board draws attention to the following:

a) Investments that promise excessively high returns should always be treated with caution and care.

b) It is advisable to ascertain that the company offering the investment is real and that it holds an activity licence. To this end, consult the "Warnings for investors" sub-site on the website of the Magyar Nemzeti Bank. The authenticity of the companies should be ascertained from an official source, as there are many websites on the internet that present false, seemingly favourable information on investments and investor companies.

c) Never install a remote access device on your equipment used for online banking. Even if such a program is installed, make sure that the customer can use it safely. Never give access to your netbank to unknown persons by disclosing any code, other data or information.

The Board encountered frauds committed by referring to a parcel delivery service for the first time in 2022. They search for and find the buyer of products advertised on the internet and offer to use an existing parcel delivery company for the payment of the price of the product or the delivery. For this purpose, they send a link to the customer, directing him to a site with similar design as that of the parcel delivery company, which also shows the amount to be paid. The customer is then navigated to a page with a logo of a few banks, which says that the company will ask for confirmation from the customer's bank in order to verify the customer's details. The customer then selects the logo of his bank and by clicking on it he is navigated to a site similar to the bank's online banking interface, which in fact is a phishing page. Here, he enters his netbank username and password, and then he indeed receives a code from the bank, which he also discloses on the phishing site. However, the code received is not a netbank access code, but a confirmation code for activating a mobile application (mobile bank). Unfortunately, in this case as well, customers only pay attention to the code, not to the wording of the message they receive. The fraudsters use the data and code made available to them for registering a new device and thus they can perform various account operations with the mobile app registered under the customer's account.

In the second half of the year, the use of bogus banking sites emerged as a new type of fraud. Here again the objective was to obtain banking credentials from unwary customers. Although the banks' user manuals draw attention to this, it is common for customers to access their bank's online banking interface using an internet search interface (e.g. Google) rather than typing in the access route to the bank directly. This has led to a number of frauds, where a bank site entered in a search engine and listed as one of the first hits leads to a phishing site similar to the bank's site, where customers initiated a login to the netbank. They perform failed login attempts using the netbank username and password and the code provided by the bank. Using the data and code provided on the phishing page, similarly to the previous frauds, fraudsters can successfully register a mobile app/mobile banking application or an actual netbank login and perform various account operations on the customer's account. This fraud is also facilitated by disclosing the code received from the bank.

According to the liability and loss bearing rules specified in the Payment Service Act, customers can ask their bank to correct unauthorised and authorised but incorrectly executed payment transactions. In the case of a request for correction, the burden of proving that the disputed payment transaction was authorised by the customer or that the disputed payment transaction and the loss suffered by the customer, is the consequence of the customer's intentional or grossly negligent misconduct lies with the banks. In each case, the Board endeavours, within the framework of the procedure, to investigate the facts of the case in full, and it examines and assesses individually all circumstances revealed. When doing this, it takes into consideration the customer's conduct (in initiating, authorising payment transaction, providing data, etc.), the lack of prudence and due care, and the severity thereof.

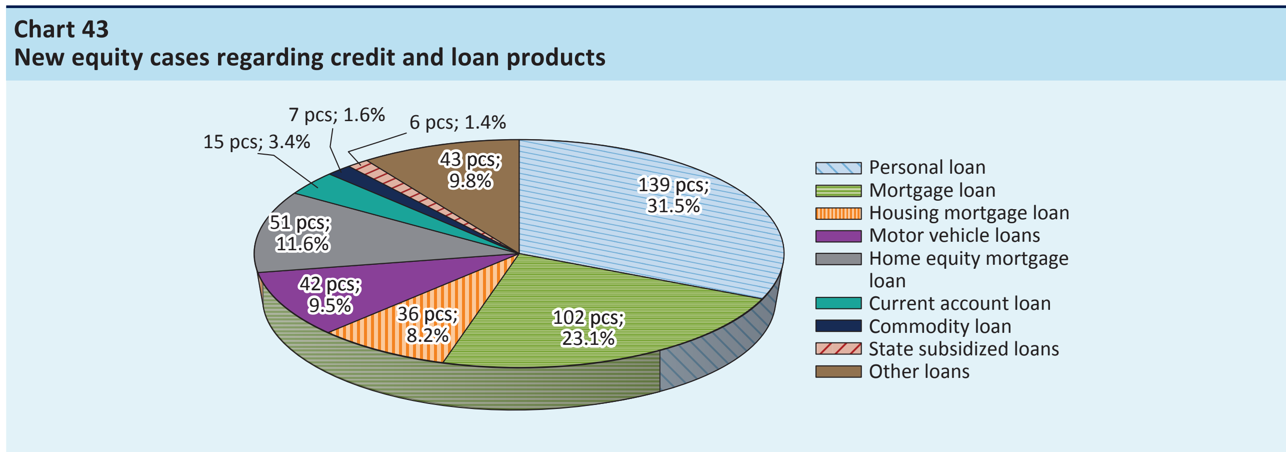
Consumers are still obliged to use the cash substitute payment instruments (debit card, netbank, mobile bank, etc.) in accordance with the provisions of the framework contract and to behave in a way reasonably expectable in the respective situation in order to safeguard personal authentication data (PIN or mPIN) necessary for the use of those. Consumers are also obliged to notify their payment service provider immediately if they discover that a cash substitute payment instrument has been lost or stolen, or if it was used without authorisation or approval. A seriously negligent breach of these obligations may justify the bank's exemption from liability.

In its proceedings, the Board issued 27 decisions approving the settlement agreement, as the parties managed to reach an agreement. It also issued two recommendations and one binding resolution (see II.8.), but in several cases it established that it had been possible to execute the payment transaction due to the fact that it had been approved by the customer or as a result of their grossly negligent breach of obligation, and thus the banks were not obliged to reimburse the customer.

3. EQUITY CASES

Of the 573 petitions of equity received, 537 cases (94 percent) involved financial market services. Within the financial market equity cases, 441 petitions concerned products related to credits and loans, the distribution of which by product group is shown in the following graph.

Chart 43
New equity cases regarding credit and loan products



In equity cases the petitioners, with regard to their personal or financial situation, may ask the financial service provider to allow a more favourable possibility for performance than what was originally determined in the contract, the reduction or cancellation of their payment obligation, the amendment or closure of their contract, or the possibility of accomplishing payment under conditions other than the ones determined in the contract. However, the legal basis of the claim, the amount of the claim and the claims judged in litigation or in a non-litigious procedure cannot be disputed. Irrespective of any procedure, a petition of equity may be submitted with a view to establishing or restoring cooperation between the parties and to finding a solution for the unresolved situation. Equity cases show that petitioners usually have difficulties to pay the full amount of the debt, and therefore they submit petitions and settlement offers for debt relief, reduction of the outstanding debt or the conclusion of an agreement for payment in instalments, usually free of interest. In the proceedings it was often found that an agreement for payment by instalments had already been concluded, but the petitioners had not complied with it or complied not fully in line with the agreement. In many cases, this was due to deteriorating health, adverse changes in living conditions, lack of family support, loss of employment or limited financial resources. In those cases where an agreement had already been reached between the parties prior to the Board's proceedings and it was not fulfilled for reasons attributable to the petitioner, the financial service providers questioned the petitioner's willingness or ability to pay, and in many cases settlement offers were made only for a lump sum payment or for a higher monthly instalment to demonstrate the seriousness of the petitioner's intentions.

In one of the equity proceedings, the petitioner became a debtor through inheritance and applied for the partial forgiveness of the debt shown in the final grant of probate, and payment of the remaining debt in instalments. He argued that he had always paid the loan instalments on time, but he was in a difficult financial situation and had other debts as well. As the petitioner had not complied fully with the terms of the previous agreement between the parties, the financial service provider refused to revert to the terms of the original agreement, which was more favourable to the petitioner; however, it proposed a new settlement offer, which the petitioner's financial circumstances, despite his willingness to pay, did not allow him to accept.

The Board recommends that consumers should only conclude agreements with a content that they can definitely fulfil. If there is an unforeseen adverse change in their circumstances, they should immediately contact the service provider and report the problem.

27 percent of the hearings in equity cases were held in the absence of the petitioner. In many cases, this was due to the cost of travel between the place of residence and the venue of the hearings, and in many cases the petitioners could not afford the travel costs. In some cases, the reason for the absence was also the false assumption that it is the competence of the Board to exercise equity, which it will certainly do on the basis of the information provided in the petition. Instead of the Board, it is at the discretion of the financial service provider to decide whether or not it would exercise equity and if it does, under what terms and conditions. No financial service provider can be obliged to exercise equity, and the Board only mediates between the parties to reach a compromise, and if no compromise is reached, it terminates the proceedings, as it has no other option, since it cannot adopt a resolution on such matters. Accordingly, the representatives of the service providers expect petitioners to attend the hearings where consultations can be conducted in person.

The Board recommends that consumers should make use of the possibility of a personal hearing also in equity cases. In those cases where the petitioner attends the hearing, there is a much greater chance of finding a solution to the problem and reaching an agreement, even in a situation that seems hopeless.

In several cases, the petitioners specified only at the hearing the exact content of the equity they expected of the financial service provider to exercise, and thus based on the information obtained during the personal consultation financial service providers asked for deadline to examine the settlement offer and respond. In the vast majority of cases, the representatives of the service providers attending the hearing were not allowed to make a declaration on the merits with regard to the acceptance of the offers made at the hearing. Those were decided by the financial service provider as a result of an individual assessment carried out based on their internal regulations. In such cases, either an additional hearing was scheduled, or the proceedings continued in writing, or the parties continued the consultation after closing the proceedings along the terms specified at the hearing.

The Board recommends consumers to consider their financial possibilities before commencing personal consultations and examine carefully the payment relief scheme that would be a real solution for them in order to reach an agreement as soon as possible. They should attend the hearings in person and be aware that they have much better chances to reach the desired compromise than if they are not present.

A minority of the equity cases related to an outstanding loan contract and were initiated by proactive petitioners due to their foreseeable payment difficulties. In these cases, financial institutions provided information on the possibilities of restructuring, maturity extension and easing of the terms of payment. In those cases where the instalments were still paid in accordance with the contract, with a few exceptions, service providers insisted on paying the debt in full, seeing no possibility of a partial debt relief.

Equity proceedings were usually initiated against debt collection companies who became eligible for claiming the repayment of the debt as a result of the assignment of a receivable arising from a financial service contract terminated by the predecessor financial service provider. The majority of the petitions involved debts arising from mortgage loans, personal loans, car loans, trade credits and credit cards; in a few cases the petitions applied for the Board’s assistance in settling account debts. In many cases, the filing of petitions was triggered by and the consultation became urgent due to the fact that the foreclosure proceedings for the collection of the debt have commenced, the property serving as home for the debtor was put up for auction by the bailiff, or the debtors’ income was garnished, or the amount of their pension, their sole source of income, decreased due to the garnishment. The petitions were aimed at the conclusion of an agreement and, in the framework of that agreement, at the suspension or discontinuance of the enforcement procedure or at the lifting of the garnishment already in place. In this situation, petitioners made commitments beyond their solvency to reach a settlement, often resorting to their families for assistance. In several cases, the financial service provider was asked to reduce the amount of the garnishment. However, the petitioned institutions saw a possibility for this only in cases that deserved special consideration.

In the case of **mortgages and loans** the ratio of compromises reached was lower compared to other debts. In cases where the value of the collateralised property was only a fraction of the amount that the petitioners wished to repay in one sum, or where the monthly instalments offered were so low that it did not result in a return for the financial service provider expected compared to the value of the property and the amount of the debt, typically no compromise was reached. Mortgage or loan contracts usually involve several persons as obligors. It is common practice that the loan is granted to several debtors (debtor and co-debtor(s)) and a surety is also involved. In many cases, a person other than the debtor(s) pledges his property as security for the repayment of the loan. Although the mortgagor is liable for the debt "only" with his property, he is a debtor in rem, who is not obliged to pay, is not directly liable with his income or other assets, but it is in his interest to know the debtor's ability to pay, his payment discipline, possible delays or default, as the foreclosure of his property may place an increased burden on him. In many cases, it is the debtor's family member (parent, sibling) who provided the collateral property, and the only property serving as housing for him and his family serves as collateral.

In several cases, the consumer who initiated the procedure and who was an obligor in the loan contract, found it injurious that the financial service provider, despite the fact that there were several obligors, had concluded a debt settlement agreement with only one of the obligors and that the scope of it did not cover the other obligors, that they had not been informed of its content and had only learned of its existence later, and that they were extremely disadvantaged by the fact that the service provider would still claim payment of the remaining debt from the other debtors even if the agreement with the other obligor was fulfilled. Citing this, several obligors submitted an equity petition to the Board, in order to retain the collateral property and to avoid foreclosure. In such cases, the parties reached a compromise agreeing on a larger first or final instalment and a longer maturity.

The Board recommends that anyone who provides assistance to others and agrees to provide collateral and thereby becomes an obligor together with other persons – as they all become obligors under the contract – should cooperate with each other, because otherwise any one of them may be at a disadvantage compared to the others. If a payment difficulty arises, the best thing for all parties involved is to try to find a solution together, by reaching an agreement. The Board recommends financial service providers, that, in the case of multiple debtors, they should involve all of them in the settlement of the debt.

In several cases, the mortgagor or surety asked to be released from the obligation subject to paying part of the debt. In some of these cases, the parties have agreed to settle the debt in one sum or pay it in instalments. In the case of a demand guarantee, the obligee is free to decide whether to ask the demand guarantee provider or the debtor to settle the debt. In the absence of voluntary performance, the service provider may enforce its claim through legal action and enforcement proceedings may be brought against the joint and several surety. The joint and several surety, just like the debtor, is liable for the debt with all his assets and any of his property is distrainable. In the case of a mortgagor, if the debtor fails to pay, the service provider can seek satisfaction from the pledged property, and may as well initiate foreclosure. Ultimately, it can recover its claim by selling the collateral property in an auction as part of the enforcement procedure, which is a less favourable solution for the mortgagor, partly because of the enforcement costs and partly because of the price realisable. The solution may be to sell the property on the open market, which is subject to consultation with the claimant.

In the case of **personal loan** debts, the parties often agreed on an interest-free instalment scheme with partial debt forgiveness. The Board approved a settlement agreement concerning a foreign currency personal loan debt, which provided a satisfactory solution for the petitioner's debt that had been accumulating for twelve years. The debt management company informed the petitioner of the amount of the debt on several occasions during the ten years following the assignment, and the dispute was all this time about the amount, while the petitioner made no payment at all. The debt doubled over the years also due to the fact that the foreign currency-denominated contract fell outside the scope of the Act on Conversion into forint, and thus it was registered in Swiss francs in the books of the debt management company. Accordingly, the petitioner not only had to pay default interest at 24.5 percent, but the amount of the difference resulting from the exchange rate fluctuation also increased the debt. Under the settlement agreement, the financial service provider waived half of the debt and allowed the debtor to pay the remaining amount in forint in interest-free instalments. Unfortunately, the inadequate execution of the final repayment caused disadvantage for the customer also in connection with personal loans. Six months after the repayment of the required amount, the petitioner found that his contract had not been terminated and that a significant amount of interest had accrued as a result of his failure to

submit a written declaration of his intent to make a final repayment. In the procedure, the petitioner claimed that during the personal consultation he had not been informed that after making the bank transfer for the amount of the debt, he had to submit an application for final repayment. At the hearing, the parties conducted a successful negotiation and concluded a settlement agreement, as a result of which the financial service provider partially waived the debt. In other cases, most of the equity cases related to personal loans were also closed with settlements.

In cases concerning **car loans**, consumers turned to the Board mainly because of adverse legal consequences arising from the foreign currency denomination of the loan. When the petitioners were willing to pay, the majority of financial service providers were open for compromise, if the petitioner requested to settle the debt in one sum or to forgive part of the debt and pay the rest of it in instalments. The impact of exchange rate fluctuations and of the contractual structure on the debt in connection with foreign currency-denominated car purchase finance is well illustrated by the case of a petitioner who sought to reach compromise on the settlement of a debt arising from a Swiss franc loan taken out in 2008. The petitioner paid the monthly instalments every month for ten years, nevertheless at the end of the term he still owed HUF 3.5 million. In the proceedings before the Board, he understood that the contract prescribed an exchange rate adjustment due at the end of the term and the repayment thereof after maturity; moreover, he did not wish to make use of the option to convert debt into forint after the statutory settlement. Recognising the petitioner's difficult circumstances of life the financial service provider agreed to forgive HUF 1.5 million of the debt and to repay the remaining amount in interest-free instalments.

A significant proportion of the equity petitions related to claims subjected to enforcement proceedings. In such cases, service providers are less open for offering an allowance as they hope that the enforcement procedure will result in the full recovery of the claim. The chances of reaching an agreement are higher if the petitioner's offer is more favourable for the service provider than it could achieve in the enforcement procedure. In such cases, financial service providers also expect the petitioner to pay the costs of the enforcement procedure to the bailiff.

The number of equity cases relating **to overdrafts and trade credits** was low, while the ratio of settlement agreements was high; compromise was reached in over two thirds of the cases. For the settlement of the debt, service providers offered the option of paying in one sum or in instalments, with partial or full forgiveness of interest.

The number of settlement agreements in equity cases relating to **credit card debts** exceeded forty percent, with a significant number of cases resulting in agreements for partial debt forgiveness and payment in instalments.

The number of equity cases in the area of housing savings contracts remained low. In several cases, petitioners had to repay the state subsidy due to failing to prove properly the use for housing purposes. Consumers often turned to the Board when the building society – after a request to pay – initiated a warrant for payment procedure or when the warrant for payment issued became legally binding. Due to this, the Board could only accept these petitions, contesting the debt (state subsidy or costs incurred), as petitions of equity. In a few cases, despite the advanced status of the collection, the parties were able to settle the situation, detrimental to the petitioner, by an agreement. However, in the majority of cases, the service provider did not see any possibility to reach an agreement.

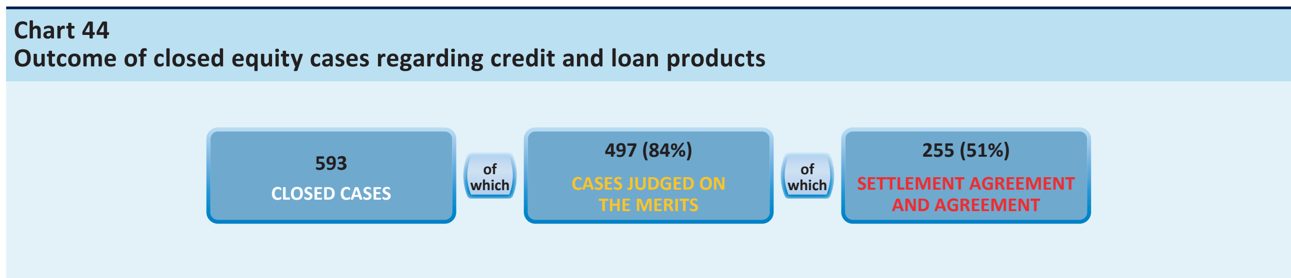
A large bank account debt, where the petitioner had originally opened a premium account after an enquiry over the phone, was also settled in an equity procedure. When the account was opened, the customer was informed of the conditions and the fees charged as an adjustment if the conditions are not fulfilled. The petitioner had previously requested that the bank account statement should be sent via the internet banking interface, but he claimed that he knew nothing about the status of the bank account, he received no bank account statements, and therefore he did not pay his debt. The financial service provider made a settlement offer to waive substantial part of the fees charged over three years, provided that the petitioner paid the fees charged for 180 days in one sum. The petitioner accepted and fulfilled the proposed settlement agreement.

In equity cases, the Board's possibilities are limited, but the board members acting in the case pay particular attention to helping debtors reach an agreement with their service provider. In these cases, an instalment agreement may even prevent eviction. Most of the financial service providers were ready to negotiate a solution that was satisfactory for the petitioner and they were cooperative and helpful, while a few service providers were less willing to conclude a settlement

agreement than expected. From time to time, the result of the equity petitions is that the parties start to negotiate in the proceedings, and the face-to-face meeting usually helps them understand and reconcile each other's positions. Even if these proceedings before the Board are not successful, they certainly achieve that the parties will in the future manage their common affairs in a better relationship and through regular communication and there will be hope that an amicable settlement of the debt between them can be reached without mediation.

The Board recommends that upon filing a petition of equity the consumer should, as far as possible, actively demonstrate his willingness to perform by making a payment. The financial service provider makes its decision in equity cases based on business considerations, and if the consumer can credibly demonstrate that he is willing to pay, there is a better chance of the provider's granting his petition. Regular and clear communication is also important. It is in the mutual interest of the consumer and the service provider to maintain this while the claim exists.

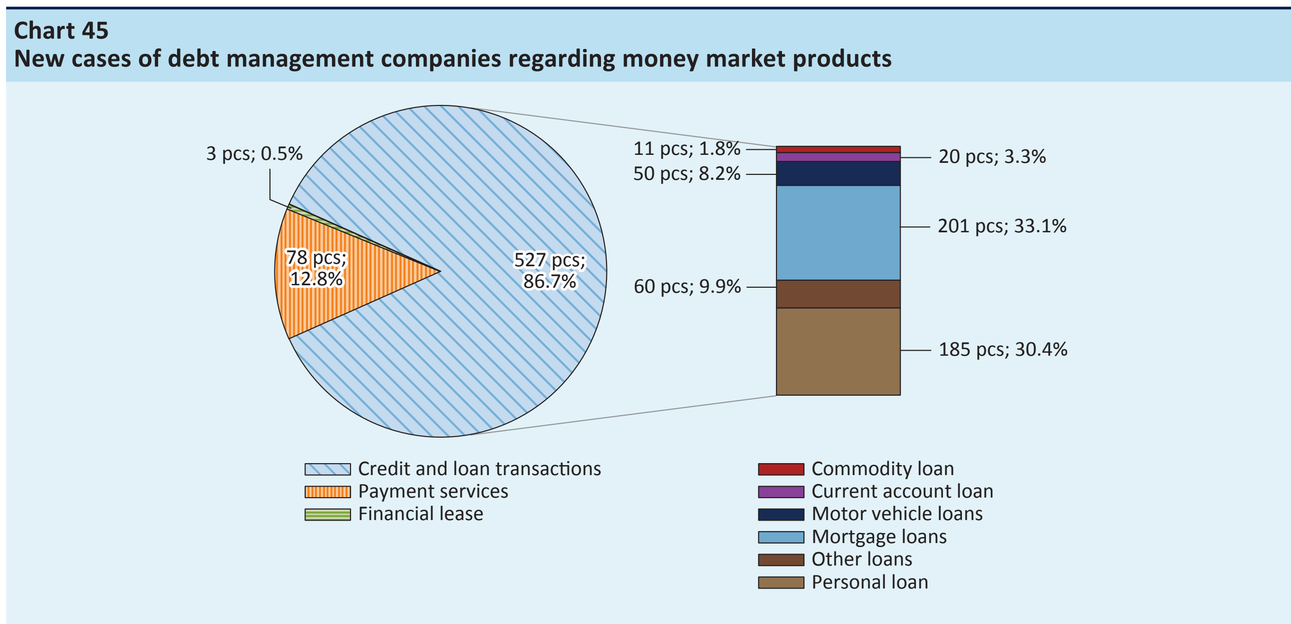
Chart 44
Outcome of closed equity cases regarding credit and loan products



4. CASES AGAINST DEBT MANAGEMENT COMPANIES

20.8 percent of the petitions, i.e. 651 cases, involved financial enterprises engaged in debt purchase and debt management and most of those concerned market-based products.

Chart 45
New cases of debt management companies regarding money market products



Consumers may bring proceedings against debt management companies for the amicable settlement of their claims related to a debt arising from a contract for the provision of financial services assigned to the debt management company by financial service providers supervised by the MNB, i.e. where the underlying legal relationship is a financial services relationship. This is a joint condition: it is not sufficient if the obligee of the petitioner's debt was a debt management company previously as well; the underlying legal relationship, i.e. the existence of the contracting service provider and the financial product, even if several assignments had been made, must be examined. The legal consequence of the assignment is that the debt management company (assignee) replaces the assigner financial service provider and becomes the obligee of the purchased debt. The consumer is not a party to the transaction between the financial service providers,

and the transaction is not conditional upon his consent, but the assignment must not prejudice his rights. If he is duly notified of the assignment, in the future he must comply with his payment obligation vis-a-vis the new service provider.

The cases brought before the Board are characterised by the fact that the underlying contract has been terminated, and thereby the debt has become due and payable in one sum before the assignment. In the conciliation (general) proceedings against debt management companies, usually the subject of the dispute was the debt, but some of the petitions objected to the termination of the contract and applied for the cancellation of the lien and release from the obligation. The lawfulness of the assignment to the debt management company following termination is also often disputed. The dispute mostly concerned – due to various reasons – debts arising from mortgage loans and personal loans, and there were also several disputes concerning claims connected to car finance loans and trade credits, credit cards and overdrafts. Consumers argued that – contrary to the opinion of the debt management company – the agreement with the legal predecessor to settle the debt had not ceased, and that the petitioner had the right to settle the debt on the basis of the agreement containing a substantial debt forgiveness. Consumers also disputed the legal basis and the amount of the debt on the grounds that they had already settled it with the legal predecessor.

Debt management companies are expected to contact the legal predecessor if the complaint, objection, dispute or claim for remedy (also) relates to a period prior to the assignment, and they should not shift the responsibility of contacting the legal predecessor to the consumers or expect them to do so.

In several cases, consumers complained about the termination of an agreement previously concluded with the debt management company, or about the amount specified by the service provider as a debt, on the basis of the terms of the agreement. According to the facts of a specific case, the agreement concluded between the debt management company and the consumer was terminated due to the debtor's default. The service provider was cooperative when it made a new offer to its debtor, which differed from the previous one in some parameters and was to some extent less favourable for the consumer. The debt management company acted in the same way when, under its new offer, it continued to expect the debtor to make a monthly payment equal to the instalment under the previous agreement, and only extended the tenor of the repayment.

The Board recommends that consumers should contact the debt management company as soon as possible and make a new offer if they are unable to comply with the existing agreement on performance due to an adverse change in their circumstances.

The number of cases in which consumers cite the voidness and nullity of loan contracts denominated in foreign currency before the statutory conversion into forint as a reason for contesting the amount of the claim is gradually decreasing. However, it was often cited in objections to the amount of the debt that the amount to be repaid relative to the amount borrowed was unreasonably large in the case of foreign currency-denominated loans. The Board found that there are still a few consumers whose loan debt is denominated in foreign currency in the books of the debt management companies, as those receivables fell outside the scope of the Act on the conversion of debts into forint. Accordingly, the debt was recorded in the books in foreign currency also at the time of the assignment. The extra debt resulting from exchange rate fluctuations, the risk of further exchange rate fluctuations and, in addition to this, the rate and accrued amount of the default interest are extremely burdensome for the consumers concerned.

In the conciliation cases debt management companies made efforts to reach an agreement with the petitioner and settle the dispute by compromise. In several cases, the solution to settle the debt was the sale of the collateral property, either through an auction in the foreclosure procedure or by the debtor selling the property on his own. When no voluntary payment had been made prior to initiating the proceedings before the Board and no recovery from enforcement proceedings had been obtained either, petitioners often proposed – as a potential compromise – the settlement of the debt in one sum, the reduction of the outstanding debt, making monthly instalments in larger amounts or waiving enforcement costs. When a settlement offer was made, the service providers assessed the petitioner's willingness to pay positively. In the agreement, debtors had to agree to pay the costs and fees incurred in connection with enforcement, in addition to paying the amount of their debt.

The Board recommends that consumers should try to avoid the legal enforcement of their debts and prevent the launch of foreclosure proceedings, as the – usually high –cost of such proceedings is also charged to the consumer.

In cases where the scheme undertaken by the petitioner would have disproportionately delayed recovery of the claim, or there was a successful recovery from a garnishment in pending enforcement proceedings, or the collateral was likely to cover the debt, the parties did not reach an agreement – as the debt management companies refused to consider the settlement offer – or the service providers provided a significantly smaller allowance. Compared to previous years, it happened more often that the petitioner – despite his willingness to pay – was unable to accept the settlement offer, because it exceeded his capacity to pay. The petitioners also complained that, after the rejection of their settlement offer, the financial service provider did not make a new offer, despite the fact that they had specifically requested for it, expressing their willingness to pay.

Financial service providers are expected to help their customers to discharge their obligations, to avoid the enforcement of the claim through legal proceedings and the sale of the collateral. In many cases, this may be prevented by the debtor's low debt service capacity, but debt management companies should assess in such cases as well whether any other settlement agreement may be proposed and if so, the potential form of it.

The Board recommends to consumers that if they want to settle the debt in instalments, they should propose a monthly payment that, in addition to settling the interest due, also reduces the principal debt, and even commit to paying instalments up to the amount that can be enforced in foreclosure proceedings, in order to avoid additional financial burdens, such as procedural fees and costs.

Some financial service providers have developed a good practice of examining, in line with their business policy, what offer they can make to the debtor if it has not accepted the debtor's offer or the debtor has not made a specific offer. In a number of cases, consumers contested the claim even when a final warrant for payment has been issued in the case being the subject matter of the proceedings, or even an enforcement procedure has been initiated. Thus, the legal basis and the amount of the claim no longer could be disputed before the Board, but this did not constitute an obstacle to consultations between the parties in the proceedings before the Board. It was found that the practices of debt management companies in providing debt and exercising equity widely varied. Settlement agreements were concluded by the parties on the partial forgiveness of the outstanding debt, on waiving or reducing the interest on the debt in the future, partial or full forgiveness of the default interest accrued subject to the repayment of the principal, and also on the combination of these schemes. Often, where real estate collateral was available, in view of the increase in property values, debt management companies were less willing to forgive the debt. Also, the relief granted tended to be smaller if there was a pending foreclosure procedure, especially if a recovery was expected. In some cases, debt management companies asked for certificates and documents to be attached to petition of equity for the assessment of the petition, while in other cases they based their decision on the written declaration of the petitioner.

The Board reminds consumers that the provision of data and information is voluntary and they should do it on their own decision and discretion.

In several cases, customers complained that although they had reached an agreement with the financial service provider, the debt management company had sent them information on the existence of the total claim or had not provided them with clear information about the anticipated measures in the absence of an agreement. Financial service providers justified the content of the information by stating that until such time as the agreement is fully performed, the claim is recorded in their books in the original amount, including the interest and any incidental charges, and the debt will be forgiven de facto following the fulfilment of the agreement, when the transaction is closed.

Financial institutions are expected to provide information on the claims recorded in their books in a way that is understandable and transparent to lay consumers, and that clearly indicates the amount payable by the debtor. They should provide information on the measures to be taken in the absence of an agreement, including the cost implications for the petitioner.

A significant part of the petitions against debt management companies raised the defence of the statute of limitation. In several of these cases, it was proved that they had ignored the debt notifications sent by the financial service providers for years. They did so based on the false assumption that if they did not respond to the letters and make no payments, the claim would lapse. Although it is true that a debtor may be exempted from his payment obligation if the statute of

limitations applies, there are many misconceptions among consumers about the rules governing the statute of limitation. The most frequently cited reason was that, although their contact details – in particular their residential address – have not changed for many years, they received no notification whatsoever of the debt. In the case of transactions falling within the old Civil Code (Act IV of 1959) the misunderstanding is caused most often by the debtors not being aware of the fact that if a postal consignment sent to them is returned from their actual address to the sender with a "not claimed" note, they are liable for the adverse legal consequences thereof and the consignment is suitable for the interruption of the limitation period. This possibility is no longer provided by the new Civil Code (Act V of 2013).

The Board recommends that consumers should take delivery of the notification letters and thereafter start consultations with the debt management company as soon as possible. Those who ignore their debts for years should take into consideration that a legal action will be brought against them and their debt will rise further due to the interest charged and procedural costs may also be incurred.

Some debt management companies established a good practice to deal with cases where the statute of limitations was raised and closed the case acknowledging the statutory limitation or without making a declaration on the merits, and stated that they had no further claim against the petitioner on any grounds. Some debt management companies did not grant the statute of limitations defence and made no declaration on the availability of a document relating to the claim. In several cases, although it did not acknowledge the statute of limitations, it was ready to conclude a settlement agreement with a content favourable for the petitioner, or made no declaration on the statute of limitations, but closed the case in its records based on its business decision.

Financial institutions are expected to provide the debtor with all the information and accurate data on the claim that will help the debtor to decide on the settlement of the debt. It is regarded as non-cooperative behaviour, and as such it is not supported, when the debt management company keeps the debtor in a state of doubt concerning the expected measures.

The Board draws the attention of the petitioners to the fact that the statute of limitations does not terminate the claim. Its legal consequence is that the claim cannot be enforced in court, but in a potential legal procedure it must be invoked by the obligor rather than the court taking it into consideration ex officio.

Although the moratorium on payments does not apply to terminated transactions, some of debt management companies temporarily granted it to their debtors. A dispute arose from the fact that the petitioner ignored the expiry of the moratorium voluntarily granted by the debt management company, and as a result of his default, the debt management company terminated the preferential agreement concluded before the introduction of the moratorium and claimed the full amount of the debt. The parties finally reached an agreement and the petitioner can continue to pay in instalments.

The Board recommends consumers that they should regularly consult the debt management companies concerning their debts. Many misunderstandings can be avoided if the parties cooperate and inform each other properly of the relevant circumstances. When liaising with them, they should make efforts to ensure that the content of their consultations can be proved also at a later stage. It is also recommended that debtors monitor their debts on an ongoing basis. If they receive any requests from the debt management company, they should take the necessary measures, monitor the changes in the debt, ask for statements, information and read those carefully. If necessary, they should ask the service provider or the Customer Service of the Magyar Nemzeti Bank, or the Financial Navigator Advisory Office Network operated by the MNB for help in interpreting the rules.

Most of the debt management companies were cooperative, both in the general conciliation procedure and in the equity procedures, they made efforts to resolve the disputes and payment difficulties in a way that was favourable to the petitioner. As an exception, one of the debt management companies was not cooperative and it did not want to conclude settlement agreement in the proceedings, but declared that it would be ready to conduct consultations with the petitioner outside the procedure. By contrast, experiences showed that negotiations before the Board can be a step forward for both parties in settling the debt. In many cases, the parties were able to break the deadlock in the Board hearings, and there were also examples where the petitioner presented a circumstance during the consultation which, although he believed it was not of great importance, nevertheless fostered an agreement between the parties.

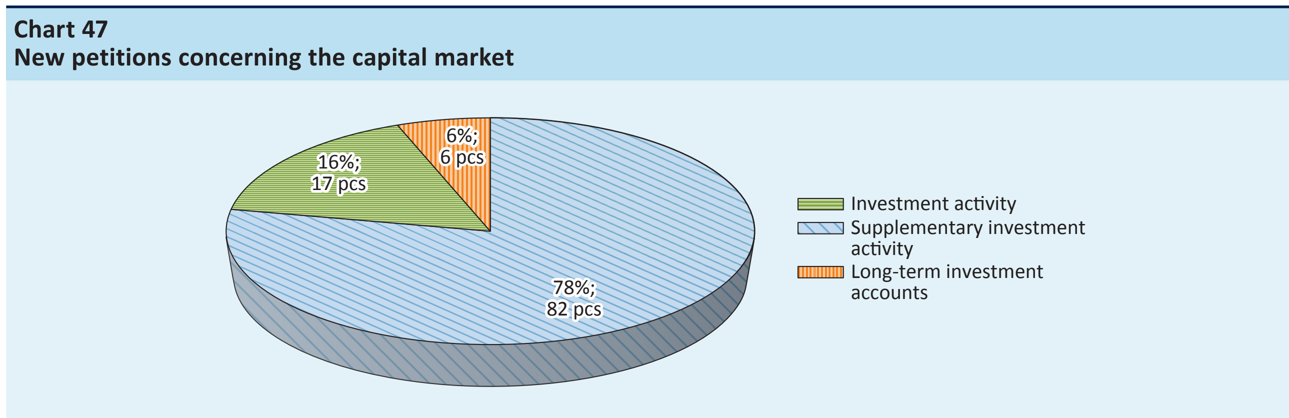
Debt management companies are expected to comply in full with their obligation to cooperate in the proceedings before the Board, to submit their answers by the deadline, attend the hearings held by the Board through their representative authorised to conclude settlement agreements, cooperate in the settlement of the debt and, where possible, to make a settlement offer and to consider the settlement proposals put forward by the petitioners, seeking the most optimal solution for both parties.

Chart 46
Outcome of closed money market cases against debt management companies

B) LEGAL DISPUTES RELATED TO CAPITAL MARKET SERVICES

105 petitions were received against financial service providers falling within the scope of Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities. Compared to the previous year, the number of petitions filed increased significantly in respect of disputes concerning investment services, while the number of petitions for supplementary investment services remained broadly unchanged.

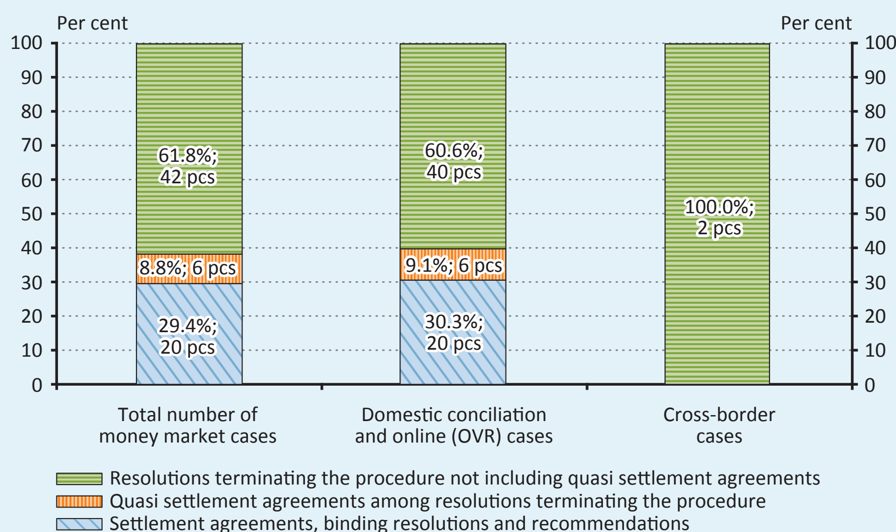
Chart 47
New petitions concerning the capital market



Of the 107 capital market petitions closed, 68 were heard by the Board on the merits and it had to reject the petition in 39 cases, due to the lack of competence, procedural obstacles or failure to comply with the request for supply of missing information – without scheduling a hearing. In 20 of the accepted petitions the parties concluded a settlement agreement with the approval of the Board, in 6 cases a settlement agreement was reached outside the procedure or the financial service provider, having revised its former position, voluntarily fulfilled the petitioner's request in full. 38.2 percent of petitions accepted were closed with a positive result for the petitioner.

The figure below shows the distribution of the capital market cases closed following judgement on the merits per decision type, including the individual case types.

Chart 48
Capital market cases closed following judgement on the merits by case type



2022 was an exceptional year in this market. As a result of the Russia-Ukraine war and the uncertainties and international developments related to it, capital and commodity markets were characterised by extreme turbulence. After an initial shock, energy prices rose rapidly, currencies of last resort appreciated, prices in the equity markets started to fall, followed by a strong consolidation. The markets were dominated by uncertainty, which increased volatility, and prices showed extreme fluctuations in a short period of time. Not only the war, but also the economic recovery and the severe drought that preceded it had an impact on inflation, putting pressure on the market of investment instruments, previously considered risk-free. The interest rate hike policy pursued by central banks in developed and less developed economies led to a rise in government bond yields. The effects of these circumstances were also reflected in capital market cases taken to the Board. They reflect the unfolding of a new trend compared to previous years.

The largest number of disputes related to investment activity, which can be divided into three groups according to the investment instruments: a) mutual fund shares, b) equities and c) government securities.

In disputes concerning *mutual fund shares*, some consumers realised that the price of the shares they bought developed contrary to their expectations. In most of the petitions they claimed that they had not been properly informed when they bought the shares that they may also suffer a capital loss. They emphasised that after buying the shares, they experienced a decrease in the value of their investments and thus, in order to prevent larger losses, they redeemed their mutual fund shares and applied for the reimbursement of the trading loss they had suffered. To support their position, they also argued that the bank teller had concealed important features of the mutual fund shares. In these proceedings, the Board had to examine the circumstances of the purchase of the mutual fund share, faced with the difficulty that it was impossible to reconstruct what was said orally when the contract was concluded. On the basis of the documents submitted by the parties, the procedure thus focused on the suitability and adequacy questionnaire completed by the petitioner and on the documents underlying the conclusion of the contract. If doubts arose during the procedure that the answers given in the tests were not real or were provided not by the consumer, the Board initiated a conciliation procedure on the content of the test during the hearing. As a result of this, on several occasions, the financial service provider acknowledged that even low-risk mutual fund shares were not suitable for the consumer and restored the original status, i.e. reimbursed the consumer for the trading loss or, if the consumer still held the shares, redeemed the shares and also reimbursed the trading loss. However, such suspicion did not arise in the case of another group of consumer, and thus the Board had to decide on the basis of the documents submitted. After reviewing the documents, it was often found that the consumer had signed to acknowledge that he had received all relevant information about the mutual fund shares and thus he should have been aware of the product features. However, he did not recognise the risk of the product in the changed economic environment, and thus the financial service provider cannot be blamed for the trading loss. In several of the proceedings,

it was also confirmed that the consumer ignored the recommended holding period specified in the prospectus of the mutual fund share and – alarmed at larger fall in the price – sold his mutual fund shares and suffered losses due to this.

The Board reminds consumers that they should take their time to complete the suitability or adequacy test, and ignore the urging by teller, if any. Before buying mutual fund shares, always read the prospectus carefully. Since the price of the mutual fund shares is usually not as volatile as that of equities, a day or two of thinking should not cause serious losses. It should be a basic principle that investments require informed decisions.

The extremely volatile market that has developed also gave rise to consumer disputes in relation to equities, although the volume of those was much lower than in the case of mutual fund shares. Volatility affected the time horizon of execution upon the sale and purchase of equities. Buyers or sellers of equities were in a heightened emotional state due to the sudden price movements, which created impatience. In several cases, it was found that the consumer wanted to buy equity without having the necessary cover. In order to provide the cover, he usually wanted to sell investment products the settlement of which is not performed immediately, and thus the cover for the purchase of equity is not available. In these cases, consumers put the blame on the financial service provider and asked for compensation for their profit lost. The proceedings did not lead to a settlement agreement, because it was proved during the hearings that the loss resulting from the profit hoped for but not realised by the consumer was caused by his oversight. When selling an investment product on the electronic platform, the system always indicates the settlement date, and thus the consumer should have known the date from which the amount was available for investment.

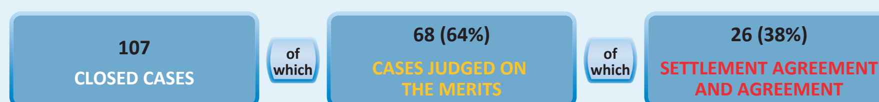
The Board recommends that if consumers perceive significant market volatility and they wish to take advantage of it through their investments, they should take steps in due course to obtain and provide adequate liquidity for making the investment.

Cases related to trading in Hungarian government securities emerged as a new trend. Inflationary pressures, appearing in the Hungarian economy in 2021, intensified in 2022. In parallel with the interest rate hikes, the interest rate on newly issued government securities also started to rise, triggering a reasonable adjustment process on the part of consumers. A significant part of the low-interest government bonds they had previously purchased were replaced by government bonds earning higher interest or by inflation-indexed government bonds. Due to their specific scheme, the redemption of the previously issued government bonds did not go smoothly. Both the price and the date of redemption were disputed in many proceedings. The “preferential redemption period” is clearly specified in government bond prospectus. Outside those periods, financial service providers redeemed the securities at their own prices, the level of which was often the subject of disputes. In the course of the proceedings, it was not proven that the financial service providers deviated from the announced price, and consumers suffered no loss. In some of the cases the subject of the dispute was the timing of the “preferential redemption period”. During the hearing, it was established that the consumer had based his decision to redeem the securities on the prospectus of a previous government bond series.

When buying any product, including government securities and government bonds, consumers should act prudently, assess their long-term financial goals and opportunities, and read the prospectus carefully.

In the area of disputes concerning supplementary investment activity, no notable change occurred compared to previous years, but it is still worth mentioning an illuminative case type, which appeared in several proceedings. Several consumers contacted the Board complaining that the number of equities registered in their securities account with a financial service provider has suddenly changed (became higher or lower) and usually this was accompanied by a significant fluctuation in equity prices. Consumers blamed investment service providers for these changes. The procedures revealed that these changes were attributable to a stock merge or stock split, of which the financial services provider did not inform its customers. In these proceedings, the Board established, based on the investment service providers regulations submitted, that service providers are not obliged to inform consumers about corporate events. It is the responsibility of the shareholder to obtain information of those, which may be done by visiting the issuer’s official website.

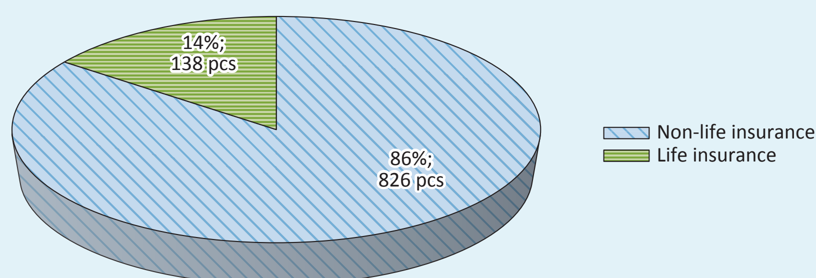
Chart 49
Outcome of capital market service cases closed



C) LEGAL DISPUTES RELATED TO INSURANCE SERVICES

964 petitions were submitted against the participants of the insurance market, accounting for 31 percent of all petitions. The proportion relative to all cases remained unchanged compared to previous year.

Chart 50
New cases concerning the insurance market



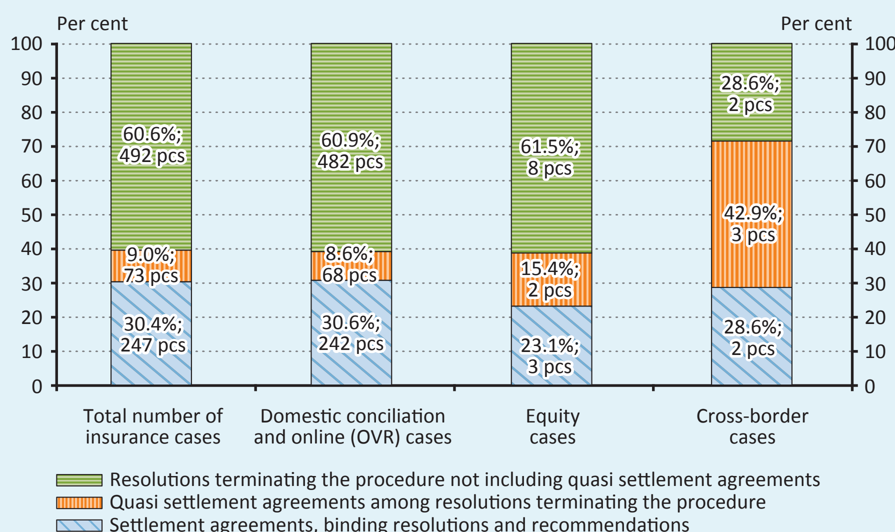
The distribution of insurance cases by insurance branches has remained broadly unchanged compared to the previous years. 86 percent and 14 percent of the cases related to non-life insurance and to life insurance, respectively. There was no significant change in the sectoral breakdown either. In the area of life insurances, the number of traditional life insurance cases slightly decreased, while that of pension insurances moderately increased. In non-life insurance, the number of accident and health insurance and travel insurance policies increased. The number of cases in other sectors remained unchanged. The majority of the petitions submitted were received against the insurers and insurance associations (96 percent), while the number of proceedings filed against the other players of the insurance market, brokers, and insurance agents was not significant. Proceedings were initiated mostly in relation to group insurances where in addition to the insurer a credit institution was also a party to the group insurance contract. The highest number among the proceedings was still filed related to the biggest players of the insurance market, i.e. composite insurers (those insurers, who deal with both life insurance and non-life insurance products). Two thirds of the petitions concerned the five largest service providers.

There was a clear and significant decrease in the number of petitions submitted against certain service providers, which shows that the larger part of the customers' problems is resolved in the complaint procedures. For several service providers, it has become an exemplary practice that they thoroughly review their position taken in the claims settlement and complaint procedure after the start of the proceedings and initiate direct consultations. In many cases, they have voluntarily complied with the petition, and laid down their settlement agreement in a separate agreement; accordingly, the petitioner accepted the settlement offer put forward in the answer. In nearly 10 percent of cases, the parties concluded a settlement agreement before the first hearing or the petitioner withdrew his petition in view of the service provider's voluntary performance, and thus the case was settled without a hearing.

The Board discussed 84 percent of the closed cases on the merits, and was forced to reject the petition only in a total of 152 cases – due to the lack of competence, procedural obstacle (lack of complaint procedures, final and legally binding court decision) or the failure to submit supplements – without scheduling a hearing. In 30 percent of the petitions submitted – 246 cases – the parties reached an enforceable settlement agreement in accordance with Section 120(1) of the MNB Act and one recommendation was issued. In an additional 73 cases the parties made a settlement agreement

out of proceedings, or the financial service provider, revising its former position, voluntarily fulfilled the petitioner's overall petition. These cases were terminated at the parties' joint request or at the petitioner's one-sided request, but the petitioner's demand was still satisfactorily settled. 39.4 percent of petitions accepted were closed with a positive outcome for the petitioner.

Chart 51
Insurance cases closed following judgement on the merits by case type



It is a general experience, independently of the sectors and insurance products, that in the case of insurance contracts concluded with the consumers, the consumers concluding the contracts often do not familiarise themselves with the general conditions of contract (general and special insurance conditions), and relying on the – often incomplete – verbal information provided by the broker acting in the contracting process, they are not aware of the exact content of the contract. They often realised only later, upon the occurrence of a claim event, what risks are actually covered by the insurance policy signed by them and under what terms, or what events and circumstances are excluded from the compensation under the respective insurance policy. There were also many cases where consumers only realised upon the expiry of the contract after paying premiums for many years that the maturity benefit was much lower than they had expected on the basis of the information given when the contract was signed. In these cases, if the delivery of the insurance conditions is properly documented, the petitioner cannot not claim that, despite his written statement made in the proposal documentation, he had not actually received or become familiar with the conditions.

The Board reminds consumers to exercise prudence when they conclude contracts. When taking out an insurance and making an insurance proposal, consumers should carefully read the proposal form, check the data and sum insured and the terms and conditions of insurance. Only then can they be sure that the insurance product they choose covers the risks deemed important for providing insurance protection. If any provision of the condition is unclear or not understood, ask the insurer to provide written clarification.

In a large part of insurance cases the dispute between the parties specifically concerns the fact whether the claim event (insured event) has indeed occurred and the factual circumstance thereof. The general rules governing evidence take precedence of all others. The facts necessary for deciding the dispute must be proved by the party who have vested interest in the Board's accepting those as real. According to the consistent and long-standing judicial practice, it is the insured who has to prove that the insured event did occur, the causal relation between the insured event and the loss incurred, as well as the sum of the damage, while the proof of the existence of the circumstances giving rise to exemption burdens the insurer. This burden of proof applies in the event of a dispute, regardless of the claims inspection. The Board also has to apply these principles, but in a number of cases it caused problems that the petitioners were unable to substantiate the circumstance of the insured event they refer to by proper evidence.

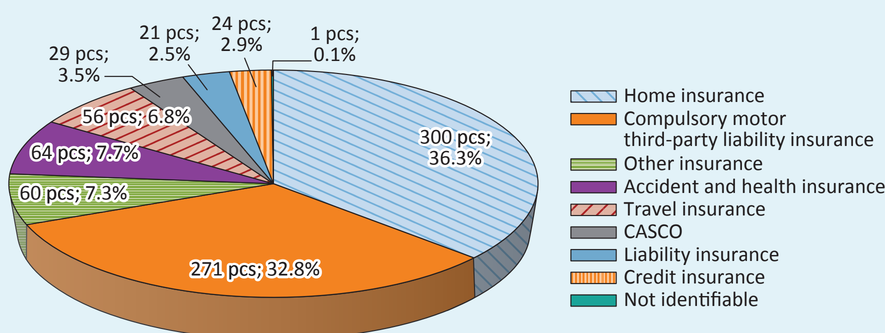
Often essential issues arise, relevant for making a decision on the merits of the case, the assessment of which is the competence of an expert (technical, assessor or medical expert, etc.). Since the nature of the Board's proceedings does not allow for the appointment of an independent forensic expert and the taking of extensive evidence, the Board is obliged to terminate the proceedings in these cases. The practice of certain insurers ensuring the participation of an expert of in the respective field, such as an assessor or a medical expert, in addition to the legal representative at the Board hearings is a significant step forward. At the hearing, customers can discuss any professional issues with the service provider on the merits, and a much higher ratio of the cases end with a settlement agreement between the parties reaching or with the petitioner accepting the service provider's position after having heard the professional reasons. On a number of occasions, the customer stated that if the insurer's position had been explained as clearly in the claims settlement or complaint procedure as it was in the Board proceedings, he would not have filed his claim.

The Board regards it as a particularly good practice for the insurer to ensure the participation of an expert in the relevant field in addition to its legal representative. It recommends that all insurers should involve an assessor, medical expert, actuary, etc. in all proceedings before the Board where this may be necessary to enable customers to discuss any technical issues with the service provider at the hearing, as a result of which a much higher proportion of proceedings may end with a settlement agreement.

1. CASES RELATED TO THE NON-LIFE INSURANCE BRANCH

The ratio of non-life insurance cases to the total number of insurance cases remained unchanged. The distribution of the non-life insurance sectors relative to each other is broadly similar to 2021, with the number of cases for home insurance and compulsory motor third-party liability insurance being almost the same as in previous years, while there was a slight increase in accident and sickness and travel insurance cases. More than two thirds of the 826 petitions received in cases related to the non-life insurance branch continued to be petitions related to fire and other damage to property and compulsory motor third party liability insurance.

Chart 52
New cases related to the non-life insurance branch



Until the end of the year, 828 non-life insurance cases were closed. This number exceeds the number of cases received, because it also includes cases received in 2020. Out of the 690 cases judged on the merits the number of settlement agreements approved with a resolution was 224, 1 recommendation was made, and in an additional 65 cases the proceedings were terminated as the parties came to an agreement outside the procedure. Thus, the proportion of cases favourable for petitioners made up a total of 42 percent.

1.1. Home insurances

The largest proportion of the insurance cases submitted, similarly to previous years, originated from retail non-life insurance contracts, and within that from disputes related to home insurance policies. These represented one third of all insurance cases. The vast majority of the cases comprised storm, cloudburst and hail damage, damage caused by natural disaster, fire and explosion damage, and theft.

Although it has not yet had a significant impact on the outcome of proceedings, in the long run it may be an important step forward that the Board received an increasing number of petitions during the year relating to certified consumer-friendly home insurances (CCHI) launched by the Magyar Nemzeti Bank. An increasing number of customers are taking out home insurance certified by the MNB, which provide high quality service and easier comparability with other products based on the certification criteria. In the case of disputes relating to CCHI products, insurers submitted to the Board's proceedings without any limitation on the amount and to the resolution in such proceedings in the absence of a settlement agreement. This means that if a customer holds a certified consumer-friendly home insurance policy with the insurer and a dispute arises in relation to an insured event, the Board may issue a binding resolution on the case, regardless of the amount of the claim and the insurer's general submission declaration.

In the cases related to home insurance policies, as in previous years, the subject of the dispute in several cases continued to be whether such an insurance event is involved which is covered by the financial service provider's risk assumption, and the on-site injury picture confirms the occurrence of the reported insurance event, whether such conditions prevail that exclude performance by the financial service provider in case the insurance event occurs, whether the damage amount is verified and whether the amount of the service provided in the insurance is clarified.

Insurance covers only the insured events specified in the insurance contract rather than all damages. The legal relationship between the parties is governed primarily by the contract between the parties (the general and special conditions of insurance), particularly in respect of defining the property and the insured events covered and the amount of the insurance benefit. Considering that the customers are enforcing a claim for benefit against the insurer, the burden of proof lies with them, i.e. the customers have to prove the occurrence of the insured event and the damage incurred in connection with that. Therefore, it is advisable to document the claim event, the repair and the exploration of the damage as well as the restoration in detail and to report the claim to the insurer without delay. Documentation should preferably be done with photos or video recordings. The documentation should be very detailed, because evidence becomes more difficult as time passes after the occurrence of the claim event. The damaged, dismounted objects must be kept until the date specified in the conditions and presented to the loss assessor. In many cases, the absence of these objects hinders the investigation of the claim event. It is advisable to obtain a detailed quote and itemised budget for the restoration works in order to determine the exact content of the restoration. In some cases (secondary effects of thunderbolt, etc.), the occurrence of the claim event can be proved by an expert opinion. Insurers provide customers with assistance in obtaining this. Contrary to the foregoing, it is for the insurer to prove the facts and circumstances necessary for the exemption of the insurer. The usual grounds for exemption include non-compliance with the consumer's obligation to mitigate and prevent damage or the late notification of the claim event.

Before taking out a home insurance policy, the requirements must be carefully examined and determined, specifying your expectations to ensure that you take out the insurance you really need. Even after taking out a home insurance, keep a close eye on the adequacy of the insurance to avoid that the insurer, citing underinsurance, reimburses the loss only partially (proportionately) when it occurs. This is why it is necessary to review the insurance policy regularly, the amount of cover for each group of assets and the actual condition of your property and movables, considering any increment.

The issue of underinsurance still arose in several cases heard. Although the petitioner had correctly defined the sum insured when he concluded the contract, i.e. the contractual maximum of the rebuilding costs in the event of destruction of the property, and had also complied with the indexation proposed by the insurer from year to year, the sum insured did not cover the actual cost of reconstruction at the time of the claim, due to the drastic increase in the prices of construction materials and contractors' fees in recent years. If the insurance amount is lower than the value of the insured property item, the insurer will cover the damage in proportion of the insurance amount compared to the value of the property item, on a pro-rata basis.

It led to a similar result in several cases that the actual restoration was only carried out after a considerable time, due to the delay in the claim settlement, lack of experts and the difficulties in procuring base materials, and the actual cost of the restoration significantly exceeded the cost of the restoration calculated by the insurer due to the constantly rising prices. In several cases, it was found that the loss calculation by the service provider and the quote obtained by the petitioner or the invoice for the restoration work contained substantially different amounts for materials and labour. The petitioners

complained that the service providers disregard the recent drastic price increases in the construction sector and calculate damages at unrealistically low prices. The insurer undertakes to restore the original condition within the limits of the sum insured. It reimburses the restoration or reconstruction costs prevailing at the time of the damage, but it is not obliged to cover subsequent price increase. Of course it is possible to carry out a full renovation, but the cost of the price increase or the cost of restoration of items other than those damaged in the claim event shall be borne by the consumer.

Petitioners regularly cited that the VAT component of the actual cost of the restoration had not been paid by the insurer. Restoration costs not supported by an invoice may also be reimbursed. The amount of the insurance benefit is determined by estimation, calculation or by taking into consideration the net amount quoted. The total claim may be reimbursed primarily upon the submission of a detailed invoice, which includes the cost of materials, the volume of materials required and the charge for labour per type of work, the VAT content of which may also be paid. In the event of a dispute, an itemised invoice can prove that the work carried out, materials purchased and volumes involved are related to the insured event, those are not excessive, are technically justified and necessary for the restoration of the damage.

The Board reminds consumers that the insurer may only commit to reimbursing an amount corresponding to the amount of VAT and may only pay such amount to the eligible person on the basis of an invoice in which the amount of VAT is indicated or from which the amount of VAT can be deduced. The insurer is not obliged and not authorised to pay the VAT on the basis of a quotation, but it will reimburse the VAT up to the amount of the approved cost of the repair subject to the subsequent submission of an invoice for the repair.

Petitioners have often complained that the claim assessor did not record the image of damage and did not assess the actual damage properly during the live video online claim assessment, which has become increasingly popular with service providers since the pandemic. The Board found that as a result of the foregoing some of the petitioners became distrustful of the insurer, believing that it had not investigated their claim thoroughly enough. Several disputes arose due to the fact that although an on-site claim assessment had been carried out, the claim assessor did not assess the damage and its surroundings with sufficient detail and care, did not inspect all parts of the property, did not climb up to the attic and roof, and failed to take photos of the property from all directions. While the telephone conversations with the service provider are recorded, the telephone conversations with the claim assessor are not, and the claim assessment protocol does not record in detail the statements made on the scene, and thus petitioners may later have difficulties to prove e.g. whether restoration works commenced in agreement with the assessor thereby changing site where the damage occurred. It is very important that the customer documents the scene and details of the damage as thoroughly as possible. There were several consumer disputes where the petitioner was able to enforce his claim successfully because, acting prudently, he also took photographs of the damaged property immediately after the occurrence of the claim event.

Petitioners were often unable to enforce the claim for benefit against the insurer because they filed the claim late, after the deadline specified in the terms and conditions of the contract, the damage has been partially or fully repaired and it was not possible to establish the causality of the damage and the insured event afterwards. In some cases, a few days after the storm damage, the damaged roof structure had already been dismantled and the tiling works on the new roof were already in progress when the claim inspection was performed. In other cases, in connection with the reported water damage, the damaged section of the pipe was discarded and replaced by the time of the inspection and the scene of the damage was retiled. In these cases, the insurer rejected the claim on the grounds that the change in the scene of the damage made it impossible to establish the occurrence of the claim event and the circumstances thereof.

After the occurrence of the claim event, the insured may change the condition of the scene of the damage within the period specified in the insurance contract only to the extent necessary to mitigate the loss. If the extent of the change is greater than permitted and the circumstances relevant to the assessment of the insurer's obligation to provide benefit (the occurrence of the claim event, the circumstances of the loss, the extent of the loss, etc.) cannot be clarified, the insurer is not obliged to pay insurance benefit.

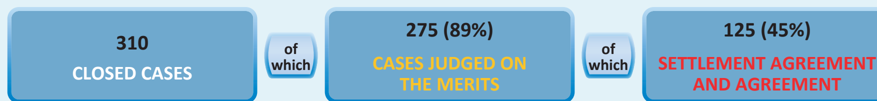
There were also several disputes concerning the occupancy of the insured property. The occupancy of the property has a fundamental impact on the insurer's risk, as in the case of properties that are not permanently occupied, the insured can detect the damage later, which limits the possibility of mitigation of damage and may ultimately aggravate the damage incurred. The problem has a particular weight in the case of water damage and theft damage. Based on experiences of

loss inspection, insurers often dispute the occupancy of the insured property at the time of the claim event (the property does not have the equipment for everyday use, is unheated, used for storage, etc.). In such cases, petitioners usually have the opportunity to prove their occupancy by providing a residence card, documents from utility companies proving regular consumption, proof of occupation requiring residence in the respective settlement (student or employment relationship), written statements from neighbours.

Insurance cases cannot always be judged in the Board's proceedings. Due to the simple, fast efficient and cost-effective nature of the proceedings, it is not possible to take extensive evidence. The decision may be based on documents and declarations provided by the parties. Often, the causal link, the extent of the damage or the clarification of the facts require further evidence (on-site inspection or independent expert opinion), which is beyond the statutory scope of the proceedings.

The financial service providers generally cooperate with the consumers and with the Board in the interest of the amicable settlement of the case. Reconciliation in respect of the comprehensive exploration of the facts related to the incurred claims ended with success in a large number of cases, as a result of which the insurance undertakings often modified their position formulated during the claim settlement proceedings concerning the legal basis or the amount of the insurance benefit. The participation of a loss assessor at the hearing on the part of the financial service provider contributed greatly to reaching a settlement agreement. During the proceedings, loss assessors were entitled to review loss calculations carried out previously.

Chart 53
Outcome of home insurance cases closed



1.2. Motor vehicle-insurance

The petitions submitted in relation to compulsory motor third-party liability insurance still mostly concerned the non-coverage premium for the uncovered period as defined in Act LXII of 2009 on compulsory motor third-party liability insurance (MTPL Act), the surcharge imposed on the operator of the vehicle causing the damage, the bonus-malus classification, the change in the premium tariff and the claims for compensation submitted by the injured parties involved in the loss caused by motor vehicles. The characteristics of the cases received have not changed compared to previous years. In a significant number of cases related to non-coverage premium, the reasons for the termination of contracts on the grounds of a failure to pay the premium included incomplete or incorrect contact data provided by consumers (e-mail address, postal address). In several cases, the petitioners changed their address and contact details, but failed to notify the insurer of this. In order to be eligible for a lower premium, petitioners who did not regularly check their e-mails or did not have an internet subscription, computer or smart device, also agreed to electronic communication, i.e. to the insurer sending the documents related to the contract to the customer account or by e-mail. As a result of this, they were not informed of the premium increase, demand for premium payment or the cancellation of the contract, which ultimately caused the termination of the insurance resulting in uncovered periods. The cases where the contract was cancelled because the petitioner failed to register the ownership of his vehicle within 30 days had the same outcome.

There were disputes where it was proven that the petitioner did not make a declaration concerning electronic communication, he duly notified the insurer of the change of address, and provided the data on the vehicle (chassis number, etc.). In these cases, the insurer – acknowledging the administrative error – reactivated the petitioner's compulsory motor third-party liability insurance policy terminated without risk coverage under a settlement agreement and refunded the resulting premium difference and the non-coverage premium to the petitioner. In several cases, the basis of a dispute was that, after having made the proposal and when complying with its obligation to verify the data in the central claim history register (KKNYR), the insurer found that the insured vehicle had caused damage previously, which

the policyholder did not indicate, assuming that only the data for the last insurance year were relevant in this respect. However, the claim data not indicated in the proposal affected the premium, and the insurer sent the policyholder an amended policy and a request for payment. If the differential premium is not paid, it may result in a premium shortfall before the policy anniversary and in many cases the termination of the contract.

Due to the strict legal environment of compulsory motor third-party liability insurance, there are fewer settlement agreements in these cases, as insurers collect the non-coverage premium not for themselves, but to the credit of the compensation account managed by the Association of Hungarian Insurers, and they are not in the position to waive or reduce it.

In several cases, the petitioners contested the change in their premiums, claiming that they had not caused any damage and their bonus classification improved, nevertheless their premiums unduly increased. In these proceedings, the Board made the financial service providers provide a detailed description on the calculation of premiums based on their prevailing and relevant tariff regulations, as a result of which petitioners better understood the provisions of the complex tariff scheme applicable to them and were able to differentiate between price increases applicable to all, indexed to the market value relations, and changes in premiums due to the service provider's modified rules applicable to discounts as a result of business decisions. In these cases, and based on the petitioners' request to this effect, the parties often agreed to terminate the contract by mutual agreement, and thus the petitioners were able to conclude a new contract for a potentially more favourable premium with another insurer.

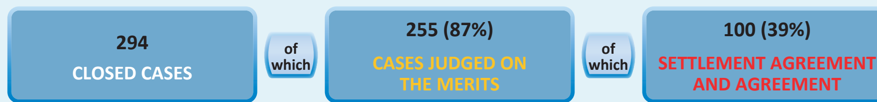
There were a significant number of cases where the victims of motor vehicle damages submitted their claims for damages directly to the insurer of the operator of the vehicle that caused the damage. The subject of the dispute was the claim causer's liability for damages and the extent of the damage caused. Due to the difficulties of subsequent proof, a settlement agreement was reached in those cases where the damage and the scene of the damage were accurately recorded by means of a police crime scene investigation, video recording or photo, by keeping by CCTV camera and onboard camera recordings, by the accurate and detailed completion of the accident claim report form on the spot, interviewing the witnesses and the joint loss inspection of the vehicles. The dispute mostly concerned the amount of the compensation. The petitioners disputed the amount of the repair costs or, in the case of total loss, the market value of the vehicle at the time of the damage or the salvage value established by the insurer. Insurers use the EUROTAX calculator for defining this. However, this only yields a satisfactory result if the vehicle's data (such as mileage, degree of use, equipment, etc.) are properly recorded. In several cases, petitioners successfully proved the additional extra equipment of the vehicle, the insurance company's loss assessors also analysed and evaluated the advertisements for second-hand cars presented by the petitioners with the same parameters as the damaged vehicle, as a result of which the value at the time of the damage was adjusted and a settlement agreement was reached between the parties.

In the case of road accidents, when no official scene investigation is performed by the police, it is essential to document on the scene the circumstances of the loss event, the position of the vehicles with respect to each other, and the damage caused, for example by taking photographs with a smartphone. Later on, during the claim settlement and possible disputes these photos may serve as the only evidence and will be of great value as proof.

Over the last few years, the number of financial consumer disputes arising from *CASCO insurance* steadily represented only a fraction of the motor insurance cases. A total of 29 such petitions were received in 2022. The overwhelming majority of the petitions disputed the amount and the necessary cost of the repair. The petitioners complained, among other things, that after the repair of the vehicle, the service provider objected to the items on the repair invoice, found the fee charged for the repair to be excessive, while it failed to inform them in advance of the charges it would accept or of the vehicle repair shops with which the financial service provider had a cooperation agreement. Sometimes, due to refusal or termination of insurance for premium non-payment, the damaged vehicle was not covered at the time of the claim.

In many of these cases, the Board was unable to adopt a resolution on the merits because the quantification of the damage to the vehicle is a matter for a motor vehicle technical expert. However, in other cases, conciliation was successful, the parties reached an agreement with regard to standard EUROTAX category and equipment of the vehicle, – and ultimately – its value at the time of the claim and the amount of the costs incurred in relation to repair, confirmed by an invoice.

Chart 54
Outcome of motor vehicle insurance cases closed

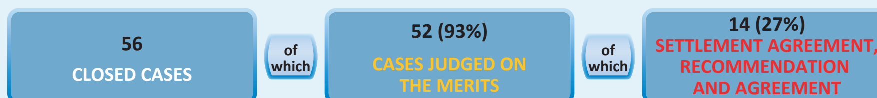


1.3. Accident and health insurance

There was a slight increase in the number of petitions related to accident and sickness insurance compared to the previous year, with only 64 petitions. The disputes had the same characteristics as in previous years. In these cases, the subject of the dispute included the accident nature of the death or disability, the extent of disability (decreased capacity to work) or the existence or absence of the causal link between disability and pre-existing diseases. Deciding these questions is a matter for a medical expert. In the absence of an expert opinion or in the case of several expert opinions with conflicting content, the Board was unable to take a position or decide a dispute. In several procedures, the petitioners were required to prove the accident nature of the injury or the existence of some external impact, because contractual terms and conditions usually exclude injuries caused by a sprain or lost footing. There were also cases where the medical documents showed that the patient said he had suffered an injury as a result of lost footing, while in the proceedings before the Board it was found that he had been pushed by his team-mates during competitive sports activity, and thus the external impact was proven. In such proceedings, the Board has to decide the dispute by examining all circumstances of the case, but in many cases the need for further extensive evidence makes it impossible to continue the proceedings.

It also occurred frequently that service providers rejected the claim for benefit because of diagnosed and treated high blood pressure or diabetes already existing at risk inception. In these cases, the subject of the dispute was whether the death, disability, surgery or hospitalisation occurred as a result of a pre-existing medical condition or circumstances showing the features of an accident. Medical terms are often used in health insurance conditions that are not clearly defined, which can lead to disputes over reimbursement for certain surgical procedures. One of these terms, used in several cases, is the speculum examination, but it is not clearly defined. The unclear wording of the general contractual terms related to a consumer contract – or a contractual term prescribed and not individually negotiated by the insurer – may make the contractual condition unfair, but this is a matter for the courts to judge. Complex health insurance policies of this kind are usually taken out at a high premium.

Chart 55
Outcome of accident and health insurance cases closed



1.4. Other, non-life insurances

The number of petitions related to travel insurance and trip cancellation insurance increased slightly compared to the previous year, but still fell short of the level before the travel restrictions imposed due to the pandemic. Travel insurances provide coverage for unexpected illness, accident, loss of luggage suffered during travels abroad, and other risks specified in the insurance policy. Consumers taking out travel insurance may choose from a number of schemes, which may substantially differ from each other in terms of the insured risks and the limits of the insurance benefits. It is of great importance whether the consumer chooses the right product for the type of trip (family beach holiday, skiing, rock climbing, etc.) from the wide variety of schemes available on the market.

In the cases involving travel and trip cancellation insurance, passengers took out their insurance individually and mostly online, or joined a group insurance policy taken out by a travel agent at the same time as booking their trip, or used the travel insurance taken out over the phone in addition to their credit card through distance selling. In the case of individual contracts concluded online, the emphasis was on taking out the insurance at a good price and consumers only checked the table of benefits, ticking off the box to confirm that they were familiar with the terms and conditions, but in fact they did not read those. When joining a group insurance, passengers read the product information (a short and clear summary of the terms and conditions of the contract) provided by the travel agency or sent electronically, but sometimes they only signed a document acknowledging receipt of the information. Some people embarked on a larger family trip with travel insurance coming with their bankcard, based on vague memories of the information provided over the phone many years ago, without checking the cover and limits before starting the travel. In all three cases it was typical that they were not familiar with the detailed terms and conditions of the contract, and thus they were not aware of the specific insured events specified in the contract, i.e. the events upon the occurrence of which in the way specified in the contract, the insurer pays benefit.

When taking out travel insurance the contracting party should select such a travel insurance scheme that corresponds to the nature of the travel (skiing, diving, extreme sports), as the travel insurances provide coverage for special risks only in case of the inclusion of special provisions expressly applicable to those.

Insurance-related disputes also included group or individual credit or instalment insurances taken out in connection with various credits, personal loans and credit cards, where the insurer undertakes to assume the payment of the instalments from the insured for a fixed period in the event of the debtor’s incapacity for work or unemployment. A number of credit insurance products also include life and health insurance coverage, where upon the disability or death of the insured person the insurance undertaking may assume even the entire debt. In such cases, the usual subject of the dispute was generally whether the death or the permanent disability of the insured person was attributable to an illness or injury that already existed prior to the start of the insurance undertaking’s risk-taking.

The number of product insurance cases remained unchanged compared to the previous year. Equipment insurances reimburse unforeseen damage suddenly occurring during the use of technical devices, equipment and mobile telecommunication equipment, as a result of loss events impacting the equipment externally, not falling within the manufacturer’s warranty repair obligations (damage, breakage or destruction), in cases stipulated in the insurance contract. Equipment insurance policies taken out for high-value technical equipment, particularly for mobile phones, often include coverage for theft as well.

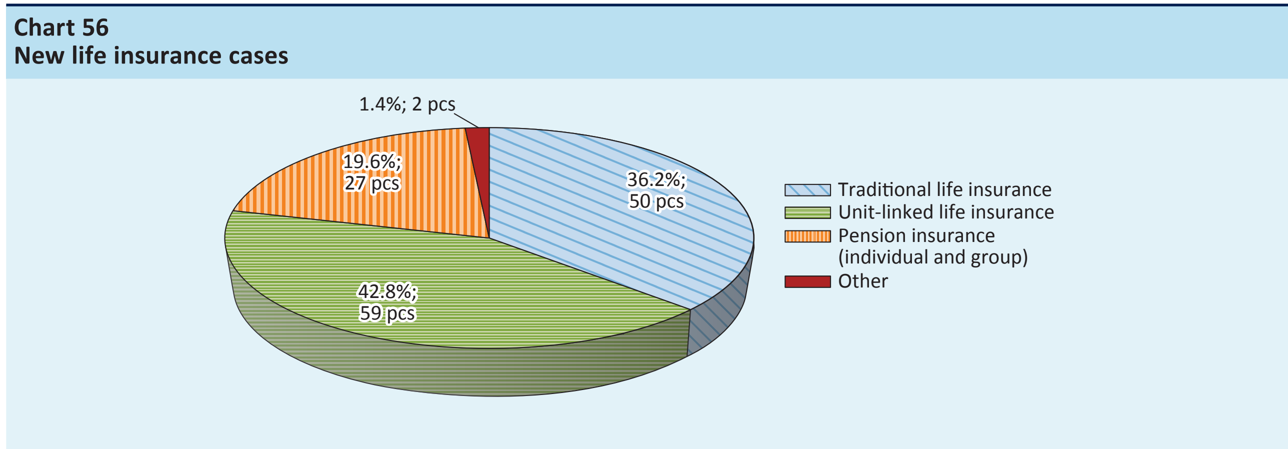
34 new product insurance cases were received. Under the product insurance contracts, the so-called extended warranty insurance scheme provides coverage for internal malfunction of the devices after the expiry of the factory warranty period. Among extended warranty insurance policies, cases when the subject of the dispute was the relation between the manufacturer’s warranty and the extended warranty formed a specific, distinct group of legal disputes. In many cases, the prolonged warranty provided by the manufacturer – subject to registration or other conditions – made the scope of risks covered by extended warranty superfluous. In other cases, there was a difference of opinions between the parties regarding whether the temporal effect of the extended warranty commences from the date of the contract or from the expiry of the manufacturer’s warranty.

In the product insurance cases, the insurers concerned continued to show high willingness to conclude a settlement agreement, after having clarified the possible shortcomings of notification of claims over the phone. In more than half of the accepted product insurance cases, the parties reached an agreement or the petitioner withdrew his petition in view of the insurer’s performance.

2. LIFE INSURANCES

Petitions related to life insurance made up 14 percent of the petitions concerning the insurance sector. The number of unit-linked life insurance cases was the same as in the previous year, the number of traditional life insurance cases decreased slightly, while the number of pension insurance cases moderately increased.

Chart 56
New life insurance cases



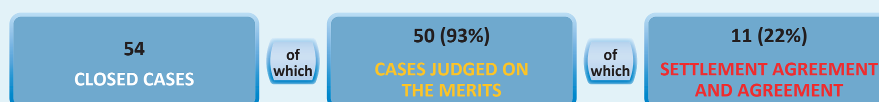
136 life insurance cases were closed, out of 122 cases judged on the merits the number of settlement agreements approved with a decision was 22 and in an additional 8 cases the proceedings were terminated as the parties came to an agreement outside the procedure. Thus, the proportion of cases favourable for petitioners made up a total of 25 percent.

2.1. Traditional life insurance

As regards traditional risk life insurance, again, the vast majority of disputes related to the rejection of the legal basis of the death benefit. The basic insurance principle that the insurer provides cover for events specified as insured events occurring after risk inception also applies to these insurances. Life insurance contracts almost always exclude from the risk cover deaths caused by an illness or health condition that existed before risk inception. The decision on the cogency of the petition is mostly a medical issue, and thus it was possible to conclude a settlement agreement in those cases where the relative of the deceased insured person agreed to the medical history query, submitted documents from the family doctor, the hospital discharge summaries or the autopsy report concerning the deceased insured person, and thus the exact time of death and the development of the disease leading to death could be determined relative to the risk inception.

Disputes related to combined life insurances, i.e. those providing both risk and endowment benefits, constitute the second largest group of cases taken to the Board. Most claims related to the extent of the endowment benefits provided. A typical problem is that the basis of the yield calculation applied to determine the amount of the endowment benefits is the premium reserve of the life insurance, which amount, owing to its nature, may not be determined in advance, and its exact calculation method may not be disclosed to the contracting parties and may not be controlled by them. The method and basis of calculating the technical interest and the level of costs charged to life insurance policies are also disputed. In the course of the proceedings, the financial service providers supported the correctness of the yield calculation by actuarial calculations, attached as classified document citing business secrecy. The Board received only one petition related to funeral insurance, in which the petitioner applied for the reimbursement of the premiums paid for a contract which had been terminated for premium non-payment. The insurer proposed to reactivate the contract as a settlement offer, which the petitioner did not accept, and thus the Board terminated the proceedings.

Chart 57
Outcome of traditional life insurance cases closed



2.2. Unit-linked life insurance

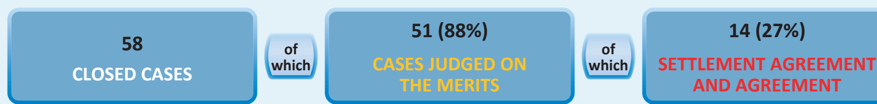
Similarly to the previous year, unit-linked life insurance cases accounted for 43 percent of all life insurance cases. In these disputes, the petitioners continued to dispute the amount of the benefit paid upon the maturity of life insurance policies and the fact that they had been adequately informed about the content of the contract, the costs of the contract and that the risk of the investments was borne solely by them. In these proceedings, the petitioners regularly cited that the sales agent provided misleading and deceptive information when concluding the contract, emphasising the savings nature of the contract, and that the possibility of a shortfall in the amount paid at maturity compared to the amount of the premiums paid did not even occur to them. In several cases, they presented a document that they said had been prepared by the broker, deriving the expected returns with the promise of high yields. The service providers stated that these documents were not part of the documentation. In the course of the procedure, the service providers generally provided evidence, by attaching the contract documentation, that the contracting party had read and accepted the relevant contractual terms and conditions, including the cost deductions and the independent assumption of risk in respect of the investment. Petitioners should have been able to prove against this documentary evidence that during contracting they received different information. In the vast majority of the cases the petitioners were unable to do so. Financial service providers usually concluded a settlement agreement only if the contractual documentation contained some kind of error or shortcomings. The disputes showed that the high costs charged could not be compensated by the yield on investments made from the premiums paid due to the low yield environment. Petitioners often contested the amount and lawfulness of the costs charged, and the fairness of the cost structure.

Customers turned to the Board in relation to insurance products sold before 2017, i.e. in the period preceding Recommendation No 8/2016 (VI. 30.) on Unit-linked life insurances issued within the framework of the ethical life insurance concept announced by the Magyar Nemzeti Bank. The likely reason for this, in addition to the duration, is that insurance products developed after the publication of Recommendation now include a much more transparent presentation of the cost structure and an accurate calculation of costs. Policyholders can assess the cost implications of a life insurance policy when they conclude the contract, and thus they can make the right on taking out the insurance, which was not always the case with previous unit-linked products.

Petitions contesting the surrender value still occurred albeit less frequently than before. Unit-linked life insurance products are made for long term, for 10-20 years, and the surrender value, as a remainder right, is determined depending on the time elapsed from the term of the insurance. If a life insurance policy is terminated before the end of its term because of surrender or premium non-payment, the policyholder often receives a significantly lower amount than he paid over the years. The calculation of the surrender amount was clearly specified in the insurance terms and conditions.

The Board suggests that consumers would opt for a unit-linked insurance product after they studied in detail the cost structure of the product, have proper knowledge of investments and monitor the changes in the selected portfolio during the term of the insurance.

Chart 58
Outcome of unit-linked life insurance cases closed

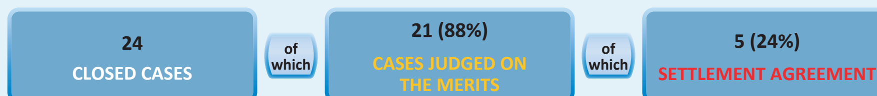


2.3. Pension insurance

The Board received 27 petitions related to pension insurance, which is a slight increase compared to last year. These cases could be classified into two groups based on their special features. One of the categories is that of the single-premium pension insurance contracts in respect of which, contrary to the information cited by the petitioners, pursuant to the tax legislation the insurer was not in the position to pay the maturity benefit in lump sum because it is provided solely as an annuity. In these cases, the policyholders signed the contract one or two years before reaching retirement age, assuming that the premiums paid, plus tax credits, would be paid to them in a lump sum by the insurer after retirement. However, pursuant to the tax legislation, the insurer did not see any possibility to assess a lump-sum pension benefit for the petitioner, and therefore it assessed an annuity benefit. In these cases, the parties reached a settlement agreement on the reactivation of the contract on only one occasion, while in the other cases the Board had no choice but to conclude that the petition was unfounded on the basis of the provisions of the written documents of the proposal and the policy conditions.

The other group included disputes relating to pension insurances showing the characteristics of unit-linked life insurances. The disputes between the parties concerned the amount of maturity benefit, the tax allowance enforced and the calculation of the surrender value. In three of these cases, the Board was able to negotiate and approve a settlement agreement, as the insurer reactivated the contract on the basis of its business policy or paid compensation to the petitioner.

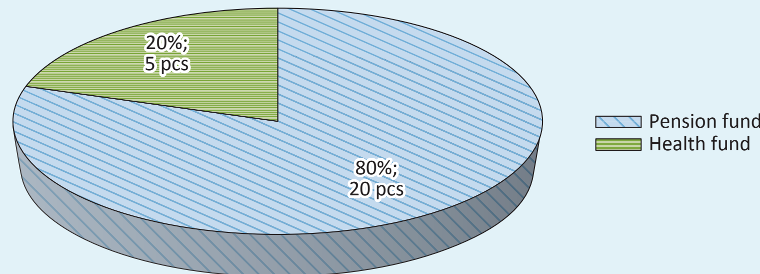
Chart 59
Outcome of pension insurance cases closed



D) LEGAL DISPUTES RELATED TO FUNDS SERVICES

All 5 cases received during the year concerning health funds related health and mutual aid funds, while 19 of the 20 new cases concerning pension funds involved voluntary pension funds and 1 of them related to private pension funds.

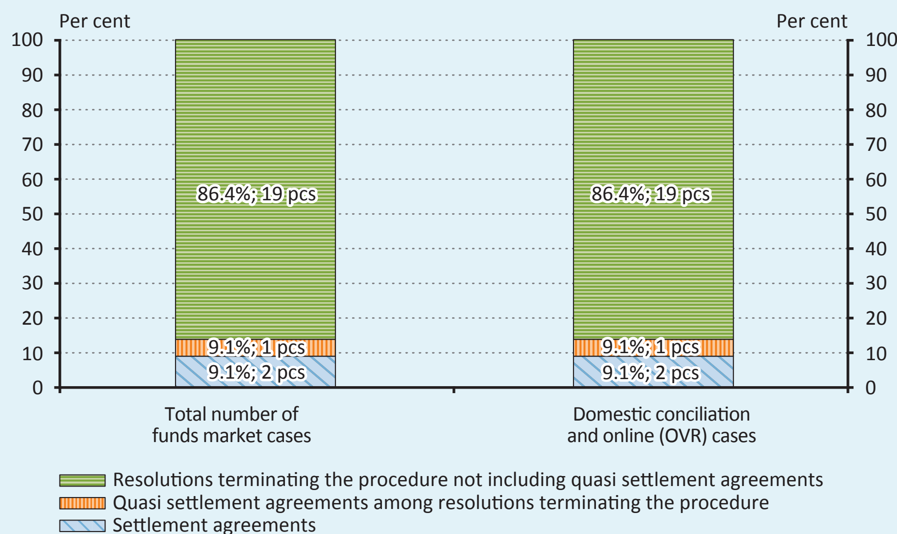
Chart 60
New cases concerning the funds market



Until 31 December, 22 cases were closed, 2 cases ended with an approved settlement agreement, while 1 case ended with a settlement agreement reached outside the proceedings (quasi-settlement).

The chart below shows the distribution of the 22 cases closed following judgement on the merits per decision type.

Chart 61
Funds market cases closed following judgement on the merits by case type



Health and mutual aid funds

The petitions submitted against health and mutual aid funds concerned the settlement and payment of the amount of an invoice issued by a healthcare provider and for the purchase of special gluten-free food as a benefit, the payment of the subsidy for the start of the school year (school enrolment) and the payment of the price of medicines as a supplementary health insurance benefit.

The Board reminds consumers that

a) only invoices issued by a healthcare service provider contracted by the Fund may be recognised and paid as a healthcare benefit;

b) mutual aid fund benefit, such as childcare allowance, school start (enrolment) subsidy, medicine price subsidy, etc.

may be paid as an individual benefit from the balance of the member's individual account after 180 days. The Board recommends that consumers who wish to use a benefit available in a specific period should obtain advance information on the prevailing conditions applicable to it. e.g. the type of certificates to be obtained.

Voluntary pension funds

Almost half of the petitions against service providers concerned claims relating to the settlement of yields. Disputes also arose concerning the settlement date for lump sum pension benefits, transfer to another fund and the payment of death benefits. In disputes regarding yield calculation, some consumers complained that the voluntary pension fund had charged negative returns to their individual pension accounts in recent years. The settlement of negative return came as a surprise to the petitioners, mostly because they erroneously assumed that the low-risk, classic or balanced portfolio they had chosen could not generate a negative return. Many of the petitioners, seeing the negative return in 2021, submitted applications to the pension fund for the payment of the yield and/or lump-sum pension benefit after the 10-year waiting period, or a request to transfer to another fund, as a result of which they realised a loss at the price prevailing on the payment or settlement date. These petitioners submitted their petitions assuming that their service provider acted unlawfully while pursuing its investment activities, thereby causing them damage.

The Board reminds consumers that there is no guaranteed return on their voluntary pension savings. It recommends that consumers should always check with their service provider the current balance of their individual pension account, the detailed terms, conditions and consequences of the anticipated transaction before submitting any request, such as a withdrawal request, affecting their pension account.

Private pension fund

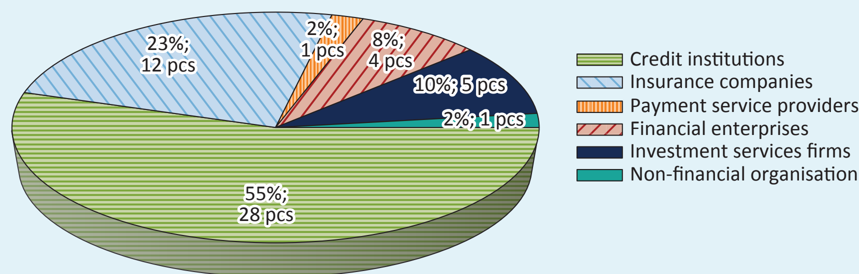
In the petition submitted against a private pension fund provider, the petitioner also contested the correctness of the yield settlement, similarly to the case described in the section on voluntary pension funds.

V. Cross-border financial legal disputes

The number of cross-border cases is negligible compared to the total number of cases, but after a steadily increasing trend in previous years, there was a sharp increase in 2022. On 1 January 2022 there were 6 cases in process, and 56 further petitions were submitted during the year. 51 cases were closed and 11 were in process at 31 December.

Of the 51 closed cases, petitions were submitted by consumers resident in Hungary in 23 cases, and by non-residents in 28 cases, mostly against credit institutions and insurance companies.

Chart 62
Service providers in closed cross-border cases



While in previous years proceedings against Hungarian service providers were initiated in a large number of cases by Hungarian citizens working permanently abroad, or by Hungarians living outside the borders, this year there was an increase in petitions from foreign residents living in the European Union. The service providers involved in the petitions and the nature of the claims did not significantly differ from those in the general proceedings as basically such petitions were received that concerned contracts related to credit and loan contracts, bankcard transactions, unit-linked life insurance schemes, travel insurance, property insurance, money transfers, and transaction fees charged. This year there was an increase in the number of cases concerning frauds connected to trading on online platforms.

In 18 cases, the Board had no competence to judge the petition because there was no legal relationship between the petitioner and the petitioned financial service provider or the petitioner wished to initiate proceedings against a service provider that does not qualify as a financial service provider. Procedural obstacles occurred in 11 cases, when petitioners had to be informed that the financial service provider had not made a submission declaration, hence it was not possible to conduct the procedure on the merits. In 7 cases, the petitioners failed to conduct a complaint procedure with the financial service provider before initiating the Board's procedure, and thus the petitions were rejected. In the latter cases, the preconditions for conducting a procedure on the merits were not satisfied, as the petitioners failed to comply fully with the call for supplementation by not proving the completion of the complaint procedure or by not responding to the Board's call for supplementation. In respect of the cases rejected because of the failure to comply with the call for supplementation, petitioners were always informed that by resubmitting a complete petition they could again initiate the proceedings of the Board.

Decision on the merits was passed in 15 cases, of which the proceedings were terminated by the Board in 11 cases. In two of the terminated cases it was impossible to conduct the proceedings, because further extensive evidence taking process would have been necessary, which was not possible in the Board's proceedings. In 5 further cases the petitioner withdrew their petition as the financial service provider in the course of the proceedings fulfilled their requests, or outside the proceedings the parties agreed on the final resolution of the legal dispute. In two cases the petitioner's petition proved to be unsubstantiated, thus the closure of the proceedings was also justified.

In 4 of the resolution on the merits cases, the parties concluded a settlement agreement. In 2 cases, the petitioners were non-residents who submitted their petitions against Hungarian financial service providers, and in another 2 cases, the petitioners were Hungarian residents submitting petitions against non-resident financial service providers. Out of the 4 petitions, in 2 cases consumers submitted petitions to the Board concerning unit-linked life insurances, one case concerned a moratorium on credit cards and one case related to online banking access and the termination of a bank account.

Formerly, non-resident service providers often did not submit to the Board's procedure. This tendency took a positive turn in 2018–2022, with some of the foreign financial service providers concerned having made a submission declaration, thus in these cases the Board was able to make a decision on the merits. In recent years, financial service providers with a registered office in Hungary also made settlement offers in such proceedings on several occasions, and thus some cases involving cross-border financial consumer disputes initiated by Hungarian citizens living in the EEA ended with resolution approving the settlement agreement. In 2022, in two cross-border cases financial service providers with a registered office in Hungary made settlement offers, both of which were accepted by the petitioners, allowing the parties to reach a compromise.

In connection with **unit-linked life insurance contracts**, petitioners complained of not having received proper information on costs and annual index-linking prior to signing the contract, the cost and fee structure of the contract was not transparent for them or they obtained knowledge of it only years later. They also objected to not having been informed upon concluding the contract of the fact that upon investing the recurring premium the financial service provider applied cost deduction to the premium increment at the same rate as if they had concluded a new contract, and they also complained of not having received proper information on the status and yield of their investments. The concerned financial service provider in the course of the proceedings did not admit the legitimacy of the petitioners' claim, however, in order to settle the case amicably, it made a proposal for a settlement agreement in all cases. In the settlement offer they undertook to reimburse the premiums paid in by the petitioners under the contract and to terminate the contract. With one exception, the petitioners all accepted the financial service provider's settlement offer.

In the case of **travel insurance**s, the disputes were based on travel insurance taken out by a Hungarian customer with a non-resident insurer when booking an online flight or other travel. The petitioners complained that, following the occurrence of an insured event, the insurer paid less than the amount expected by the petitioners, or it did not pay at all. These insured events were based on illness that frustrated the trip or an accident or illness during the trip due to which the petitioner had to use health services while travelling abroad. In these procedures, the financial service providers reviewed the case at the Board's request and complied with the petitioner's request outside the proceeding, and thus the petitioners withdrew their petition.

Petitions concerning investment frauds appeared as a new type of cases. These frauds were carried out through bogus online trading platforms where the petitioners were EEA citizens and the petitioned financial service provider was resident in Hungary. The common feature of all cases is that the consumer has registered on an online trading platform with the purpose of concluding a transaction. The customers were unaware that the online trading platform was not authentic, i.e. not connected to real markets, but were motivated by the fraudsters' promises of high returns over the phone or in online chats. For the purpose of investment, customers voluntarily transferred first small and then larger amounts to the bank account provided on the platform. For a long time they were unsuspecting because the funds transferred seemingly appeared on the online trading platform. Usually, they realised the fraud when they wanted to withdraw money from the platform. The individual transactions involved in the fraud ranged from a few thousand euros to several tens of thousands of euros. The petitioners have filed a police complaint against the operator of the online trading platform, while they sought to initiate proceedings before the Board against the bank keeping the beneficiary's account. They often cited the possibility of potential money laundering and unauthorised, unlicensed financial activity. They argued that the bank should have noticed the illegal financial activity (presumably and most likely unauthorised investment activity) and that the bank failed to comply with the EU and international anti-money laundering rules. There was no contractual relationship or financial services relationship between the petitioned bank and the petitioner, and therefore the Board was not in the position to conduct the procedure. If it was possible to investigate these cases on their merits, the transactions carried out by the petitioners would probably constitute an authorised payment transaction under the Payment Services Act, since the petitioners voluntarily transferred the money to the beneficiary account, but they claim to have been victims of fraud.

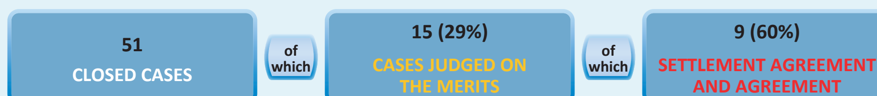
There was also a case concerning a moratorium on **credit card** payments, where the petitioner complained that he had been placed under a moratorium by his financial service provider on his credit card debt without prior notice. He repeatedly asked over phone to be opted out of the moratorium, complaining that he had not been properly informed over the phone about how to do this. He also applied for the reimbursement of his loss, claiming that he had incurred additional interest due to the financial service provider's failure to provide him with adequate information. In the course of the procedure, the financial service provider offered to waive the interest in question and the parties also agreed to terminate the credit card contract, and thus the procedure ended by concluding a settlement agreement.

In another case, heirs living abroad have applied for the release of their inheritance, claiming that the financial service provider is refusing to release the inheritance on the basis of the European Certificate of Succession they have submitted. During the procedure, no document was available from which the Board could have established beyond reasonable doubt and in accordance with the law concerning the contractual relationship between the petitioners' predecessor (their father) and the financial service provider.

In another case, the petitioner claimed compensation for damages because he was unable to initiate a transfer order over the phone and therefore had to use the services of a pawnbroker to obtain money. In the course of the procedure, the petitioner did not substantiate his claim for compensation, the justification and the amount of the costs incurred.

In the United Kingdom, there are a number of financial services providers (banks, insurers, investment firms, etc.) with which people living in Hungary have a contractual relationship. Many consumers living there also have such relationship with a Hungarian financial institutions. The UK's FIN NET membership ceased with the exit from the European Union, and Hungarian consumers can only initiate complaints and alternative dispute resolution procedures in the United Kingdom against financial service providers with registered office in the United Kingdom. The same applies in the opposite case, i.e. consumers living in Hungary can only take their dispute with a financial service provider with a registered office in Hungary to the Hungarian Financial Arbitration Board, if their complaint is unsuccessful and they seek alternative dispute resolution options. This means that consumers no longer have the choice of seeking legal remedy in Hungary at the Board or at the UK Financial Ombudsman Service. Financial service providers have reacted in different ways to the new situation created by Brexit. Those who had a large customer base in the EU chose several ways to retain their customers. By setting up a new company, they moved their headquarters to the territory of the EU and transferred consumers to these companies, and thus the UK company leaving the EU looked for a suitable EU Member State for continuing its activities within the EU, with the permission of the local financial supervisory authority and in compliance with local and EU law. There were also cases where the UK operator set up a subsidiary in Hungary to serve Hungarian customers, and the customers have been taken over by this entity after Brexit. Consumers may initiate proceedings before the Board against subsidiaries and branches established in Hungary in the same way as against any other service provider established in Hungary.

Chart 63
Outcome of cross-border cases closed



VI. Cases administrated on the Online Dispute Resolution Platform

Based on the authorisation provided by Regulation 524/2013/EU of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes (ODR Platform), the European Commission launched the European online dispute resolution platform, available at https://webgate.ec.europa.eu/odr. This platform serves for the out-of-court resolution of disputes, including financial consumer disputes, related to obligations arising from online service contracts between consumers with residence in the European Union and service providers established in the European Union.

In 2016, the ODR Platform was set up with the objective to ensure that the online dispute resolution become a simple, efficient, fast and free form of resolving the disputes arising in relation to financial services, an alternative solution for the out-of-court settlement of the financial disputes, the advantage of which is that disputes can be resolved irrespective of the geographic distance. The purpose of the system was to simplify and ease the communication between the parties or the parties and the acting forum, thereby accelerating the dispute resolution procedure and increasing the efficiency of conflict management. In the financial sector online contracting affect the insurance area the most, and this is where an increase in the number of petitions submitted through the ODR Platform could be expected. However, experiences over the past 7 years showed that petitioners usually did not utilise the benefits offered by the ODR Platform, preferring to submit their petitions in the traditional form, such as post, client gate portal, government offices or the Board's website.

In 2022, 3 petitions were received through the ODR Platform, of which 2 cases were closed by 31 December. One of the closed cases involved a service provider in respect to which the Board had no jurisdiction, and thus the petition was rejected without judgement on the merits. In the other case closed, the petitioner had eight online personal loans that he wanted to repay in full. No repayments were received by the bank within the deadlines specified in the declarations on final repayment. Later on a third-party bank transferred funds to the petitioner's loan account, which was treated by the financial service provider as an overpayment rather than as a prepayment. In his petition, the petitioner applied for the immediate closing of his loan and reimbursement of his loss. During the procedure, it was found that meanwhile the financial service provider had closed six of the eight contracts, while the loans under the remaining two contracts were not closed because the amount of the overpayment recorded was insufficient to close the accounts. Furthermore, the petitioner failed to substantiate his claim for damages.

VII. Consumer protection fines

Pursuant to Article 108(5) of the MNB Act, financial service providers are obliged to cooperate in the Board's proceedings, and as part of this they must send an answer to the consumer petition upon the Board's request within 15 days of receipt thereof. The answer should include a statement by the service provider on the rightfulness of the consumer's claim, the circumstances of the case, the failure to assess the consumer's complaint or, in the case of an equity procedure, the reasons for not granting the equity petition, and on the acceptance of the Board's decision as binding, i.e. whether or not the service provider makes a declaration of submission. The service provider shall also indicate in the answer the facts and evidence supporting its allegations, and attach the instruments or copies of instruments it refers to as evidence. Except when Regulation 524/2013/EU of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation No 2006/2004/EC and Directive No 2009/22/EC (Directive on online dispute resolution for consumer disputes) is applied, all service providers must ensure the participation of persons authorised to negotiate a settlement in hearings. In its notice to the service provider, the Board warns the service provider to ensure the participation of a person authorised to negotiate a settlement in the hearing and that it will decide on the basis of the information available to it if it does not make a statement on the merits of the case. In this notification, the Board refers to the service provider's duty of cooperation under the MNB Act, informing it of the content of this and warning it that the MNB will impose a consumer protection fine in the event of a breach of this duty in the framework of a consumer protection procedure.

Pursuant to Article 88(4)c) of the MNB Act, the MNB shall impose a consumer protection fine in all cases where a person or entity falling within the laws specified in Article 39 breaches its duty of cooperation as defined in Article 108(5) and fails to offer a legitimate excuse for the breach of this duty. Pursuant to Article 88(1)a) of the MNB Act, if the MNB finds any infringement of the relevant consumer protection regulations or of its resolution adopted in the consumer protection inspections, it calls upon the financial service provider to comply with the necessary measures and laws, and eliminate the identified shortcomings with due consideration to the criteria set out in Article 75(4) a), c) and e)-i) and to the principle of proportionality.

Four service providers, i.e. one insurer and three financial enterprise, failed to comply with statutory obligation to cooperate, specified in the MNB Act, and thus in 2022 the MNB imposed consumer protection fines in the total amount of HUF 1,000,000.

The service providers concerned and the amounts of the fines were as follows:

Chart 64
Consumer protection fines

Financial service provider	Amount of fines	Date of resolution
UNIQA Biztosító Zrt.	HUF 300,000	18 March 2022
Hungarian Real Estate Financing Zrt.	HUF 300,000	8 December 2022
BÁTOR Pénzügyi Zrt.	HUF 100,000	15 December 2022
Central Finance Zrt.	HUF 300,000	29 December 2022

In a letter dated 9 November 2021, the MNB's Insurance and Pension Fund Supervision Directorate notified *UNIQA Biztosító Zrt.* (head office: 1134 Budapest, Róbert Károly körút 70-74.) of commencing the inspection, during which it examined whether the insurer had excused its absence from the hearing scheduled as part of the proceedings before the Board on 1 April 2019, and whether it had submitted an answer in the proceedings upon the call to this effect.

During the investigation, the MNB found that the insurer failed to appear before the Board on 1 April 2019, despite having been duly notified. It failed to provide a reasoned excuse for its failure to appear, either during the proceedings

or during the inspection, and also failed to submit a statement during the proceedings concerning the rightfulness of the consumer's claim, the circumstances of the case, on the failure to resolve the consumer complaint, the reasons for not granting equity in the case of an equity procedure, and the acceptance of the Board's decision as binding (submission).

Due to lack of cooperation with the Board, on 20 May 2022, the MNB launched a targeted inspection at Hungarian Real Estate Financing Zrt. (registered office: 1133 Budapest, Váci út 110.), during which it examined whether the financial enterprise had excused its absence from the hearing scheduled as part of the proceedings before the Board held on 21 April 2022, and whether it had submitted an answer in the proceeding in response to the call to this effect.

During the inspection it was found that the provider's arguments pleaded in the procedure were not sufficient to excuse the infringement, as it had received the Board's notice of hearing, nevertheless it failed to send a representative to the hearing and had not sent an answer within the deadline. The fact that the representative is unable to attend the hearing does not exempt the service provider from the statutory obligation to cooperate, also considering the fact that the legal representative had prior knowledge of the circumstance that prevented him from attending.

The start date of the target inspection against *Bátor Pénzügyi Zrt*. (3525 Miskolc, Széchenyi István utca 29, 4th floor, 6) was also on 20 May 2022. The MNB examined whether the financial enterprise had provided a valid excuse for its absence from the hearing on 17 March 2022, which was scheduled as part of the proceedings before the Board, and whether it had submitted an answer in the proceedings.

During the inspection, the financial undertaking admitted that it was late in sending its answer to the scheduled hearing, as it was sent only on 18 March 2022. It also admitted that it had excused its absence with delay, because it had only informed the Board on 18 March 2022 that it had assigned its claim against the petitioner on 31 January 2022.

The financial enterprise may not cite the foregoing as an excuse, given that the assignment of the receivable from the petitioner does not exempt the service provider from the fulfilment of its obligations under the MNB Act. Thus, in addition to imposing a consumer protection fine, the MNB called upon the financial enterprise to comply with the obligation to cooperate at all times.

A targeted inspection at *Central Finance Zrt.* (headquarters: 8800 Nagykanizsa, Petőfi utca 1) was also launched on 20 May 2022 and was aimed at verifying compliance with the obligation to cooperate. The MNB conducted a targeted inspection to examine whether the service provider had provided a valid excuse for its absence from the hearing held on 7 March 2022 and whether it had submitted an answer.

The references and arguments presented by the service provider in the proceeding were unsuitable for excusing the infringement. The financial enterprise received the Board's notice of the hearing, nevertheless it failed to arrange for being represented at the hearing, and also failed to send an answer within the deadline. The alleged administrative error in its system does not exempt the financial enterprise from its statutory obligation to cooperate, and thus a fine was imposed.

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Annexes

ANNEX 1

Financial service providers involved in procedures in 2022

	Service Provider	Number of new cases (pcs)
1	OTP Bank Nyrt.	326
2	Erste Bank Hungary Zrt.	211
3	AEGON Magyarország Általános Biztosító Zrt.	185
4	MKB Bank Nyrt.	174
5	Intrum Zrt.	164
6	Generali Biztosító Zrt.	159
7	MKK Magyar Követeléskezelő Zrt.	128
8	OTP Faktoring Zrt.	122
9	Allianz Hungária Biztosító Zrt.	111
10	UNION Vienna Insurance Group Biztosító Zrt.	95
11	CIB Bank Zrt.	86
12	Raiffeisen Bank Zrt.	86
13	Takarékbank Zrt.	85
14	Groupama Biztosító Zrt.	82
15	K&H Bank Zrt.	76
16	EOS Faktor Magyarország Zrt.	75
17	K&H Biztosító Zrt.	63
18	UniCredit Bank Hungary Zrt.	61
19	Magyar Cetelem Bank Zrt.	44
20	Fundamenta Lakáskassza Zrt.	40
21	UNIQA Biztosító Zrt.	36
22	InHold Pénzügyi Zrt.	30
23	Provident Pénzügyi Zrt.	29
24	KÖBE Közép-európai Kölcsönös Biztosító Egyesület	28
25	GENERTEL Biztosító Zrt.	27
26	Dunacorp Faktorház Zrt.	24
27	Magyar Posta Biztosító Zrt.	24
28	SIGNAL IDUNA Biztosító Zrt.	24
29	Erste Lakástakarék Zrt.	21
30	Cofidis Magyarországi Fióktelepe	20
31	Budapest Bank Zrt.	19
32	Takarék Központi Követeléskezelő Zrt.	18
33	OTP Jelzálogbank Zrt.	15
34	Colonnade Insurance S.A. Magyarországi Fióktelepe	13
35	Erste Befektetési Zrt.	13
36	Magyar Posta Életbiztosító Zrt.	13
37	GRÁNIT Bank Zrt.	12

	Service Provider	Number of new cases (pcs)
38	Merkantil Bank Zrt.	12
39	DEBT-INVEST Pénzügyi Szolgáltató és Befektetési Zártkörű Részvénytársaság	11
40	Reg-Finance Pénzügyi és Szolgáltató Zrt.	11
41	CIG Pannónia Életbiztosító Nyrt.	9
42	MagNet Magyar Közösségi Bank Zrt.	9
43	Momentum Credit Pénzügyi Zrt.	9
44	OTP Lakástakarék Zrt.	9
45	Q13 Pénzügyi Zártkörűen Működő Részvénytársaság	8
46	CESSIO Követeléskezelő Zrt.	7
47	Magyar Biztosítók Szövetsége	7
48	MTB Magyar Takarékszövetkezeti Bank Zrt.	7
49	MetLife Europe d.a.c. Magyarországi Fióktelepe	6
50	MORGAN Hitel és Faktor Pénzügyi Szolgáltató Zrt.	6
51	NN Biztosító Zrt.	6
52	OTP Lakástakarékpénztár Zrt.	6
53	SIGMA FAKTORING Zrt.	6
54	AEGON Magyarország Önkéntes Nyugdíjpénztár	5
55	Agria Portfólió Pénzügyi Tanácsadó és Szolgáltató Zrt.	5
56	AxFina Hungary Zrt.	5
57	DEFACTORING Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	5
58	Európai Utazási Biztosító Zrt.	5
59	4Life Direct Kft.	4
60	BNP Paribas Cardif Biztosító Zrt.	4
61	DELTA FAKTOR Pénzügyi Zártkörűen Működő Részvénytársaság	4
62	Europ Assistance Magyarország Befektetési és Tanácsadó Kft.	4
63	Hungarian Real Estate Financing Zrt.	4
64	Inter Partner Assistance S.A.	4
65	KBC Securities Magyarországi Fióktelepe	4
66	MAPFRE ASISTENCIA S.A. Magyarországi Fióktelepe	4
67	Oney Magyarország Pénzügyi Szolgáltató Zrt.	4
68	Takarék Jelzálogbank Nyrt.	4
69	Allianz Hungária Önkéntes Nyugdíjpénztár	3
70	ARGENTA FAKTOR Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	3
71	BÁTOR Pénzügyi Zrt.	3
72	Faktor-Ring Pénzügyi és Tanácsadó Zrt.	3
73	Magyar Ügyvédek Kölcsönös Biztosító Egyesülete	3
74	Random Capital Broker Zártkörűen Működő Részvénytársaság	3
75	Revolut Payments UAB	3
76	Sberbank Magyarország Zrt.	3
77	Skandia Lebensversicherung AG	3
78	Wáberer Hungária Biztosító Zrt.	3
79	BÁV Pénzügyi Szolgáltató Zrt.	2
80	BRT Faktor Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	2
81	Budapest Országos Önkéntes Kölcsönös Nyugdíjpénztár	2
82	DEFEND Insurance Kft.	2

	Service Provider	Number of new cases (pcs)
83	DHK Hátralékkezelő és Pénzügyi Szolgáltató Zrt.	2
84	Erinum Capital Pénzügyi Szolgáltató Zrt.	2
85	FINALP Zártkörűen Működő Részvénytársaság	2
86	FŐNIX Faktor Követeléskezelő Zártkörűen Működő Részvénytársaság	2
87	Legal Rest Pénzügyi Szolgáltató Zrt.	2
88	Magyar Posta Zrt.	2
89	O2 Financial Services s.r.o	2
90	OTP Önkéntes Kiegészítő Nyugdíjpénztár	2
91	OTP Önkéntes Nyugdíjpénztár	2
92	OVB Vermögensberatung Általános Biztosítási és Pénzügyi Szolgáltató Kft.	2
93	Pannon 2005 Faktor és Hitel Zrt.	2
94	Pannónia Nyugdíjpénztár	2
95	Porsche Finance Zrt.	2
96	PRÉMIUM Önkéntes Egészség- és Önsegélyező Pénztár	2
97	PRIVATE Finance Zrt.	2
98	Sopron Bank Burgenland Zrt.	2
99	Timberland Capital AG	2
100	UniCredit Jelzálogbank Zrt.	2
101	Allianz Elementar Lebensversicherungs-Aktiengesellschaft	1
102	Allianz Global Assistance AWP P&C S.A.	1
103	ALPHA FINANCIAL SERVICES Tanácsadó Kft.	1
104	Aranykor Országos Önkéntes Nyugdíjpénztár	1
105	Aurum Credit Zrt.	1
106	AXA Assistance	1
107	B2Kapital Magyarország Zártkörűen Működő Részvénytársaság	1
108	Bank of America	1
109	Barion Payment Zrt.	1
110	BNP Paribas Cardif Életbiztosító Zrt.	1
111	Budapest Magánnyugdíjpénztár	1
112	Capital Hitelház Zrt.	1
113	Central Finance Zártkörűen Működő Részvénytársaság	1
114	Chubb European Group Limited Magyarországi Fióktelepe	1
115	CIB Biztosítási Alkusz Kft.	1
116	CIB Lízing Zrt.	1
117	COCOMP Pénzügyi és Informatikai Tanácsadó Kft.	1
118	Collinson Insurance Europe Ltd	1
119	Credit Over Követeléskezelő Zrt.	1
120	CREDITIÁL Pénzügyi Szolgáltató Zrt.	1
121	deVere EU Zrt.	1
122	Dorking Kft.	1
123	Edenred Magyarország Korlátolt Felelősségű Társaság	1
124	Egy Kontinens Kft.	1
125	Element Investments Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	1
126	Életút Egészség- és Önsegélyező Pénztár	1
127	Europe Assistance S.A. Irish Branch	1

	Service Provider	Number of new cases (pcs)
128	Fakthorn Pénzügyi Zrt.	1
129	FORS Faktor Zártkörűen Működő Rt.	1
130	Garantiqa Hitelgarancia Zrt.	1
131	GEMINI Pénzügyi Zártkörűen Működő Részvénytársaság	1
132	Generali Önkéntes Nyugdíjpénztár	1
133	GRAWE Életbiztosító Zrt.	1
134	HKB FAKTOR Zrt.	1
135	Inter Partner Assistance Polska S.A.	1
136	Interactive Brokers Central Europe Zrt.	1
137	Interactive Brokers Ireland Limited	1
138	INTER-FAKTOR Pénzügyi Zártkörűen Működő Részvénytársaság	1
139	IZYS Egészség- és Önsegélyező Pénztár	1
140	Lloyds Bank PLC	1
141	Magyar Faktorház Zrt.	1
142	Magyar Gazdák Kölcsönös Biztosító Egyesülete	1
143	Medicover Försakrings AB (publ) Magyarországi Fióktelepe	1
144	MetLife Biztosító Zrt.	1
145	MFB Magyar Fejlesztési Bank Zrt.	1
146	NARTEX Pénzügyi Zártkörűen Működő Részvénytársaság	1
147	NOVIS Poistovna a.s.	1
148	OTP Mobil Szolgáltató Kft.	1
149	Overdraft Hungary Kereskedelmi és Szolgáltató Zártkörűen Működő Rt.	1
150	Porsche Lizing és Szolgáltató Kft.	1
151	Prémium Önkéntes Egészségpénztár	1
152	QUAESTOR Értékpapírkereskedelmi és Befektetési Zrt.	1
153	Sberbank Magyarország Zrt. "v.a."	1
154	sPRINTER LÍZING Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	1
155	TAKARÉKFAKTOR Zrt.	1
156	Timberland Capital Management GmbH	1
157	TKK Takarék Követelésbehajtó Zártkörűen Működő Részvénytársaság	1
158	Toyota Pénzügyi Zrt.	1
159	UniCredit Leasing Hungary Zrt.	1
160	Vasutas és Közlekedési Dolgozók Önkéntes Nyugdíjpénztára	1
161	VIN-FAKTOR Vállalkozási és Pénzügyi Szolgáltató Zártkörűen Működő Rt	1
162	Vivid Money GmbH	1
163	Volksbank Süd-Oststeiermark reg. Gen.m.b.H.	1
164	Wise Europe SA	1
	Sum of Financial Service Providers	**3,071**
	Non financial service providers - including PSFN Kft.	5
	Non financial service provider - excluding PSFN Kft.	34
	Financial service provider cannot be identified	15
	Sum of new cases	**3,125**

ANNEX 2

Contact data of the Financial Advisory Offices operating as partners of the Magyar Nemzeti Bank			
ADVISORY OFFICE	**HOURS OF OPERATION**	**TELEPHONE NUMBER / E-MAIL ADDRESS**	**ADDRESS OF FRONT OFFICE SERVICE**
Békéscsaba Financial Navigator Advisory Office	Monday: 8:00-14:00 Tuesday: 10:00-16:00 Thursday: 10:30-16:30	70/243-2840 bekescsaba@penzugyifogyaszto.hu	5600 Békéscsaba, Árpád sor 2/6. (in the Employment Centre's customer area)
Debrecen Financial Navigator Advisory Office	Monday: 9:00-15:00 Wednesday: 10:30-16:30 Thursday: 9:00-15:00	30/741-2373 debrecen@penzugyifogyaszto.hu	4024 Debrecen, Vörösmarty u. 13-15. 2nd Floor, Office No. 203
Eger Financial Navigator Advisory Office	Monday: 9:00-15:00 Wednesday: 9:00-15:00 Friday: 9:00-15:00	70/607-2191 eger@penzugyitanacsadoiroda.hu	3300 Eger, Hadnagy utca 6. 2nd Floor 34
Győr Financial Navigator Advisory Office	Monday: 8:00-14:00 Wednesday: 8:00-14:00 Thursday: 11:00-17:00	30/923-4942 gyor@penzugyifogyaszto.hu	9021 Győr, Szent István út 10/a 2nd Floor Office No. 208
Kaposvár Financial Navigator Advisory Office	Monday to Friday 8:00-16:00	30/812-4149 pntikaposvar@gmail.com	7400 Kaposvár, Ady Endre u. 3.
Kecskemét Financial Navigator Advisory Office	Monday: 11:30-17:30 Wednesday: 8:30-14:30 Friday: 8:30-14:30	30/958-8210 fogyasztovedelem.merkating@gmail.com	6000 Kecskemét, Csányi János krt. 14. 1st Floor 123.
Miskolc Financial Navigator Advisory Office	Monday: 8:00-14:00 Wednesday: 10:00-16:00 Thursday: 8:00-14:00	30/487-3609 miskolc@penzugyifogyaszto.hu	3530 Miskolc, Szemere Bertalan u. 2. 1st Floor 10
Nyíregyháza Financial Navigator Advisory Office	Monday: 8:00-14:00 Wednesday: 8:00-14:00 Thursday: 8:00-14:00	30/650-1029 nyiregyhaza@penzugyifogyaszto.hu	4400 Nyíregyháza, Széchenyi u. 2. 2nd Floor
Pécs Financial Navigator Advisory Office	Monday: 8:00-14:00 Wednesday: 8:00-14:00 Thursday: 11:00-17:00	70/243-3356 pecs@penzugyifogyaszto.hu	7623 Pécs, Rákóczi út 24-26., 1st Floor Office No. 221
Salgótarján Financial Navigator Advisory Office	Tuesday: 9:00-15:00 Wednesday: 9:00-15:00 Thursday: 9:00-15:00	32/780-845 salgotarjan@penzugyitanacsadoiroda.hu	3100 Salgótarján, Főtér 1. 2nd Floor 4. (SZMT headquarters)
Szeged Financial Navigator Advisory Office	Monday: 9:00-15:00 Tuesday: 8:00-14:00 Thursday: 10:00-16:00	30/958-8210 fogyasztovedelem.gte@gmail.com	6721 Szeged, Madách utca 24/b.
Székesfehérvár Financial Navigator Advisory Office	Monday: 9:00-15:00 Wednesday: 11:00-17:00 Thursday: 9:00-15:00	20/402-9669 fogyasztovedelem.merkating@gmail.com	8000 Székesfehérvár, Móricz Zsigmond u. 18. 1st Floor No. 202.
Szekszárd Financial Navigator Advisory Office	Tuesday: 9:00-15:00 Wednesday: 8:00-14:00 Thursday: 9:00-15:00	30/274-0828 pti@maltai.hu	7100 Szekszárd, Augusz Imre utca 9. 2 nd Floor Office No. 214
Szolnok Financial Navigator Advisory Office	Monday: 9:00-15:00 Wednesday: 9:00-15:00 Thursday: 9:00-15:00	70/607-2186 szolnok@penzugyitanacsadoiroda.hu	5000 Szolnok, Szapáry utca 19. Ground floor No. 8
Szombathely Financial Navigator Advisory Office	Monday: 12:00-18:00 Tuesday: 10:00-16:00 Wednesday: 8:00-14:00	94/512-345, 30/478-5452 szombathely@penzugyitanacsadoiroda.hu	9700 Szombathely, Géfin Gyula utca 22.
Tatabánya Financial Navigator Advisory Office	Monday: 8:30-16:30 Tuesday: 8:00-16:00 Thursday: 10:00-16:00	20/506-0106 tatabanya@cpcontact.hu	2800 Tatabánya, Fő tér 8.
Veszprém Financial Navigator Advisory Office	Tuesday: 9:00-15:00 Wednesday: 9:00-15:00 Thursday: 9:00-15:00	70/502-7967 pti@maltai.hu	8200 Veszprém, Óváros tér 10. I. emelet
Zalaegerszeg Financial Navigator Advisory Office	Monday: 8:00-14:00 Wednesday: 11:00-17:00 Friday: 8:00-14:00	30/699-0056 zalaegerszeg@penzugyifogyaszto.hu	8900 Zalaegerszeg, Tompa M. u. 1-3. Floor No. 19

ANNEX 3

Operating Procedures of the Financial Arbitration Board

1. OPERATING PRINCIPLES

The Financial Arbitration Board (hereinafter: FAB or Board) performs the tasks delegated to it based on the rules set forth in Act CXXXIX of 2013 on Magyar Nemzeti Bank (MNB Act) and in accordance with the operating principles corresponding to Commission Recommendation 98/257/EC. The Recommendation stipulates seven principles, which also serve as the operating principles of FAB and appear in the form of specific legislative provisions in the MNB Act.

1. Independence
2. Transparency
3. Adversary procedure
4. Efficiency
5. Legality
6. Liberty
7. Possibility of representation

1. Independence

The FAB, as a Body, is an independent organisation – which cannot accept orders – operating within the organisational framework of the Magyar Nemzeti Bank, the independence of which applies not only to the Board, but also to its chair and members. The chair of the Board is appointed for 6 years, whose mandate may be terminated in the cases stipulated in the MNB Act. – Articles 96 (2), 97(2), 100(1), (2), (4) and 101(4) of the MNB Act

2. Transparency

FAB provides information on its activity and the rules governing its operating activities on its website (www.mnb/bekeltetes), on continuous basis, in its annual report and upon request. – Articles 99, 115 and 129-130 of the MNB Act

3. Adversary procedure

It is ensured in the proceedings of FAB that the parties can appear at the hearings in person and present their position both orally and in writing. The financial service providers affected by the petitions are obliged to cooperate. – Article 108 of the MNB Act

4. Efficiency

The proceedings of FAB are fast; the acting panel sets the date of the hearing within 60 days from the receipt of the complete petitions and completes the proceedings within 90 days. The chair of FAB may prolong this deadline on one occasion per case by maximum 30 days at his/her own discretion. The procedure is free for both the petitioner and the financial service provider, the procedure of FAB is free of charge, but the incurred costs (if any) are borne by the parties. – Articles 106 (3) and 112 (5) of the MNB Act

5. Legality

All members of FAB are experienced employees of the Magyar Nemzeti Bank and hold a degree in law and passed the bar exam and/or hold a degree in economics and gained experience in one of the fields of the financial sector and/or in court. All employees perform their work in a professional manner, with the knowledge of and relying on the applicable laws. They are independent and impartial in the specific cases they manage. – Articles 97(1), (3) and 98 (4)-(7) of the MNB Act

6. Liberty

The decisions of FAB do not prejudice the consumers' right to bring their case to the court. The Act provides the opportunity for legal remedy against FAB's recommendations and binding decisions. – Articles 116-117 of the MNB Act

7. Possibility of representation

The parties may act in the proceedings at FAB in person or through a proxy. Either of the parties may act, at their discretion, via a proxy. The proxy may be any natural or legal person, as well as entities without legal status. The petitioner may participate at the hearings of the FAB proceedings in person even if he/she wishes to be represented by a proxy. – Article 110 of the MNB Act

2. ORGANISATION

1. The organisation of FAB comprises of the chair, the departments including the members of FAB, and the office. The chair of FAB represents the Board and sees to the legitimate operation thereof. The chair of FAB is substituted by the office director.

2. The members are organised into departments. Each department is managed by a member, i.e. the department head. The department heads organise the departments' work and are responsible for ensuring that the cases assigned by the office to the department are settled by the deadline and in accordance with the legal provisions. The members of the departments are the members of FAB; the members of the panels acting in the specific cases are appointed within the department by the department heads. The personal composition of the acting panels is not constant.

Duties of the department heads:
– they appoint the members of the panel acting in the specific cases and the chair of the acting panel,
– they monitor the cases managed by the acting panels and enforce the deadlines
– they compile the list of hearings, determine the date and venue of the hearings and agree all this among themselves
– they see to ensuring that all members of the acting panel are present at the hearing, and that substitution can be organised if necessary; if this is not possible, they notify the director of the office of their substitution requirement and other conditions necessary for their operation
– they see to the balanced distribution of the workload
– they deliver the information obtained at the management meeting to the members of the panels
– they make proposals for the members' leaves
– they report to the chair of FAB on the experiences gained during the operation of the department
– they prepare a summary on the professional work of the department, process the experiences of the cases and make proposals for legislation and/or the amendment of laws
– they initiate the levying of penalties if the legal conditions thereof exist.

3. The office is managed by the office director; the staff of the office comprise of the experts, the legal official(s), the Board's spokesperson, assistants and trainee(s).

Responsibilities of the office director:
– performs the tasks related to the substitution of the chair
– manages the office, ensures that the administrative tasks are performed in due course, sees to granting leaves and organising substitutions
– assigns the cases to the departments, and ensures the balanced distribution of the workload as much as possible
– operates the case registration system, manages the archiving and ensures the updating of the FAB website
– sees to compiling the statistical part of the annual reports
– harmonises the practice applied by the acting panels in order to establish the uniform application of law,
– ensures that the sample documents exist and are kept up-to-date
– liaises with the Administrative Litigation Department with regard to litigations, and sees to the registration of litigations and the data supply

– to the rejection of the petition or refers it to the department, where the absence of the Board's competence can be established from the petition
– sees to compiling law monitoring bulletins, and to organising professional and language trainings
– liaises with other conciliation boards, the administrative consumer protection professional areas, and the Consumer Relations Information Centre.

3. POWERS AND COMPETENCE

1. The competence of FAB includes the settlement of the disputes between the financial service providers supervised by the Magyar Nemzeti Bank and the consumers related to the legal relations established for the purpose of using certain financial services (financial consumer disputes) outside the court. The acting panels of the FAB try to mediate a compromise between the parties and approve the compromise by a resolution. In the absence of compromise they may make a recommendation or a binding resolution, or terminate the proceedings.

2. FAB also deals with the equity petitions submitted to it. In the case of such petitions it mediates between the financial service provider and the petitioner with a view to reach a compromise. In the absence of a compromise it closes the case with a terminating resolution.

3. The consumer may submit the petitions related to online financial consumer disputes also via the online dispute resolution platform stipulated in the Regulation of the European Parliament and the Council on the online dispute resolution of consumer disputes (hereinafter: ODR Regulation); in such cases the FAB shall act in accordance with the ODR Regulation. The text of the ODR regulation is included in Annex 5 to the Operating Regulations.

4. The Board commences the proceedings related to petitions against workout companies – subject to the existence of certain statutory conditions – if it can be clearly established that the purchased receivable used to be a legal relationship between a financial service provider supervised by the MNB and the consumer for the purpose of providing financial services. In other cases it establishes the absence of its competence and, subject to simultaneous notification of the petitioner, transfers the case to the conciliation board having competence based on the petitioner's place of residence.

5. The office inspects the received petitions in terms of competence. If the absence of the Board's competence can be established on the basis of the content of the petition without requesting additional documents, it rejects the petition citing absence of competence. The resolution on the rejection is signed by the chair of the Board or the office director. If the office director refers the case to the department, the panel designated by the department head decides on the issue of competence. As a result of the examination of competence, either proceedings on the merits of the case are launched or the acting panel rejects the petition citing absence of competence, and sends it to the competent organisation, simultaneously notifying the petitioner.

6. The Board has nationwide competence.

4. THE ACTING PANELS

1. The department heads appoint the chair and two members of the panel acting in cases assigned to the department from the members of the department. If one of the members of the panel appointed for the case cannot attend the hearing, the substitution must be ensured by the department head. The department head modifies the appointment of the acting panel if any of the members must be excluded, his employment with the Magyar Nemzeti Bank ceases before the hearing or he is discharged of his work duties, or if due to the long-term absence or prevention of the appointed member the appointment should be changed.

2. The acting panels comprise of 3 persons, the chair of the panel and two members. The chair of the panel presides the hearing, one of the two members is the rapporteur, while the other member keeps the minutes; or the chair of the panel may also act as rapporteur.

3. The minute-keeper panel member ensures the availability of the sample documents necessary for the hearing, and commits the recommendation and the panel's resolutions – with the exception of the binding resolutions – to writing, finalises the minutes after agreeing on them with the parties, sees to the signing thereof, delivers them to the parties at the hearing and sees to the postal delivery thereof to the absent parties.

4. The panel member appointed as the rapporteur of the case:
   - following the investigation of competence ensures that – as a result of the supplementing or without that – the petitions can be discussed on the merits,
   - in the absence of competence, sends the petition – simultaneously notifying the petitioner – without delay to the competent organisation (transfer) and/or passes a resolution of rejection,
   - checks whether the declaration of submission exists, and makes the necessary instruments available,
   - prepares the necessary notices and ensures that those comply with the rules,
   - sets the date of the hearing, and notifies the parties, attaching the copy of the petition, on the venue of the hearing, the composition of the panel and the initiative to waive the hearing; the notice may be signed by any member of the acting panel,
   - in the notice he calls upon the financial service provider to make a declaration in an answer, and reminds it of the legal consequences of non-compliance with this obligation; calls upon the financial service provider to delegate a person to the hearing who has the powers to make a compromise or holds the necessary authorisation to do this
   - if the deadline open for answer expires without result, he calls upon the financial service provider to comply with its obligation to cooperate
   - forthwith sends the copy of the financial service provider's answer to the petitioner; if this is not feasible, the answer is delivered and read out at the hearing
   - in the case of cross-border financial consumer disputes, he forwards the consumer's petition, recorded on the standard form used in FIN-Net, to the alternative dispute resolution forum, participating in FIN-Net and residing in another EEA country, having power and competence in respect of the proceeding
   - at the hearing he represents the professional positions agreed in advance with the other members of the panel,
   - attempts to mediate a compromise, failing which – if the panel deems justified – prepares the recommendation or the binding resolution and sees to the delivery
   - records the data related to the case in the FAB's case registration system and keeps them up-to-date.

5. The chair of the acting panel:
   - ensures that the hearings are conducted legitimately, striving for the shortest possible duration and the most efficient operation
   - is responsible for the use of the panel's seal
   - reports to the department head, if the financial service provider fails to attend the hearing
   - forwards the request for exclusion to the chair of FAB; if the petition is late, reports the fact of this; notifies the parties of the measures taken by the chair of FAB in relation to the request for exclusion opens the hearing, ascertains the identity of the persons present, ascertains that the right of representation is properly confirmed, sees to the recording of the necessary data in the minutes and to attaching the instrument confirming the right of representation to the documents
   - reminds the attendees that no device disturbing the peace of the hearing may be used and video and voice recording at the hearing is prohibited; sees to keeping the order of the hearing; upon severe disturbance of peace forthwith notifies the security staff and, if necessary, the police
   - informs the parties of their procedural rights
   - presides the hearing; stipulates the sequence of the actions to be performed at the hearing
   - in the absence of compromise, obtains the declaration of the attendees on maintaining or supplementing their statements made in the petition and in the answer; reminds the petitioner about the restrictions applicable to the modification or supplementation of the petition
   - decides on the request to supplement the minutes
   - upon the fulfilment of the conditions declares the hearing closed
   - reopens the hearing, if after the closing of the hearing it appears practicable for the purpose of clarifying important circumstances/questions or obtaining declarations
   - announces the decision of the acting panel.

5. BOARD MEMBER ACTING ALONE

1. When the financial consumer dispute relates to an amount not exceeding fifty-thousand forints, or represents a dispute subject to simple judgement or contains a petition of equity, it may be also processed by a single board member. The modification of the petition has no impact on this.

   Case subject to simple judgement: based on the petition and the attached instruments the factual and legal judgement of the case, it does not require professional consultation or special preparations, and the case is one that originates from common services occurring in large numbers in everyday life and/or generates a large number of disputes;

   Equity case: in these cases the petitioners, with regard to their personal or financial situation, ask the financial service provider to allow a more favourable possibility for performance than what was originally determined in the contract, such as, in particular, the reduction or cancellation of their payment obligation, the amendment or closure of their contract, or the possibility of accomplishing payment under conditions other than the ones determined in the contract. In equity proceedings, the Board mediates between the financial service provider and the petitioner in the interest of reaching a settlement agreement, approves the concluded agreement by its resolution, or in the absence of an agreement it closes the case with a terminating resolution. In equity proceedings claims resulting in a payment warrant or judged in a litigious or court enforcement proceeding may not be disputed.

2. The department head inspects in the cases assigned to the department whether the conditions of acting as a single board member exist. If yes, he appoints from the members of the department the board member to act alone. Any member of the department may be appointed as such. The department head may change the appointment upon the prevention of the appointed member. Prior to passing the resolution, the department head may order at any time that a three-member panel should act in the case.

3. The board member acting alone at the hearing sees to keeping the minutes; he may use a minute-keeper from the FAB staff. Otherwise his proceedings are governed by the operating regulations mutatis mutandis. During the proceedings the board member acting alone is entitled to the same rights and burdened by the same obligations that apply to the acting panel.

6. CONFLICT OF INTEREST, PREJUDICE AND EXCLUSION

1. The department head may not appoint such acting panel in cases assigned to the department by the office director, any member of which or the member's close relative, as defined in the Civil Code, is involved or stakeholder in the case, or the organisation involved in the petition is a financial service provider at which the member's close relative living in the same household is an employee or senior official, such as the member of the Board of Directors or Supervisory (relation-based conflict of interest).

2. No such panel member may be appointed as the member of the acting panel of whom the unbiased judgement and/ or objective resolution of the given case cannot be expected for other reasons (prejudice). Prejudice means if the member of the panel used or uses any services of the financial service provider based on individual assessment under conditions that substantially differ from those publicly announced.

3. Should an appointment be made despite the existence of relation-based conflict of interest or prejudice, the respective member must notify the department head and the chair of FAB of this fact in writing within one working day from noticing it, and the department head must take immediate measures to eliminate these circumstances.

4. Either of the parties may submit an exclusion request against any member of the acting panel, if he can confirm a circumstance that raises doubts about the independence or impartiality of the member. The reasoned written request must be submitted within 3 working days from the day when the given party obtained knowledge of the composition of the acting panel. The exclusion request is decided by the chair of FAB after hearing the respective board member in the presence of his competent department head. If the exclusion request is justified, the chair of FAB asks the department head to appoint another panel member in the case. The chair of the acting panel notifies the parties in writing about the appointment of the new panel member.

5. The member of the acting panel who reported the reason for exclusion applicable to him, must not act in the assessment of the financial consumer dispute until the settlement of this notification. In other cases the respective panel member may continue to act, but until the settlement of the notification he must not participate in passing the decision on the merits.

6. The chair, the members of FAB and the staff of the office may not submit a petition to FAB; they should settle their contractual disputes against the financial service provider, as far as possible, directly with the service provider, or if that fails, by any other legal means.

7. SUBMISSION AND EXAMINATION OF PETITIONS, AND THE ANSWER

1. The petition for a general arbitration procedure and the petition of equity may be submitted in writing on Form 150 attached as Annex 1.a) and on Form 180 attached as Annex 1.b), respectively, in any of the manners specified below:
   – in writing, on paper and by post, or in person through the Government office or at the MNB's Customer Service Desk;
   – in electronic form through the FAB's Online Resolution Platform available on the FAB's website or through the Client Gate Portal (www.mo.hu).

   In the case of contracts concluded online (point 13) the petition may be submitted via the online dispute resolution platform specified in the ODR Regulation. In the case of cross-border financial consumer disputes (point 11) the FIN-NET form may be submitted in writing, on paper and by post, in person through the Government office or at the MNB's Customer Service Desk, or in electronic form through the FAB's Online Resolution Platform available on FAB's website.

   The Board delivers the documents to the petitioner in the form of communication selected by the petitioner, i.e. in procedures initiated through the post by postal delivery in accordance with the rules thereof, and in procedures initiated via the Client Gate Portal or the FAB Online Resolution Platform through the Client Gate Portal to the petitioner's storage space. Should the petitioner wish to amend the manner of communication in the procedure, he may submit his application through the Client Gate Portal or the FAB's Online Resolution Platform, using Form 200, attached as Annex 1.c) hereto. Applications received in other form shall not be granted. In the form of e-mails the Board only accepts declarations submitted by the petitioner with regard to the withdrawal of the petition or a declaration through which the petitioner agrees to conducting the procedure in writing or acknowledges the suspension of the procedure, if he does not agree to it.

   The received petition is examined by the panel acting in the case. If the petition does not comply with the provisions of the law, the acting panel returns the petition – within 15 working days from the receipt thereof – to the petitioner for supplementation, specifying the shortcomings and allowing a deadline of 8 days. The petition is incomplete, if it does not contain
   a) the name, place of residence or abode of the petitioner,
   b) the name and registered office of the financial service provider involved in the dispute initiated by the petitioner,
   c) the brief description of the petitioner's position, and the supporting facts and evidences,
   d) the petitioner's declaration on the attempted settlement of the dispute,
   e) the document containing the rejected complaint and the rejection,
   f) the petitioner's declaration that he did not initiate any mediation or civil lawsuit in the case,
   g) the proposed decision,
   h) the documents – or the copy or excerpt thereof – on the content of which the petitioner refers to as evidence,
   i) if the petitioner wishes to act through a proxy, the power of attorney of the representative having full disposing capacity within the meaning of civil law, in the form of private deed of full probative value or public instrument,
   j) if any special data are also related to the petition, the declaration of the petitioner to the effect that simultaneously with submitting the petition he consents to the management and transfer of such special data in accordance with the provisions of the MNB Act.

   If the petition or its annexes submitted by electronic data carrier or via e-channel do not comply with the effective bank security technological requirements of the Magyar Nemzeti Bank or the handling/printing of the data is made considerably burdensome or it is impossible, the acting panel may call upon the Petitioner – under pain of rejection or ignoring the given documents – to submit the documents, provided earlier on electronic data carrier, on paper.

2. The panel acting in the case examines the petition within 8 days from the start of the proceedings to assess whether it belongs to the competence of the Board. No competence exists for the assessment of the petition, if
   a) the petitioner does not qualify as a consumer,
   b) the petition is not against a financial service provider,
   c) the petition was submitted against a workout company, but the underlying legal relationship was not aimed at financial services
   d) the subject of the petition is not a financial consumer dispute.

   The petition should be returned to the petitioner for supplementation, if based on the petition it cannot be established beyond doubt whether or not the Board has competence in the case. It can be decided after the supplementation whether the panel will negotiate the case on the merits, or due to lack of competence the petition should be transferred or rejected.

3. The acting panel rejects the petition without fixing a hearing, if
   a) the submission of the petition has not been preceded by the investigation of his complaint, at his initiative, or the petitioner has not previously lodged a failed petition for equitable treatment to the given service provider,
   b) the complaint was not rejected,
   c) there is pending action between the parties based on the same facts for the same right, or already a non-appealable judgment has been passed on the subject thereof; or if the proceeding of the Board has been initiated before and it was closed by a resolution, except when in such earlier proceeding the petition was rejected due to failure to comply or to the inadequate compliance with the call for supplementation, or the petitioner has withdrawn his petition or the parties jointly requested that the proceeding be terminated,
   d) there is a criminal procedure in progress with regard to the case, in which the consumer also requests that his civil claim be enforced, or a warrant for payment has been issued in respect of a case between the parties arising from the same facts of the case being conducted for the same right, or a mediation procedure has been launched by the parties,
   e) the time allowed for supplementation ended unproductively,
   f) the petition cannot be judged even after the supplementation,
   g) the dispute lacks in seriousness, that is, the petitioner makes a declaration of a content or shows a conduct that is obviously not aimed at the settlement of the dispute on the merits and is clearly unfit for launching the procedure,
   h) the dispute is vexatious, that is, the tone of the petition, the declaration and behaviour of the party are indecent, rude or personal,
   i) the Board has no competence to judge the dispute (petition).

   The acting panel may reject the petition without a hearing, if the petitioner submitted the petition or failed to submit the annexes to the petition on paper despite the call made upon him to this effect.

4. The procedural deadlines commence from the date of the receipt of the complete petition. If the petition is not rejected, the chair of the acting panel notifies the parties in due course and in writing on the date and venue of the hearing or on the initiative to waive the hearing, i.e. on his proposal to conduct the procedure in writing, attaching to it the copy of the petition. In such notice the chair sets the date of the hearing within 75 days from the commencement of the procedure. The chair determines the date of the hearing in a way so that, as far as possible, multiple hearings involving the same financial service provider are held on the same date one after the other. The notice must contain the names of the members of the appointed acting panel.

   The waiving of the hearing and conducting the procedure in writing is conditional upon both parties' written consent. Based on the parties' declaration of consent made at the hearing, the chair of the acting panel may also order the continuation of the procedure in writing. When the parties do not consent to written proceedings prior to a hearing, but one of the parties does not appear at a hearing, the acting panel may conduct the procedure – after holding a hearing – in writing even without the parties' prior consent. In the procedure conducted in writing, the acting panel may set a hearing without the parties' consent until the passing of the resolution.

   In an extraordinary situation, the chair of the Board may decide – on an exceptional basis when it is justified – that even in the absence of the parties' consent or against their will the pending procedure is continued in writing.

5. If the petitioner dies after the submission of the petition, the acting panel shall pass a resolution to terminate the procedure. In possession of a legally binding grant of probate or proof of inheritance, the legal successor of the petitioner is entitled to institute new proceedings.

   If after the submission of the petition, the financial service provider is replaced by a legal successor, the procedure shall continue – without conducting a separate complaint procedure – with the involvement of the legal successor financial service provider, of which the panel shall notify the stakeholders. The succession of title may be reported by any of the service providers involved. The acting panel shall call upon the legal successor financial service provider, setting a short deadline, to make its declaration. The same rules may be followed also when the Petitioner is informed about the legal succession in the person of the financial service provider after submitting the petition.

6. Financial service providers may submit their applications through the dedicated e-channel, using the standard forms. The Board delivers the notifications, notices and decisions to the Electronic Administration Authentic Storage Space (EÜHT) mailbox. Service providers are notified of the deliveries to the storage space by e-mail. Should the addressee fail to accept the document, the Board shall consider it delivered on the 11th working day after placing it to the delivery storage space. In their written response specified in Article 108 of the MNB Act, financial service providers are obliged to indicate unambiguously any information that may contain business secret to be treated confidentially, and attach the instrument or data containing such information as a separate submission.

7. Equity petitions may be submitted on Form 180 or as free format handwritten or typed submissions.

   The equity petition must include
   a) the name, place of residence or abode of the petitioner,
   b) the name and registered office of the financial service provider involved,
   c) the description of the personal or material circumstances underlying the equity petition, and the supporting evidence, if any,
   d) the petitioner’s declaration on the attempted settlement of the equity petition with the financial service provider,
   e) the rejected equity petition or the document containing the rejection, or the petitioner’s declaration to the effect that the financial service provider failed to respond to his equity petition within 30 days from the submission
   f) the motion with regard to granting the equity claim,
   g) the documents – or the copy or excerpt thereof – the content of which is cited by the petitioner,
   h) if the petitioner wishes to act through a proxy, the power of attorney of the representative having full disposing capacity within the meaning of civil law, in the form of private deed of full probative value or public instrument,
   i) if any special data are also related to the petition, the declaration of the petitioner to the effect that simultaneously with submitting the petition he consents to the management and transfer of such special data in accordance with the provisions of the MNB Act,
   j) the petitioner’s declaration to the effect that he has not submitted a petition for equitable treatment earlier based on the same facts of the case for the same right

8. PROCEDURE DURING THE EMERGENCY PERIOD ENTAILING A PROHIBITION TO ENTER THE BUILDINGS OF THE MAGYAR NEMZETI BANK

If during the period of emergency announced by the Government the Governor of the Magyar Nemzeti Bank prohibits entry to the MNB’s buildings, the procedures may only be conducted in writing.

Unless provided otherwise by the law conducting the procedure in writing is not conditional upon the parties’ agreement. When the prohibition on entry is lifted, the procedure shall be conducted in accordance with the general rules. The parties shall be notified of the continuation of the procedure.

9. THE HEARING

1. The acting panels hold the hearings in the meeting rooms of the Magyar Nemzeti Bank, located at the ground floor of the Capital Square Office Building at 1133 Budapest, Váci út 76. Hearings are held every working day; the dates and the precise venue are determined by the department heads themselves. The hearing is presided by the chair of the acting panel, who determines the sequence of the actions at the hearing. In addition to the members of the acting panel, the adverse party and the representative thereof may address questions to the party.

2. During the hearing the chair of the acting panel may warn the parties at any time if they ask questions or present facts that do not relate to the case in dispute. The acting panel ignores such facts and data.

3. The hearings are not public unless both parties consent. In this case an audience – in limited number – may also be present at the hearing. The maximum number of the audience may be specified by the chair of the acting panel.

4. After the opening of the hearing, the chair of the acting panel verifies – by inspecting the documents suitable for confirming personal identity – the identity of the attendees, and ascertains the proper confirmation of the representation right; these data are recorded by the acting panel in the minutes and the instrument confirming the right of representation is attached to the minutes. If either party fails to attend the hearing, it must be determined on the basis of the return receipt whether the notification of the party of the hearing was made properly. If so, the hearing must be deemed omitted by the respective party. If either party fails to attend the hearing despite the proper notification or does not present evidence, the acting panel conducts the proceedings and decides on the basis of the available documents and data.

5. If the petitioner authorises a proxy, the power of attorney must be made out in a private deed of full probative value or in a public instrument. If the petitioner and his representative attend the hearing together, the authorisation may also be recorded in the minutes of the hearing. If the proxy or authorised representative attending the hearing on behalf of the party fail to confirm right of representation, he may not represent the party at the hearing.

6. After ascertaining the identity of the attendees and the confirmation of the right of representation, the chair of the acting panel opens the hearing and warns the attendees that no device that disturbs the peace of the hearing, particularly mobile phones, may be used. The chair of the acting panel informs the parties of
   a) their procedural rights,
   b) the rules pertaining to the supplementation of the petition,
   c) the legal nature of the compromise, the binding resolution and the recommendation, as well as of the fact that the failure to fulfil the compromise and the binding resolution voluntarily entails enforcement by the court at the petitioner's request,
   d) the submission and the consequence of non-submission,
   e) on the statutory submission and, if it is applicable in the respective case, on the legal consequences thereof,
   f) that the proceedings do not prejudice the enforcement of the claims at the court.

7. The acting panel shall assess the unquantifiable claims, as well as those aimed at the performance of or forbearance from an action, as zero amount claims.

   When in a single procedure the petitioner enforces several claims arising from a single legal relationship or claims from several legal relationships, upon determining the limit under Article 113(2) of the MNB Act – ignoring the contributions – the aggregate value of the submitted claims shall be taken into consideration.

   If the petition is aimed at a claim the amount of which cannot be defined in advance or precisely (particularly when it concerns interest or other amounts to be charged periodically) or disputes those, the application of the submission shall be governed by the interest or other claim amount for one calendar year.

8. The acting panel attempts to mediate a compromise between the parties. It reminds the parties that the fastest and simplest way to settle the dispute between them is to effect a compromise, therefore if they settle the dispute between

them by bringing their positions closer to each other, in a manner that is acceptable to both parties and does not violate the law, the panel will approve it by its resolution. If the parties effect a compromise, the acting panel approves the compromise and delivers it – after the announcement thereof – to the attendees in writing, put down in the minutes or in a separate instrument, and declares the hearing closed. If the compromise proposal submitted by the absent party in writing is accepted by the other party, the acting panel delivers the resolution containing the compromise to the absent party. If the compromise is effected outside the hearing, the acting panel approves the compromise within 15 days from the receipt of the last legal declaration necessary for the accomplishment thereof and delivers its resolution.

9. If no compromise is effected, the chair of the acting panel obtains the declaration of the attendees whether they maintain their position stated in the petition or in the answer, or wish to supplement it verbally. It reminds the petitioner of the restrictions applicable to the modification and supplementation of the petition. The panels should first obtain the declaration of the consumer; thereafter the representative of the financial service provider may present the facts and evidences underlying its declaration and may request that its written declaration be supplemented. After the declarations and the supplementations the members of the acting panel may request information from the parties with regard to any additional circumstances, facts or data related to the case. The presented facts and data must be confirmed, if necessary. If at any stage of the hearing the possibility of a compromise arises, the chair of the acting panel initiates that the compromise be effected. If this necessitates the consent of a person absent from the hearing (particularly in the case of representation), the chair of the acting panel may order a short break so that the party or his representative can quickly obtain the consent required for the compromise.

10. The principle of free evaluation of evidence is enforced at the hearing with the proviso that
    a) all acts of evidence may be made during the hearing, no on-site verification is allowed,
    b) no expert is appointed, but the parties may submit – before the hearing – an expert opinion to support their position,
    c) during the hearing the acting panel may ignore the evidences when the purpose of which was clearly to hinder the proceedings,
    d) instruments containing classified data may be used at the hearing in accordance with relevant provisions of the law,
    e) if the presented facts or data are not evidenced or confirmed, the acting panel will ignore them when making its decision.

11. Upon the joint request of the parties submitted at the hearing, or at the request of the party present, the hearing may be postponed due to exceptionally important reasons – particularly due to the efforts of the parties to reach a compromise – by simultaneously setting the date of the new hearing. The acting panel may postpone the hearing only ex officio and for important reasons, stipulating the reason. The postponement of the hearing does not influence the statutory final deadline set for the completion of the financial conciliatory proceedings. If after the postponement of the hearing the parties effect a compromise and at the same time they consent to conducting the procedure in writing, no consecutive hearing will be held.

12. If during the hearing the parties make no additional declaration and the members of the acting panel have no additional questions either, the chair of the acting panel – after warning the parties to this effect – declares the hearing completed. In the absence of a compromise – with the exception of proceedings launched based on a petition of equity – the panel retires to deliberate. If during the deliberation any such circumstance or question arises in respect of which it would be practicable to obtain the parties' declaration, the chair of the acting panel opens the hearing to obtain that. The panel makes its decision after assessing and considering all of the declarations made by the parties in writing and verbally and the evidences put at its disposal. The acting panel makes its decision in camera by a simple majority of votes.

13. The members of the acting panel decide in camera whether in the absence of compromise they pass a binding resolution or make a recommendation in the given case. They also decide whether to announce the resolution at that time or announce it at an additional hearing. In the latter case the resolution is committed to writing within fifteen days after the hearing. If the legal and factual assessment of the case is simple, the chair of the acting panel announces the binding resolution or the recommendation at the given hearing. The announcement must contain the decision of the acting panel on the merits of the dispute and the brief justification thereof. If the acting panel does not announce the

binding resolution or the recommendation at the hearing, it informs the parties about the date of the next hearing verbally. The acting panel sends no separate written notice to the parties on this date. If the resolution is passed in a procedure conducted in writing, the announcement of the resolution shall be made through postal delivery, with the proviso that the date of announcement shall correspond to the date of passing the resolution.

14. It is the duty of the acting panel to ensure that the binding resolution or recommendation is committed to writing and delivered. The written binding resolution or the recommendation must contain the brief decision.

    If the purpose of the petition is that acting panel should establish that the petitioner does not owe the amount claimed, the operative part of the recommendation or binding resolution shall indicate the claim that the petitioner is not obliged to pay, and call upon the financial service provider to issue and send a declaration to the petitioner within 15 days, according to which it shall not enforce the specified claim against the petitioner.

    In addition, the recommendation and the binding resolution must contain
    a) the venue and date of the hearing, the designation of the acting panel and the case number,
    b) the subject matter of the proceedings, the name and address (residential address, registered office) of the parties to the dispute or of their representatives, and their status in the dispute,
    c) the name of the members of the panel acting in the case,
    d) if the procedure was prolonged, the fact of this,
    e) the justification of the content of the operative part,
    f) the notice to the effect that the resolution or recommendation of the panel does not prejudice the consumer's right to enforce his claim at the court,
    g) notice to the effect that no appeal lies against the binding resolution or the recommendation; the annulment thereof may be requested from the court,
    h) the date of committing the resolution to writing,
    i) in the binding resolution the decision on the costs and on the party paying it,
    j) the information on the legal consequences of the financial service provider's failure to perform voluntarily.

15. The acting panel terminates the proceedings by its resolution, if
    a) the petitioner withdraws his claim,
    b) the parties agree on the termination of the proceedings,
    c) it is impossible to continue the proceedings,
    d) in the view of the acting panel it is unnecessary to continue the proceedings for any reason, including the petition's lack of grounding,
    e) it obtains knowledge of any of the circumstances specified in subsection 3 and 5 of Section 7 of the Operating Regulations.

16. Written minutes are taken of the hearing; in exceptional cases the chair of the acting panel may authorise the use of other recording devices. The minutes are taken by a member of the acting panel; the minutes must contain:
    a) the name of the parties and their representatives, their status in the procedure. the petitioner's personal identification data (mother's maiden name, place and date of birth, the number of his ID document), residence (place of abode), the registered office of the financial service provider,
    b) the fact that the parties were informed of their procedural rights and obligations, and the warnings made,
    c) the attempt to effect a compromise,
    d) if a compromise was effected, the fact thereof,
    e) the parties' declaration in brief,
    f) the declarations and warnings of the chair of the acting panel related to the conduct of the hearing,
    g) the responses given to the questions of the members of the acting panel,
    h) the facts related to the announcement and delivery of the resolution passed and of the recommendation,
    i) other circumstances, data and information relevant for the case and/or the hearing.

    Apart from the recommendation and the binding resolution, any resolution of the acting panel may be recorded in the minutes.

The members of the acting panel or the parties upon making the declaration may request that certain declarations made by them be recorded verbatim in the minutes. Prior to concluding the hearing the parties may inspect the minutes, make observations and request that it be corrected or supplemented.

The chair of the acting panel may reject the request to supplement, if it *does not* contain any information that is materially new or substantially differs from what was said. The minute-keeper member of the panel enters the file number on the finalised minutes and delivers one copy to each of the attendees. The minutes must be delivered to the absent parties.

17. The objection against the binding resolution based on statutory submissions shall be deemed received by the deadline, if the financial service provider posts it in a registered mail to the address specified in Chapter 16 on the last day of the deadline for the lodging of the objection.

10. MAINTAINING THE PEACE AND DURATION OF THE PROCEEDINGS

1. The maintaining of the peace of the hearings is the duty of the chair of the acting panel. The chair of the acting panel warns the party disturbing the peace of the hearing that his conduct hinders the hearing, therefore if the hearing must be terminated the acting panel will pass its decision on the basis of the available data. When making its decision it will consider due to which party's conduct the hearing had to be cancelled. Upon severe disturbance of the peace the members of the acting panel will promptly notify the security staff and, if necessary, the police.

2. The acting panel must conclude the proceedings within 90 days from the commencement thereof and close the case by a resolution. If it is justified, the chair of the acting panel may approach the chair of FAB with a request prior to the expiry of the deadline, making use of the option provided by law, to authorise the extension of the procedural deadline. If the chair of the FAB grants the request, the proceedings may be prolonged on one occasion per case by 30 days.

11. DIFFERENT RULES APPLICABLE TO CROSS-BORDER FINANCIAL CONSUMER DISPUTES

1. In the case of cross-border disputes related to financial services activity the rules laid down in these Operating Regulations shall apply with the derogations specified in this chapter. A cross-border dispute is a dispute where the respective consumer's home address or habitual residence is in Hungary, while the registered office, business site or permanent establishment of the financial service providers is in another EEA member state, or vice versa.

2. An additional condition for the launch of the proceedings in consumer cross-border disputes related to financial services activity is that the financial service provider must submit itself in the given dispute to FAB's procedure and thereby acknowledge the decision thereof as binding on it. In the absence of submission the acting panel
   a) informs the petitioner on the alternative dispute resolution forum participating in FIN-Net in another EEA member state, having power and competence with regard to the dispute,
   b) provides information on the special rules applicable to the proceedings of the said forum, particularly on the need of preliminary consultation with the service provider and, if necessary, on the deadlines prescribed for launching the procedure,
   c) upon the petitioner's request forwards his petition, recorded on the FIN-Net standard form, to the alternative dispute resolution forum having power and competence in the other EEA member state.

3. The acting panel always conducts the proceedings in writing, but based on the consideration of the circumstances it may initiate a hearing. The hearing is subject to both parties' consent. The chair of the acting panel applies the notification rules in the procedure with a hearing, with the proviso that upon initiating the hearing the parties' attention must be drawn in the notification to the need of consent. When the proceedings are conducted in writing, the notification should contain, instead of the date of the hearing, the information that the proceedings have started. If the chair of the acting panel conduct the proceedings in writing, the acting panel may request the parties to provide it with written information or documents, by setting a deadline, in order to establish whether the petition is grounded, The declarations and position of the parties must be disclosed to the adverse party, who should be given the opportunity to define his

position. If the chair of the acting panel conducts the proceedings in writing, the resolution of the acting panel must be promptly delivered to the parties once it is passed.

4. The procedure shall be conducted in English. The acting panel will deliver its judgement also in this language, unless the petitioner requests that the language of the disputed contract and/or of the communication between the respective service provider and the consumer be used.

5. The chair of the FAB may, on the proposal of the chair of the acting panel, prolong the deadline of the procedure in justified cases on one occasion by 90 days per case.

12. PROCEEDINGS IN THE CASES RELATED TO THE SETTLEMENT AND CONTRACT MODIFICATION

1. The cases related to the settlement and the contract modification are governed by the provisions of Act XXXVIII of 2014, Act XL of 2014 and Act LXXVII of 2014. In these cases the rules of the Operating Regulations must be used with the derogations specified in this Section.

2. The cases related to the settlement and contract modification (hereinafter: settlement case) mean the disputes where the petitioner applies for the judgment of the petitions defined in forms 151, 152 and 153, attached as annexes to the Operating Regulations. The petition for decision may only be submitted in respect of the petitions stipulated in the said forms. Should the petition of the petitioner cover other subjects as well, the acting panel will treat it as if the petitioner had not made the petition and it will not pass a decision on those.

3. The petitioner may submit a petition to the Board within 30 days from the receipt of the financial service provider's letter rejecting the complaint, or if the financial service provider failed to respond to his complaint within 60 days. If the petitioner was prevented from the submission of the petition, he may initiate the proceeding within 30 days from the termination of the prevention, but not later than 6 months after the delivery of the rejection of the complaint. The petitioner must confirm the prevention and the termination thereof.

4. The use of the standard forms is mandatory. If the petitioner submits his petition not on the appropriate dedicated form or the form is incomplete, the acting panels call upon the Petitioner, indicating what is missing and allowing a deadline of 8 days, to submit his petition on the proper form and supplementing it with the missing information. The petition is regarded as incomplete if not all necessary field are filled in, if the petitioner fails to attach the annexes indicated in the form, or those requested by the acting panel in the call for supplementation, or fails to make a declaration despite the call and in the opinion of the acting panel this circumstance renders the conduct of the proceedings and the judgment of the case on the merits impossible.

5. There may be several petitioners in a single settlement case. If there are more than one borrowers in the contract underlying the disputed settlement, the petition may be submitted by the addressee of the settlement statement and also by the person not specified as addressee, but entitled to dispute the settlement, jointly or separately.
   a) If any person entitled to dispute the settlement submits the petition and starts the procedure at a different time, the acting panel consolidates the previously launched pending procedure with the procedure initiated later and thereafter calculates the procedural deadlines from the date of the consolidation.
   b) If any person entitled to dispute the settlement submits a complaint to the financial service provider in respect of a case that is the subject of a pending procedure of the Financial Arbitration Board, and notifies the Board to this effect or the acting panel learns about this, the acting panel shall suspend the pending case(s) involved in the given settlement. The duration of the suspension is not considered for the purpose of the procedural deadline. If the statutory conditions of the suspension no longer exist, the acting panel continues the procedure.

6. The parties may not submit an objection on the ground of the lack of competence in the procedure.

7. The acting panel rejects the petition and terminates the procedure, if
   a) the case does not fall within the laws stipulated in point 1,
   b) the submission of the petition was not preceded by the investigation of the petitioner's complaint at the petitioner's initiative at the respective service provider,
   c) the complaint was not rejected within the statutory deadline,
   d) the petition was submitted late
   e) the petitioner failed to comply with the call for supplementation,
   f) The petition cannot be judged even after the supplementation,
   g) the petitioner withdraws his petition,
   h) the petitioner and the financial service provider jointly apply for the termination of the proceedings,
   i) the petition is unfounded
   j) in the case of petitions aimed at the dispensing with the conversion into forint, the attempt to involve co-borrowers failed
   k) any of the petitioners submits a petition due to the same reason in respect of which the Board has already passed a decision in connection to the same settlement,
   l) if the financial service provider prepared a new settlement statement, against which independent remedy lies.

8. The acting panel sends the petition and the annexes thereto in copy or in electronic form, together with the notice on the hearing – if necessary – to the financial service provider, calling upon it to submit its response within 15 days and to send it directly to the petitioner as well. Furthermore, it calls upon the financial service provider to make a declaration on the legitimacy of the petitioner's claim and to submit – on electronic data carrier in the specified format and manner – the settlement statement communicated to the consumer, the notice on the conversion into forint and the underlying data, and upon a proposed compromise, describe such compromise in detail.

9. The acting panel may send the documents generated during the proceedings – if the respective party agrees to it – through electronic channels or by any other means. For the purpose of accelerating the administration the financial service providers may request in respect of all of their petitioners delivery by means other than post, subject to the Board's approval.

10. The Board assesses the petitions in three-member panels and in written proceedings, but the acting panel may, at its discretion, hold a hearing. The acting panel is appointed before judging the case on the merits.

11. The procedure is conducted in written form, if the acting panel holds no hearing. The rules governing the written procedure correspond to those governing the procedures with a hearing, with the following derogations:
    a) the acting panel notifies the parties on the start of the proceedings in writing,
    b) prior to the decision the acting panel
       i. calls upon the respective parties, setting a deadline of at least 8 days, to make their declarations on the merits, otherwise it passes a decision; and/or
       ii. communicates the latest date for passing the decision; no declaration on the merits may be submitted after the deadline indicated in the call or communication.

12. If the acting panel holds a hearing, it sets the date of the hearing to a date within 75 days from the start of the proceedings, and the modification thereof cannot be requested. If prior to the set date the parties effect a compromise and the financial service provider sends the related signed instrument to the acting panel, within 15 days from the receipt of the written compromise the acting panel approves the compromise, if it complies with the laws and cancels the hearing.

13. The acting panel holds only one hearing. The hearing is not public The acting panel may prohibit the presence of persons other than the parties and their representatives in the chamber. The acting panel may pass a decision at the hearing, having consulted at low tone. Video or voice recording may not be taken at the hearing.

14. Written minutes are taken of the hearing; the chair of the acting panel may authorise the use of other recording devices. The minutes are taken and signed by a member of the acting panel; The minutes contain:
    a) the name of the parties and their representatives, the petitioner's personal identification data (mother's maiden name, place and date of birth, the number of his ID document), residence (place of abode), the registered office of the financial service provider,
    b) the fact that the parties were informed of their procedural rights and obligations, and the warnings made,
    c) the attempt to effect a compromise; if the compromise is effected, it must be put on record,
    d) the declarations of the parties in one sentence each,
    e) the declarations and warnings of the chair of the acting panel related to the conduct of the hearing,
    f) the facts related to the delivery of the decision passed.

    Prior to closing the hearing the panel member taking the minutes reads out the minutes and the parties may comment on it. He indicates the file number on the finalised minutes. The minutes may be delivered by handing over the original document to the parties attending the hearing, or by post on paper, or through electronic channels and in electronic form. The acting panel may also record its resolution in the hearing minutes; in this case the minutes are signed by all members of the panel.

15. The acting panel approves a compromise in the case, or passes a binding resolution or rejects the petition and terminates the proceedings. The financial service provider is bound by the binding resolution even if it have not made either a general, or an individual declaration of submission.

16. The binding resolution must contain:
    a) the name, place of residence or mailing address, place and date of birth of the petitioner
    b) the name and registered office of the financial service provider involved in the dispute initiated by the petitioner,
    c) the brief summary of the dispute or a reference to the content of the petition and the answer,
    d) the decision of the acting panel,
    e) the indication of the applied laws,
    f) the information on the available remedies,
    g) the date of committing the resolution to writing,

17. The proceedings of the Board are free; the costs of the consumer incurred in relation to the proceeding may not be reimbursed, hence no such petition may be submitted.

18. The Board will not publish the binding resolutions.

19. Either party may initiate remedy against the judgment of the Board. The petition for the conduct of the non-litigious court procedure must be submitted to the Board, but addressed to the district court operating at the seat of the tribunal having jurisdiction based on the consumer's residence; in the case of consumers resident in Budapest it must be addressed to the Central District Court of Pest. The Board submits the documents of the case along with the petition to the competent court.

13. PROCEDURE IN ONLINE FINANCIAL CONSUMER DISPUTES

1. If the Financial Arbitration Board agreed to conduct an alternative dispute resolution procedure in respect of a dispute forwarded via the online dispute resolution platform, in the case of consumer disputes related to online financial services activity, the rules stipulated in these Operating Procedures shall be applied with the derogations specified in this chapter. If the Board does not agree to resolve the dispute via the online dispute resolution platform, the rules of the hearing-based procedure shall be applied.

2. The online dispute resolution procedure takes place in writing through the dedicated platform; the panel shall send a notification to the parties on the launch of the procedure. No hearing shall be held unless either party requests that a hearing be held and the other party agrees to it, or as a result of considering the circumstances the acting panel

initiates a hearing and both parties consent to it. If a hearing is held, the procedure shall continue after the receipt of the respective application in accordance with the general rules.

3. The acting panel may request the parties to provide it with written information or documents, by setting a deadline, in order to establish whether the petition is grounded. The declarations and position of the parties must be disclosed to the adverse party, who should be given the opportunity to define his position. The acting panel may request the parties that they should send an acknowledgment of receipt of the documents sent via the online dispute resolution platform.

4. The acting panel shall procure the delivery of its resolution contestable through remedy also by post to the parties; the deadlines for the remedy commence from the postal delivery.

5. The issues not regulated in this chapter shall be governed, *mutatis mutandis*, by the general rules of the Operating Procedures.

14. PUBLICATION OF THE DECISIONS

1. FAB publishes its binding resolutions and the recommendations on its website, within the site of the Magyar Nemzeti Bank, without disclosing the identity of the parties (anonymously), describing the content of the dispute and the result of the proceedings, and prepares a summary on the approved compromises.

2. If the annulment of any recommendation of FAB was requested at the court, the recommendation may not be published with the name of the financial service provider until the completion of the court procedure with a final ruling. After the final ruling the recommendation, the force of which was maintained, may be published.

3. If the financial service provider fails to comply with the recommendation and the 60 days from the delivery of the recommendation to the financial service provider elapsed, and the annulment of the recommendation was not requested, the recommendation of the acting panel may be published indicating the name of the financial service provider. The name of the petitioner initiating the procedure is not public.

15. RECESS

1. FAB is in recess twice a year, in summer and in winter. The summer recess is in July and August, while the winter recess is in December and January. The duration of the recess is 8-15 working days per occasion; this duration does not count for the purpose of calculating the procedural deadlines.

2. The exact time, start and end date of the recesses is published by the chair of FAB on the website at least one month before the start of the recess.

16. CONTACT DETAILS

To contact the Board visit:
On its website: www.mnb.hu/bekeltetes
In person at the customer service of the MNB: H-1122 Budapest, Krisztina krt. 6., Hungary
By phone at the customer service: +36-1-489-9700 or +36-80-203-776
By post in general and equity cases: 1525 Budapest, Pf.: 172., Hungary
By post in settlement and contract modification cases: 1539 Budapest, Pf.: 670., Hungary
By email: ugyfelszolgalat@mnb.hu
Electronically via the client gate portal: www.mo.hu
In relation to service contracts concluded online as specified in the ODR Regulation, via the online dispute resolution platform at https://webgate.ec.europa.eu/odr.

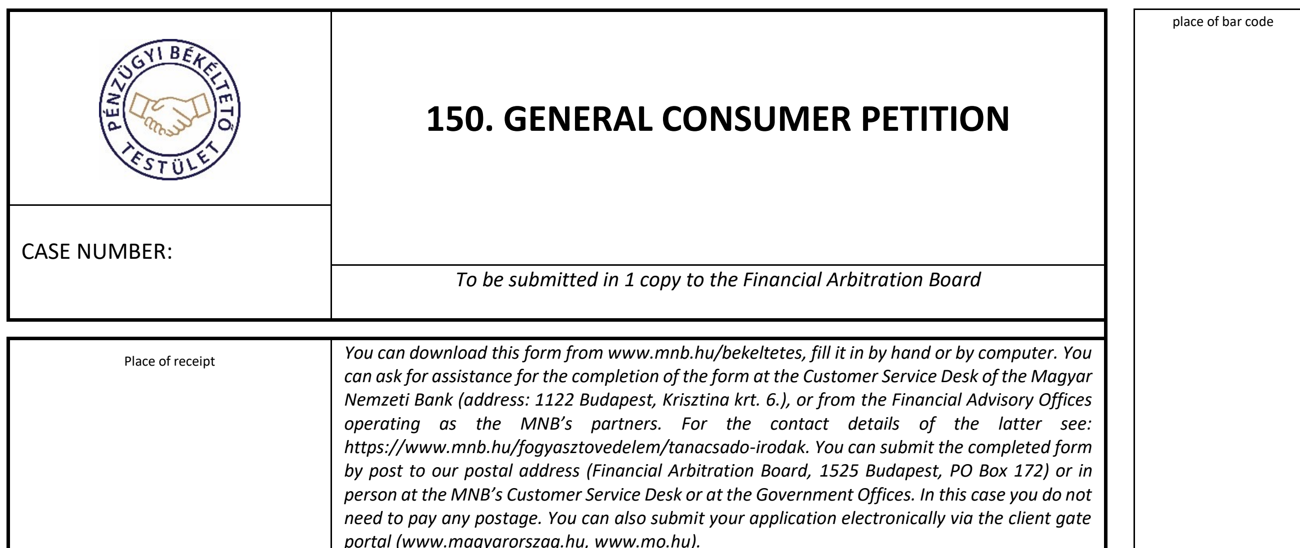
The petitions may be submitted:

– as electronic documents after identification through the Central Identification Agent via the FAB's Online Dispute Resolution platform. or at www.mo.hu
– in person at the MNB Customer Service (Budapest XII. district, Krisztina krt. 6.) or at the government offices (*Kormányablak*),
– by post to the address: 1525 Budapest, PO Box 172 (general resolution and equity cases) and to the address: 1539 Budapest, PO Box 670 (settlement and contract modification cases).

The Board communicates with the **financial service providers** through the *"Financial Arbitration Board e-administration"* service available at the MNB's information system for the reception of authenticated data (ERA system). Service providers can submit their communications using the electronic forms stored therein, while the Board's decisions, notifications, notices and other communications are delivered to the service providers by placing them in the delivery storage space.

The colleagues of the MNB Central Customer Service provide information on the rules governing the procedure of the Board by phone or e-mail, upon request by phone or e-mail. No information is provided on pending cases.

Annex 1 a)



CASE NUMBER:	**150. GENERAL CONSUMER PETITION** *To be submitted in 1 copy to the Financial Arbitration Board*	place of bar code
Place of receipt	*You can download this form from www.mnb.hu/bekeltetes, fill it in by hand or by computer. You can ask for assistance for the completion of the form at the Customer Service Desk of the Magyar Nemzeti Bank (address: 1122 Budapest, Krisztina krt. 6.), or from the Financial Advisory Offices operating as the MNB's partners. For the contact details of the latter see: https://www.mnb.hu/fogyasztovedelem/tanacsado-irodak. You can submit the completed form by post to our postal address (Financial Arbitration Board, 1525 Budapest, PO Box 172) or in person at the MNB's Customer Service Desk or at the Government Offices. In this case you do not need to pay any postage. You can also submit your application electronically via the client gate portal (www.magyarorszag.hu, www.mo.hu).*	

1A. PETITIONER'S data: *(Any person qualifying as a CONSUMER, i.e. a natural person acting for purposes falling outside his independent occupation and economic activity, may be a petitioner.)*

1A.1	**Petitioner's name:**				
1A.2	**Residential or postal address:**				
1A.3	**Date of birth:**	☐☐☐☐ ☐☐ ☐☐			
1A.4	**Telephone number:**				
1A.5	**Capacity:** Please mark with X as applicable	☐ debtor	☐ demand guarantee provider	☐ mortgager	☐ heir
		☐ in the case of insurance contracts contractor	☐ insured	☐ beneficiary	☐ fund member
		☐ other (please describe)			

1B. ADDITIONAL PETITIONER'S data: (*Any person qualifying as a CONSUMER, i.e. a natural person acting for purposes falling outside his independent occupation and economic activity, may be a petitioner.)*

1B.1	**Petitioner's name:**				
1B.2	**Residential or postal address:**				
1B.3	**Date of birth:**	☐☐☐☐ ☐☐ ☐☐			
1B.4	**Telephone number:**				
1B.5	**Capacity:** Please mark with X as applicable	☐ debtor	☐ demand guarantee provider	☐ mortgager	☐ heir
		☐ in the case of insurance contracts contractor	☐ insured	☐ beneficiary	☐ fund member
		☐ other (please describe)			

150-A	Name of petitioner as per point 1A.: ______________________________	Date of birth: ☐☐☐☐ ☐☐ ☐☐

2. PROXY'S data

If you wish to act via a proxy, please also fill in and sign the POWER OF ATTORNEY form, obtain the signature of two witnesses and attach the original copy as annex to the petition.

2.1	**Proxy's name:**	
2.2	**Residential or postal address:**	
2.3	**Telephone number:**	

3. Data of the FINANCIAL SERVICE PROVIDER:

3.1	**Name of the financial service provider:**	
3.2	**Address of the financial service provider:**	
Data of ADDITIONAL SERVICE PROVIDER (*Please fill in this section only, if you request that the procedure be launched against the additional service provider.)*		
3.3	**Name of the additional financial service provider:**	
3.4	**Address of the additional financial service provider:**	

4. DECLARATION ON DISQUALIFYING REASONS HINDERING THE INSTITUTION OF PROCEEDINGS:

Please be informed that the Financial Arbitration Board may only start the proceeding, if none of the disqualifying reasons listed below exists. It is important to indicate your response for each item.

Based on the same factual data and for the same right		
4.1	– a Financial Arbitration Board proceeding has been initiated before	☐ no / ☐ yes
4.2	– a mediation procedure has been initiated before	☐ no / ☐ yes
4.3	– there is a pending civil action	☐ no / ☐ yes
4.4	– already a final judgement has been passed in the case, or there is a binding warrant for payment	☐ no / ☐ yes
4.5	– the petitioner has formerly submitted an equity petition to the Financial Arbitration Board	☐ no / ☐ yes

5. Data related to the COMPLAINT SUBMITTED TO THE FINANCIAL INSTITUTION:

Please be informed that the Financial Arbitration Board may only start the proceeding, if you have attempted to resolve the dispute directly with the financial service provider and your complaint (equity petition) has been rejected. If you have not lodged a complaint (equity petition) with the financial service provider, you may not initiate the proceeding of the Financial Arbitration Board.

5.1	**When did you submit your complaint/equity petition to the financial institution?**	…… day ……………… month …… year
5.2	**Please mark with X, if the financial institution did not respond to your complaint/equity petition and already 30 days have elapsed since the receipt of the complaint.**	☐ **yes**
5.3	**When did you receive the financial institution's letter on the rejection of the complaint/equity petition?**	…… day ……………… month …… year

2/6

150-B	Name of petitioner as per point 1A.: ______	Date of birth: ☐☐☐☐ ☐☐ ☐☐

6. SUBJECT OF THE PETITION AND DESCRIPTION OF THE REASONS:

6.1 Describe the subject of the petition and indicate the amount involved:

6.1.1	**Reference number of the contract being the subject of the petition:**	
6.1.2	**Petition of equity:**	☐ **yes**
6.1.3	**Description of the petition:**	
6.1.4	**Amount involved in the petition:**	HUF

6.2 Detailed presentation of the reason for the petition:

Attach the copies of the instruments supporting your allegations and indicate in ***point 7*** *the documents you attached to support your allegations.*

Please mark with X, if you continue Point 6.2 on additional sheet 150-B/1: ☐ **yes**

3/6

150-B/1	**ADDITIONAL SHEET FOR POINT 6.2** Name of petitioner as per point 1A.: ____	Date of birth: ☐☐☐☐ ☐☐ ☐☐

Detailed presentation of the reason for the petition (continuation of Point 6.2):

4/6

150-C	Name of petitioner as per point 1A.: ____	Date of birth: ☐☐☐☐ ☐☐ ☐☐

7. ANNEXES TO THE PETITION:

*The launch of the proceeding is **conditional upon** attaching the documents supporting your allegation to the petition.*
In the case of Points 7.1.1-7.1.4 and 7.2.1–7.2.3 it is sufficient to mark with X on the form that you have attached the instrument, while in the case of Point 7.2.4, please list the additional instruments you have attached.

7.1	**Annexes related to Points 2-5 of the petition:**	
7.1.1	**Complaint/equity petition** you have submitted to the financial institution	attached:☐
7.1.2	Letter of the financial institution on the rejection of the **complaint/equity petition**	attached:☐
7.1.3	If you have not received a response to your complaint from the financial institution, the document evidencing the submission of the complaint (e.g. the post office receipt of the registered mail)	attached:☐
7.1.4	**Original copy** of the filled in and signed **Power of Attorney** form, if you have filled in Point 2 of the petition	attached:☐

7.2	**Annexes related to Point 6 of the petition:**	
7.2.1	Document confirming the legal relationship pertaining to the financial services (e.g. contract, insurance proposal, insurance policy)	attached:☐
7.2.2	Documents related to the insurance service claim (e.g. claim assessment protocol, expert opinion, quotation or invoice)	attached:☐
7.2.3	**Warrant for payment, litigation and foreclosure instruments** related to the subject matter of the petition	attached:☐
7.2.4	**Additional documents supporting the petition:** *(Please list the attached additional documents.)*	

5/6

150-D	Name of petitioner as per point 1A.: ___________________________	Date of birth: ☐☐☐☐ ☐☐ ☐☐

8. I submit the following definite petition for the decision of the Financial Arbitration Board, based on which I request that the procedure be conducted.

Performed on …………………………………………., …. day …………………………………month …… 201…. year

………………………………………………………………………….. ………………………………………………………………………..

Signature of the Petitioner specified in Point 1A.* **Signature of the Petitioner specified in Point 1B.***

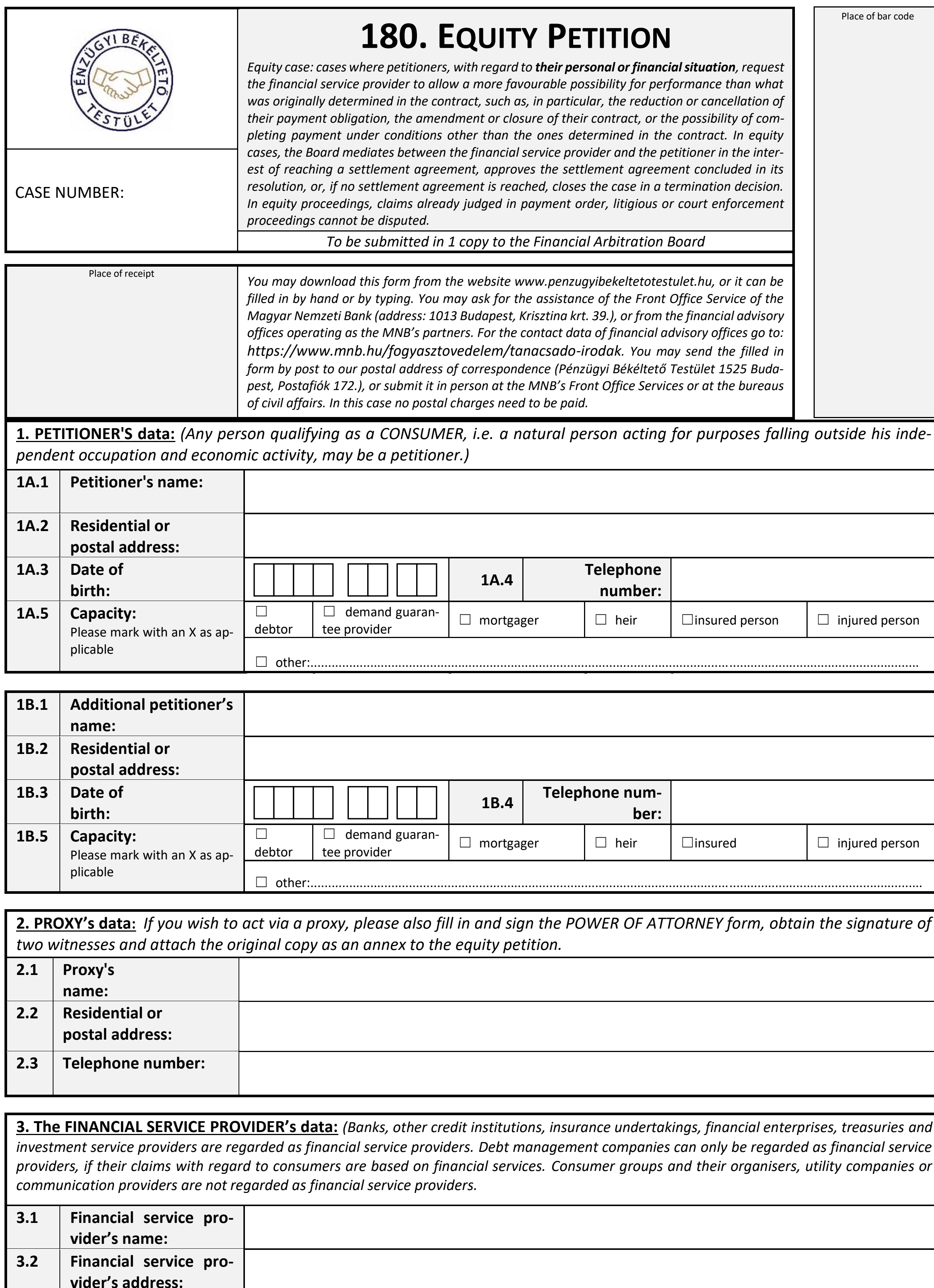
** I acknowledge that in the proceedings instituted on the basis of this petition, the Financial Arbitration Board will process my personal data stated in my petition – including my sensitive data potentially provided in this context – to the extent and for the time necessary for conducting the proceedings, and it may disclose them to third parties in complying with statutory obligations.*

By signing this form, I consent to the Financial Arbitration Board processing my sensitive data potentially provided in addition to my personal data in the proceedings instituted on the basis of this petition, to the extent and for the time necessary for conducting the proceedings, and disclosing them to third parties in complying with statutory obligations.

I also acknowledge that if the data subject considers that the data processing did not comply with the statutory requirements, I have the option to initiate the proceedings of the Magyar Nemzeti Bank's internal data protection officer, or to bring the matter before court. In addition, an investigation may be initiated by filing a report to the National Authority for Data Protection and Freedom of Information on the grounds that there was an infringement in practising the rights related to the processing of personal data or there is imminent threat thereof.

6/6

Annex 1 b)



PÉNZÜGYI BÉKÉLTETŐ TESTÜLET

CASE NUMBER:

180. EQUITY PETITION

*Equity case: cases where petitioners, with regard to **their personal or financial situation**, request the financial service provider to allow a more favourable possibility for performance than what was originally determined in the contract, such as, in particular, the reduction or cancellation of their payment obligation, the amendment or closure of their contract, or the possibility of completing payment under conditions other than the ones determined in the contract. In equity cases, the Board mediates between the financial service provider and the petitioner in the interest of reaching a settlement agreement, approves the settlement agreement concluded in its resolution, or, if no settlement agreement is reached, closes the case in a termination decision. In equity proceedings, claims already judged in payment order, litigious or court enforcement proceedings cannot be disputed.*

To be submitted in 1 copy to the Financial Arbitration Board

Place of bar code

Place of receipt

You may download this form from the website www.penzugyibekeltetotestulet.hu, or it can be filled in by hand or by typing. You may ask for the assistance of the Front Office Service of the Magyar Nemzeti Bank (address: 1013 Budapest, Krisztina krt. 39.), or from the financial advisory offices operating as the MNB's partners. For the contact data of financial advisory offices go to: https://www.mnb.hu/fogyasztovedelem/tanacsado-irodak. You may send the filled in form by post to our postal address of correspondence (Pénzügyi Békéltető Testület 1525 Budapest, Postafiók 172.), or submit it in person at the MNB's Front Office Services or at the bureaus of civil affairs. In this case no postal charges need to be paid.

1. PETITIONER'S data: *(Any person qualifying as a CONSUMER, i.e. a natural person acting for purposes falling outside his independent occupation and economic activity, may be a petitioner.)*

1A.1	**Petitioner's name:**						
1A.2	**Residential or postal address:**						
1A.3	**Date of birth:**	☐☐☐☐ ☐☐ ☐☐		**1A.4**	**Telephone number:**		
1A.5	**Capacity:** Please mark with an X as applicable	☐ debtor	☐ demand guarantee provider	☐ mortgager	☐ heir	☐insured person	☐ injured person
		☐ other:..					

1B.1	**Additional petitioner's name:**						
1B.2	**Residential or postal address:**						
1B.3	**Date of birth:**	☐☐☐☐ ☐☐ ☐☐		**1B.4**	**Telephone number:**		
1B.5	**Capacity:** Please mark with an X as applicable	☐ debtor	☐ demand guarantee provider	☐ mortgager	☐ heir	☐insured	☐ injured person
		☐ other:..					

2. PROXY's data: *If you wish to act via a proxy, please also fill in and sign the POWER OF ATTORNEY form, obtain the signature of two witnesses and attach the original copy as an annex to the equity petition.*

2.1	**Proxy's name:**	
2.2	**Residential or postal address:**	
2.3	**Telephone number:**	

3. The FINANCIAL SERVICE PROVIDER's data: *(Banks, other credit institutions, insurance undertakings, financial enterprises, treasuries and investment service providers are regarded as financial service providers. Debt management companies can only be regarded as financial service providers, if their claims with regard to consumers are based on financial services. Consumer groups and their organisers, utility companies or communication providers are not regarded as financial service providers.*

3.1	**Financial service provider's name:**	
3.2	**Financial service provider's address:**	

180-A	Petitioner's name as in point 1A.: ______________________	Date of birth:

4. Statements and data relating to INSTITUTING THE PROCEDURE:

Please be informed that the Financial Arbitration Board may institute proceedings, if in respect of the same case you have not submitted an equity petition to the Board before. An exception to this rule is admissible only if in connection with your former petition no hearing was scheduled, or if you withdrew your petition during the procedure. Consumers may initiate proceedings in front of the Board only after they have attempted to settle their case with the financial service provider but were rejected, or if they did not receive an answer to their petition within 30 days-

4.1	**Please state that you have NOT submitted an equity petition to the Financial Arbitration Board before based on the same facts of the case, for the same right, except where no hearing was scheduled in connection with your petition, or if you withdrew your petition during the procedure.**	☐ **I hereby declare**
4.2	**When did you submit your equity petition to the financial service provider?**	…… day ……………… month 201... year
4.3	**Please mark with an X, if the financial service provider did not respond to your equity petition and 30 days have already elapsed since the receipt of your petition.**	☐ **yes**
4.4	**When did your receive the financial service provider's reply concerning the rejection of your equity petition?**	…… day ……………… month 201... year

5. SUBJECT OF THE EQUITY PETITION AND DESCRIPTION OF THE REASONS:

5.1 Describe the subject of the equity petition and indicate the amount involved:

5.1.1.	**Identification number of the contract, which is the subject of the petition:**	
5.1.2.	**Description of the petition:**	
5.1.3.	**Amount involved in the petition:**	HUF

5.2 Detailed presentation of the reasons for the petition:

Please describe the personal or financial situation with regard to which the financial service provider is requested to allow a more favourable possibility for performance than what was originally determined in the contract, such as, in particular, the reduction or cancellation of payment obligation, the amendment or closure of the contract, or the possibility of completing payment under conditions other than the ones determined in the contract. Attach the copies of the instruments supporting your allegations and indicate in ***Point 6*** *the documents you have attached to support your allegations.*

Please mark with an X, if you continue Point 5.2 on additional sheet 180-A/1: ☐ **yes**

2/4

180-A/1	**ADDITIONAL SHEET TO POINT 5.2** Petitioner's name as in point 1A.: ____	Date of birth: ☐☐☐☐ ☐☐ ☐☐

Detailed presentation of the reasons for the petition (continuation of Point 5.2):

3/4

180-B	Petitioner's name as in point 1A.: ____________________	Date of birth:

6. ANNEXES TO THE PETITION:

*The launch of the proceedings **is conditional upon** attaching the documents supporting your allegation to the petition. In the case of Points 6.1–6.5. it is sufficient to mark with an X on the form that you have attached the instrument, while in the case of Point 6.6 please list the additional instruments you have attached.*

Annexes:		
6.1	***Equity petition*** you have submitted to the financial institution	attached:☐
6.2	Letter of the financial institution **on the rejection of the equity petition**	attached:☐
6.3	If you have not received a response to your complaint from the financial institution, the document evidencing the submission of your complaint (e.g. the post office receipt of the registered mail)	attached:☐
6.4	**Original copy** of the filled in and signed **Power of Attorney** form, if you have filled in Point 2 of the petition)	attached:☐
6.5	Document certifying legal relationship relating to the financial service included in the equity petition (e.g.: contract, assignment notification, demand for payment)	attached:☐
6.6	**Additional documents supporting the petition:** *(Please list the additional documents attached.)*	

7. I submit the following definite petition for the decision of the Financial Arbitration Board, based on which I request that proceedings be conducted.

Please describe your request accurately. E.g.: reduction or cancellation of payment obligation, amendment or closure of the contract, or the possibility of completing payment under conditions other than the ones determined in the contract)

Done at …………………………………………, …. day …………………………………month …… 202... year

……………………………………………………………………… Signature of the Petitioner specified in Point 1A.*

……………………………………………………………………………… Signature of the Petitioner specified in Point 1B.*

** I acknowledge that in the proceedings instituted on the basis of this petition, the Financial Arbitration Board will process my personal data stated in my petition – including my sensitive data potentially provided in this context – to the extent and for the time necessary for conducting the proceedings, and it may disclose them to third parties in complying with statutory obligations.*

By signing this form, I consent to the Financial Arbitration Board processing my sensitive data potentially provided in addition to my personal data in the proceedings instituted on the basis of this petition, to the extent and for the time necessary for conducting the proceedings, and disclosing them to third parties in complying with statutory obligations.

I also acknowledge that if the data subject considers that the data processing did not comply with the statutory requirements, I have the option to initiate the proceedings of the Magyar Nemzeti Bank's internal data protection officer, or to bring the matter before court. In addition, an investigation may be initiated by filing a report to the National Authority for Data Protection and Freedom of Information on the grounds that there was an infringement in practising the rights related to the processing of personal data or there is imminent threat thereof.

4/4

Annex 1 c)

	200. SUBMISSION FILING IN PENDING PROCEEDINGS
PÉNZÜGYI BÉKÉLTETŐ TESTÜLET	This form may only be submitted electronically, after identification performed by the Central Identification Agent. The form can be used by the Petitioner (or his proxy), initiating the proceedings of the Financial Arbitration Board electronically, for filing additional submissions with the Board. The form can be submitted after identification through the Central Identification Agent even if the proceeding has been initiated by a paper-based submission. You can ask for assistance for the completion of the form at the Customer Service Desk of the Magyar Nemzeti Bank (address: 1122 Budapest, Krisztina krt. 6, phone: +36 (80) 203-776), or from the Financial Advisory Offices operating as the MNB's partners. For the contact details of the latter see: https://www.mnb.hu/fogyasztovedelem/tanacsado-irodak.
	To be submitted to the Financial Arbitration Board after identification performed by the Central Identification Agent

1. IDENTIFICATION data:			
1.1.	**Petitioner name:**		
1.2.	**Petitioner's birth date:**		☐☐☐☐ ☐☐ ☐☐
1.3.	**File number indicated on the letter received from Board, in respect of which you wish to file a submission:** (Please do not change the main number-sub-number/year format)		_______________-____/_____
1.4.	**Subject of the submission:** (Please indicate with X the subject of the submission)	☐ Supplementation	☐ Declaration
		☐ Declaration on the answer	☐ Declaration on a proposal for settlement
		☐ Other (please describe)	

2. SUBMISSION:		
2.1.	**Description of the submission:**	
		Please mark with X, if you continue point 2.1 on additional sheet 200-A/1☐ **yes**
2.2.	**Annexes to the submission:**	Please attach the annexes in pdf format if possible.

200-A/1	**ADDITIONAL SHEET FOR POINT 2.1** Name of the petitioner specified in 1.1: ____	Date of birth: ☐☐☐☐ ☐☐ ☐☐

Description of the submission: (continuation of point 2.1):

Annex 2

To be completed only if you wish to act by proxy!

POWER OF ATTORNEY

I, the undersigned:

Petitioner's (principal's) name:		
Residential address:		
Date and place of birth:	☐☐☐☐ ☐☐ ☐☐	Place of birth:

hereby authorise:

Proxy's name:		
Residential address:		
Date and place of birth:	☐☐☐☐ ☐☐ ☐☐	Place of birth:

to act on behalf of me and in my name with full powers in the proceedings started with a view to resolve the financial consumer dispute between myself and

Name of financial service provider:	
address:	

at the Financial Arbitration Board.

This power of attorney is valid until recalled and applies solely to the above financial dispute.

Performed on …………………………………………., …. day …………………………………month 20.. . year

……………………………………… Principal's signature*	……………………………………… Proxy's signature*

Witnesses:

Name:	Name:
Address:	Address:
Mother's maiden name:	Mother's maiden name:
Signature:	Signature:

** I acknowledge that in the proceedings instituted on the basis of this petition, the Financial Arbitration Board will process my personal data stated in my petition to the extent and for the time necessary for conducting the proceedings, and it may disclose them to third parties in complying with statutory obligations.*

I also acknowledge that if the data subjects consider that the processing of data did not take place in compliance with the legal requirements, they have the option to initiate the proceedings of the Magyar Nemzeti Bank's internal data protection officer, or they can bring the matter before court. In addition, an investigation may be initiated by filing a report to the National Authority for Data Protection and Freedom of Information on the grounds that there was an infringement in practising the rights related to personal data management or there is imminent danger thereof.

Annex 3

FIN-NET contact form for cross-border complaints

When to use this form: Use this contact form if you:

- live in one country of the European Economic Area (all EU countries plus Iceland, Liechtenstein and Norway)
- have a complaint against a financial services provider in another country of the European Economic Area
- have complained to the provider but are still dissatisfied and
- want to find out which out-of-court dispute resolution body might be able to resolve the dispute

How to use this form: Please complete the information requested below, and e-mail or post the form to the relevant dispute resolution body in either:

- your own country or
- the country of the financial services provider

There is a list of dispute resolution bodies in each country, along with what they cover, on the FIN-NET website. It will help if you attach a copy of essential documents, in particular, any written response the provider has made to your complaint.

Which language to use: See the list of FIN-NET members to find out which languages the different resolution bodies can handle. Choose one of these languages to fill in the form. For instance, if you decide to send the form to a FIN-NET member that can handle French and English, fill in the French or English version of the contact form. You can find the form in all available languages here.

What happens next: The FIN-NET member will tell you whether they are able to resolve your problem, or they may refer you to another member of the network. The resolution body that actually looks at your complaint may ask you to provide additional information or first fill in its own complaint form so that it can assess your case properly.

FIN-NET

FIN-NET contact form for cross-border financial services complaints

Other linguistic versions are available here

Information about you	
The country you live in	
Your surname	
Your name(s)	
Your nationality	
Your full address	
Your daytime telephone number	
Your e-mail address	
Information about the financial services provider	
Its full name	
Type of business (e.g. bank, insurer)	
The full address of the office you dealt with	
The telephone number, fax number and e-mail address of that office (optional)	
The country that the office is in	
Information about your complaint	
Brief summary of what the complaint is about	
Date of the facts that generated the dispute	
Reference of the contract, e.g. number of insurance policy (if possible, please attach a copy of the contract)	
Date you complained to the provider (if possible, please attach a copy of your message to the provider)	
Date of provider's last response (if possible, please attach a copy of the response)	
Have you filed any other procedure (court, arbitration board…) about the same facts?	

Annex 4

COOPERATING PARTNERS

Government offices – Kormányablak

Pursuant to Government Decree No 86/2019 (IV. 23) petitions for the proceeding of the Financial Arbitration Board may be submitted through any of the Government Offices. For the list and contact details of the Government Offices see:

http://kormanyablak.hu/hu/kormanyablakok

Network of Financial Navigator Advisory Offices

The Financial Navigator Advisory Office Network is a cooperating partner of the Financial Arbitration Board. For more information on the network see: https://www.mnb.hu/fogyasztovedelem/tanacsado-irodak.

Annex 5

REGULATION (EU) NO 524/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

(of 21 May 2013)

on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee (1),

Acting in accordance with the ordinary legislative procedure (2),

Whereas:

(1) Article 169(1) and point (a) of Article 169(2) of the Treaty on the Functioning of the European Union (TFEU) provide that the Union is to contribute to the attainment of a high level of consumer protection through measures adopted pursuant to Article 114 TFEU. Article 38 of the Charter of Fundamental Rights of the European Union provides that Union policies are to ensure a high level of consumer protection.

(2) In accordance with Article 26(2) TFEU, the internal market is to comprise an area without internal frontiers in which the free movement of goods and services is ensured. In order for consumers to have confidence in and benefit from the digital dimension of the internal market, it is necessary that they have access to simple, efficient, fast and low-cost ways of resolving disputes which arise from the sale of goods or the supply of services online. This is particularly important when consumers shop cross-border.

(3) In its Communication of 13 April 2011 entitled 'Single Market Act — Twelve levers to boost growth and strengthen confidence — "Working together to create new growth" ', the Commission identified legislation on alternative dispute resolution (ADR) which includes an electronic commerce dimension as one of the twelve levers to boost growth and strengthen confidence in the Single Market.

(4) Fragmentation of the internal market impedes efforts to boost competitiveness and growth. Furthermore, the uneven availability, quality and awareness of simple, efficient, fast and low-cost means of resolving disputes arising from the sale of goods or provision of services across the Union constitutes a barrier within the internal market which undermines consumers' and traders' confidence in shopping and selling across borders.

(5) In its conclusions of 24-25 March and 23 October 2011, the European Council invited the European Parliament and the Council to adopt, by the end of 2012, a first set of priority measures to bring a new impetus to the Single Market.

(6) The internal market is a reality for consumers in their daily lives, when they travel, make purchases and make payments. Consumers are key players in the internal market and should therefore be at its heart. The digital dimension of the internal market is becoming vital for both consumers and traders. Consumers increasingly make purchases online and an increasing number of traders sell online. Consumers and traders should feel confident in carrying out transactions

online so it is essential to dismantle existing barriers and to boost consumer confidence. The availability of reliable and efficient online dispute resolution (ODR) could greatly help achieve this goal.

(7) Being able to seek easy and low-cost dispute resolution can boost consumers' and traders' confidence in the digital Single Market. Consumers and traders, however, still face barriers to finding out-of-court solutions in particular to their disputes arising from cross-border online transactions. Thus, such disputes currently are often left unresolved.

(8) ODR offers a simple, efficient, fast and low-cost out-of-court solution to disputes arising from online transactions. However, there is currently a lack of mechanisms which allow consumers and traders to resolve such disputes through electronic means; this leads to consumer detriment, acts as a barrier, in particular, to cross-border online transactions, and creates an uneven playing field for traders, and thus hampers the overall development of online commerce.

(9) This Regulation should apply to the out-of-court resolution of disputes initiated by consumers resident in the Union against traders established in the Union which are covered by Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes (Directive on consumer ADR) (3).

(10) In order to ensure that the ODR platform can also be used for ADR procedures which allow traders to submit complaints against consumers, this Regulation should also apply to the out-of-court resolution of disputes initiated by traders against consumers where the relevant ADR procedures are offered by ADR entities listed in accordance with Article 20(2) of Directive 2013/11/EU. The application of this Regulation to such disputes should not impose any obligation on Member States to ensure that the ADR entities offer such procedures.

(11) Although in particular consumers and traders carrying out cross-border online transactions will benefit from the ODR platform, this Regulation should also apply to domestic online transactions in order to allow for a true level playing field in the area of online commerce.

(12) This Regulation should be without prejudice to Directive 2008/52/EC of the European Parliament and of the Council of 21 May 2008 on certain aspects of mediation in civil and commercial matters (4).

(13) The definition of 'consumer' should cover natural persons who are acting outside their trade, business, craft or profession. However, if the contract is concluded for purposes partly within and partly outside the person's trade (dual purpose contracts) and the trade purpose is so limited as not to be predominant in the overall context of the supply, that person should also be considered as a consumer.

(14) The definition of 'online sales or service contract' should cover a sales or service contract where the trader, or the trader's intermediary, has offered goods or services through a website or by other electronic means and the consumer has ordered those goods or services on that website or by other electronic means. This should also cover cases where the consumer has accessed the website or other information society service through a mobile electronic device such as a mobile telephone.

(15) This Regulation should not apply to disputes between consumers and traders that arise from sales or service contracts concluded offline and to disputes between traders.

(16) This Regulation should be considered in conjunction with Directive 2013/11/EU which requires Member States to ensure that all disputes between consumers resident and traders established in the Union which arise from the sale of goods or provisions of services can be submitted to an ADR entity.

(17) Before submitting their complaint to an ADR entity through the ODR platform, consumers should be encouraged by Member States to contact the trader by any appropriate means, with the aim of resolving the dispute amicably.

(18) This Regulation aims to create an ODR platform at Union level. The ODR platform should take the form of an interactive website offering a single point of entry to consumers and traders seeking to resolve disputes out-of-court which have arisen from online transactions. The ODR platform should provide general information regarding the out-of-court

resolution of contractual disputes between traders and consumers arising from online sales and service contracts. It should allow consumers and traders to submit complaints by filling in an electronic complaint form available in all the official languages of the institutions of the Union and to attach relevant documents. It should transmit complaints to an ADR entity competent to deal with the dispute concerned. The ODR platform should offer, free of charge, an electronic case management tool which enables ADR entities to conduct the dispute resolution procedure with the parties through the ODR platform. ADR entities should not be obliged to use the case management tool.

(19) The Commission should be responsible for the development, operation and maintenance of the ODR platform and provide all technical facilities necessary for the functioning of the platform. The ODR platform should offer an electronic translation function which enables the parties and the ADR entity to have the information which is exchanged through the ODR platform and is necessary for the resolution of the dispute translated, where appropriate. That function should be capable of dealing with all necessary translations and should be supported by human intervention, if necessary. The Commission should also provide, on the ODR platform, information for complainants about the possibility of requesting assistance from the ODR contact points.

(20) The ODR platform should enable the secure interchange of data with ADR entities and respect the underlying principles of the European Interoperability Framework adopted pursuant to Decision 2004/387/EC of the European Parliament and of the Council of 21 April 2004 on interoperable delivery of pan-European eGovernment services to public administrations, businesses and citizens (IDABC) (5).

(21) The ODR platform should be made accessible, in particular, through the 'Your Europe portal' established in accordance with Annex II to Decision 2004/387/EC, which provides access to pan-European, multilingual online information and interactive services to businesses and citizens in the Union. The ODR platform should be given prominence on the 'Your Europe portal'.

(22) An ODR platform at Union level should build on existing ADR entities in the Member States and respect the legal traditions of the Member States. ADR entities to which a complaint has been transmitted through the ODR platform should therefore apply their own procedural rules, including rules on cost. However, this Regulation intends to establish some common rules applicable to those procedures that will safeguard their effectiveness. This should include rules ensuring that such dispute resolution does not require the physical presence of the parties or their representatives before the ADR entity, unless its procedural rules provide for that possibility and the parties agree.

(23) Ensuring that all ADR entities listed in accordance with Article 20(2) of Directive 2013/11/EU are registered with the ODR platform should allow for full coverage in online out-of-court resolution for disputes arising from online sales or service contracts.

(24) This Regulation should not prevent the functioning of any existing dispute resolution entity operating online or of any ODR mechanism within the Union. It should not prevent dispute resolution entities or mechanisms from dealing with online disputes which have been submitted directly to them.

(25) ODR contact points hosting at least two ODR advisors should be designated in each Member State. The ODR contact points should support the parties involved in a dispute submitted through the ODR platform without being obliged to translate documents relating to that dispute. Member States should have the possibility to confer the responsibility for the ODR contact points on their centres of the European Consumer Centres Network. Member States should make use of that possibility in order to allow ODR contact points to fully benefit from the experience of the centres of the European Consumer Centres Network in facilitating the settlement of disputes between consumers and traders. The Commission should establish a network of ODR contact points to facilitate their cooperation and work and provide, in cooperation with Member States, appropriate training for ODR contact points.

(26) The right to an effective remedy and the right to a fair trial are fundamental rights laid down in Article 47 of the Charter of Fundamental Rights of the European Union. ODR is not intended to and cannot be designed to replace

court procedures, nor should it deprive consumers or traders of their rights to seek redress before the courts. This Regulation should not, therefore, prevent parties from exercising their right of access to the judicial system.

(27) The processing of information under this Regulation should be subject to strict guarantees of confidentiality and should comply with the rules on the protection of personal data laid down in Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (6) and in Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (7). Those rules should apply to the processing of personal data carried out under this Regulation by the various actors of the ODR platform, whether they act alone or jointly with other such actors.

(28) Data subjects should be informed about, and give their consent to, the processing of their personal data in the ODR platform, and should be informed about their rights with regard to that processing, by means of a comprehensive privacy notice to be made publicly available by the Commission and explaining, in clear and simple language, the processing operations performed under the responsibility of the various actors of the platform, in accordance with Articles 11 and 12 of Regulation (EC) No 45/2001 and with national legislation adopted pursuant to Articles 10 and 11 of Directive 95/46/EC.

(29) This Regulation should be without prejudice to provisions on confidentiality in national legislation relating to ADR.

(30) In order to ensure broad consumer awareness of the existence of the ODR platform, traders established within the Union engaging in online sales or service contracts should provide, on their websites, an electronic link to the ODR platform. Traders should also provide their email address so that consumers have a first point of contact. A significant proportion of online sales and service contracts are concluded using online marketplaces, which bring together or facilitate online transactions between consumers and traders. Online marketplaces are online platforms which allow traders to make their products and services available to consumers. Such online marketplaces should therefore have the same obligation to provide an electronic link to the ODR platform. This obligation should be without prejudice to Article 13 of Directive 2013/11/EU concerning the requirement that traders inform consumers about the ADR procedures by which those traders are covered and about whether or not they commit to use ADR procedures to resolve disputes with consumers. Furthermore, that obligation should be without prejudice to point (t) of Article 6(1) and to Article 8 of Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights (8). Point (t) of Article 6(1) of Directive 2011/83/EU stipulates for consumer contracts concluded at a distance or off premises, that the trader is to inform the consumer about the possibility of having recourse to an out-of-court complaint and redress mechanism to which the trader is subject, and the methods for having access to it, before the consumer is bound by the contract. For the same consumer awareness reasons, Member States should encourage consumer associations and business associations to provide an electronic link to the website of the ODR platform.

(31) In order to take into account the criteria by which the ADR entities define their respective scopes of application the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission to adapt the information which a complainant is to provide in the electronic complaint form made available on the ODR platform. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

(32) In order to ensure uniform conditions for the implementation of this Regulation implementing powers should be conferred on the Commission in respect of the functioning of the ODR platform, the modalities for the submission of a complaint and cooperation within the network of ODR contact points. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (9). The advisory procedure should be used for the adoption of implementing acts relating

to the electronic complaint form given its purely technical nature. The examination procedure should be used for the adoption of the rules concerning the modalities of cooperation between the ODR advisors of the network of ODR contact points.

(33) In the application of this Regulation, the Commission should consult, where appropriate, the European Data Protection Supervisor.

(34) Since the objective of this Regulation, namely to set up a European ODR platform for online disputes governed by common rules, cannot be sufficiently achieved by the Member States and can therefore, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.

(35) This Regulation respects fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union and specifically Articles 7, 8, 38 and 47 thereof.

(36) The European Data Protection Supervisor was consulted in accordance with Article 28(2) of Regulation (EC) No 45/2001 and delivered an opinion on 12 January 2012 (10),

HAVE ADOPTED THIS REGULATION:

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter

The purpose of this Regulation is, through the achievement of a high level of consumer protection, to contribute to the proper functioning of the internal market, and in particular of its digital dimension by providing a European ODR platform ('ODR platform') facilitating the independent, impartial, transparent, effective, fast and fair out-of-court resolution of disputes between consumers and traders online.

Article 2

Scope

1. This Regulation shall apply to the out-of-court resolution of disputes concerning contractual obligations stemming from online sales or service contracts between a consumer resident in the Union and a trader established in the Union through the intervention of an ADR entity listed in accordance with Article 20(2) of Directive 2013/11/EU and which involves the use of the ODR platform.

2. This Regulation shall apply to the out-of-court resolution of disputes referred to in paragraph 1, which are initiated by a trader against a consumer, in so far as the legislation of the Member State where the consumer is habitually resident allows for such disputes to be resolved through the intervention of an ADR entity.

3. Member States shall inform the Commission about whether or not their legislation allows for disputes referred to in paragraph 1, which are initiated by a trader against a consumer, to be resolved through the intervention of an ADR entity. Competent authorities shall, when they notify the list referred to in Article 20(2) of Directive 2013/11/EU, inform the Commission about which ADR entities deal with such disputes.

4. The application of this Regulation to disputes referred to in paragraph 1, which are initiated by a trader against a consumer, shall not impose any obligation on Member States to ensure that ADR entities offer procedures for the out-of-court resolution of such disputes.

Article 3

Relationship with other Union legal acts

This Regulation shall be without prejudice to Directive 2008/52/EC.

Article 4

Definitions

1. For the purposes of this Regulation:
   (a) 'consumer' means a consumer as defined in point (a) of Article 4(1) of Directive 2013/11/EU;
   (b) 'trader' means a trader as defined in point (b) of Article 4(1) of Directive 2013/11/EU;
   (c) 'sales contract' means a sales contract as defined in point (c) of Article 4(1) of Directive 2013/11/EU;
   (d) 'service contract' means a service contract as defined in point (d) of Article 4(1) of Directive 2013/11/EU;
   (e) 'online sales or service contract' means a sales or service contract where the trader, or the trader's intermediary, has offered goods or services on a website or by other electronic means and the consumer has ordered such goods or services on that website or by other electronic means;
   (f) 'online marketplace' means a service provider, as defined in point (b) of Article 2 of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce') (11), which allows consumers and traders to conclude online sales and service contracts on the online marketplace's website;
   (g) 'electronic means' means electronic equipment for the processing (including digital compression) and storage of data which is entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means;
   (h) 'alternative dispute resolution procedure' ('ADR procedure') means a procedure for the out-of-court resolution of disputes as referred to in Article 2 of this Regulation;
   (i) 'alternative dispute resolution entity' ('ADR entity') means an ADR entity as defined in point (h) of Article 4(1) of Directive 2013/11/EU;
   (j) 'complainant party' means the consumer who or the trader that has submitted a complaint through the ODR platform;
   (k) 'respondent party' means the consumer against whom or the trader against whom a complaint has been submitted through the ODR platform;
   (l) 'competent authority' means a public authority as defined in point (i) of Article 4(1) of Directive 2013/11/EU;
   (m) 'personal data' means any information relating to an identified or identifiable natural person ('data subject'); an identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to that person's physical, physiological, mental, economic, cultural or social identity.

2. The place of establishment of the trader and of the ADR entity shall be determined in accordance with Article 4(2) and (3) of Directive 2013/11/EU, respectively.

CHAPTER II

ODR PLATFORM

Article 5

Establishment of the ODR platform

1. The Commission shall develop the ODR platform (and be responsible for its operation, including all the translation functions necessary for the purpose of this Regulation, its maintenance, funding and data security. The ODR platform shall be user-friendly. The development, operation and maintenance of the ODR platform shall ensure that the privacy of its users is respected from the design stage (‘privacy by design’) and that the ODR platform is accessible and usable by all, including vulnerable users (‘design for all’), as far as possible.

2. The ODR platform shall be a single point of entry for consumers and traders seeking the out-of-court resolution of disputes covered by this Regulation. It shall be an interactive website which can be accessed electronically and free of charge in all the official languages of the institutions of the Union.

3. The Commission shall make the ODR platform accessible, as appropriate, through its websites which provide information to citizens and businesses in the Union and, in particular, through the ‘Your Europe portal’ established in accordance with Decision 2004/387/EC.

4. The ODR platform shall have the following functions:
   (a) to provide an electronic complaint form which can be filled in by the complainant party in accordance with Article 8;
   (b) to inform the respondent party about the complaint;
   (c) to identify the competent ADR entity or entities and transmit the complaint to the ADR entity, which the parties have agreed to use, in accordance with Article 9;
   (d) to offer an electronic case management tool free of charge, which enables the parties and the ADR entity to conduct the dispute resolution procedure online through the ODR platform;
   (e) to provide the parties and ADR entity with the translation of information which is necessary for the resolution of the dispute and is exchanged through the ODR platform;
   (f) to provide an electronic form by means of which ADR entities shall transmit the information referred to in point (c) of Article 10;
   (g) to provide a feedback system which allows the parties to express their views on the functioning of the ODR platform and on the ADR entity which has handled their dispute;
   (h) to make publicly available the following:
      (i) general information on ADR as a means of out-of-court dispute resolution;
      (ii) information on ADR entities listed in accordance with Article 20(2) of Directive 2013/11/EU which are competent to deal with disputes covered by this Regulation;
      (iii) an online guide about how to submit complaints through the ODR platform;
      (iv) information, including contact details, on ODR contact points designated by the Member States in accordance with Article 7(1) of this Regulation;
      (v) statistical data on the outcome of the disputes which were transmitted to ADR entities through the ODR platform.

5. The Commission shall ensure that the information referred to in point (h) of paragraph 4 is accurate, up to date and provided in a clear, understandable and easily accessible way.

6. ADR entities listed in accordance with Article 20(2) of Directive 2013/11/EU which are competent to deal with disputes covered by this Regulation shall be registered electronically with the ODR platform.

7. The Commission shall adopt measures concerning the modalities for the exercise of the functions provided for in paragraph 4 of this Article through implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 16(3) of this Regulation.

Article 6

Testing of the ODR platform

1. The Commission shall, by 9 January 2015 test the technical functionality and user-friendliness of the ODR platform and of the complaint form, including with regard to translation. The testing shall be carried out and evaluated in cooperation with experts in ODR from the Member States and consumer and trader representatives. The Commission shall submit a report to the European Parliament and the Council of the result of the testing and take the appropriate measures to address potential problems in order to ensure the effective functioning of the ODR platform.

2. In the report referred to in paragraph 1 of this Article, the Commission shall also describe the technical and organisational measures it intends to take to ensure that the ODR platform meets the privacy requirements set out in Regulation (EC) No 45/2001.

Article 7

Network of ODR contact points

1. Each Member State shall designate one ODR contact point and communicate its name and contact details to the Commission. The Member States may confer responsibility for the ODR contact points on their centres of the European Consumer Centres Network, on consumer associations or on any other body. Each ODR contact point shall host at least two ODR advisors.

2. The ODR contact points shall provide support to the resolution of disputes relating to complaints submitted through the ODR platform by fulfilling the following functions:
   (a) if requested, facilitating communication between the parties and the competent ADR entity, which may include, in particular:
      (i) assisting with the submission of the complaint and, where appropriate, relevant documentation;
      (ii) providing the parties and ADR entities with general information on consumer rights in relation to sales and service contracts which apply in the Member State of the ODR contact point which hosts the ODR advisor concerned;
      (iii) providing information on the functioning of the ODR platform;
      (iv) providing the parties with explanations on the procedural rules applied by the ADR entities identified;
      (v) informing the complainant party of other means of redress when a dispute cannot be resolved through the ODR platform;
   (b) submitting, based on the practical experience gained from the performance of their functions, every two years an activity report to the Commission and to the Member States.

3. The ODR contact point shall not be obliged to perform the functions listed in paragraph 2 in the case of disputes where the parties are habitually resident in the same Member State.

4. Notwithstanding paragraph 3, the Member States may decide, taking into account national circumstances, that the ODR contact point performs one or more functions listed in paragraph 2 in the case of disputes where the parties are habitually resident in the same Member State.

5. The Commission shall establish a network of contact points (‘ODR contact points network’) which shall enable cooperation between contact points and contribute to the performance of the functions listed in paragraph 2.

6. The Commission shall at least twice a year convene a meeting of members of the ODR contact points network in order to permit an exchange of best practice, and a discussion of any recurring problems encountered in the operation of the ODR platform.

7. The Commission shall adopt the rules concerning the modalities of the cooperation between the ODR contact points through implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 16(3).

Article 8

Submission of a complaint

1. In order to submit a complaint to the ODR platform the complainant party shall fill in the electronic complaint form. The complaint form shall be user-friendly and easily accessible on the ODR platform.

2. The information to be submitted by the complainant party shall be sufficient to determine the competent ADR entity. That information is listed in the Annex to this Regulation. The complainant party may attach documents in support of the complaint.

3. In order to take into account the criteria by which the ADR entities, that are listed in accordance with Article 20(2) of Directive 2013/11/EU and that deal with disputes covered by this Regulation, define their respective scopes of application, the Commission shall be empowered to adopt delegated acts in accordance with Article 17 of this Regulation to adapt the information listed in the Annex to this Regulation.

4. The Commission shall lay down the rules concerning the modalities for the electronic complaint form by means of implementing acts. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 16(2).

5. Only data which are accurate, relevant and not excessive in relation to the purposes for which they are collected shall be processed through the electronic complaint form and its attachments.

Article 9

Processing and transmission of a complaint

1. A complaint submitted to the ODR platform shall be processed if all the necessary sections of the electronic complaint form have been completed.

2. If the complaint form has not been fully completed, the complainant party shall be informed that the complaint cannot be processed further, unless the missing information is provided.

3. Upon receipt of a fully completed complaint form, the ODR platform shall, in an easily understandable way and without delay, transmit to the respondent party, in one of the official languages of the institutions of the Union chosen by that party, the complaint together with the following data:
   (a) information that the parties have to agree on an ADR entity in order for the complaint to be transmitted to it, and that, if no agreement is reached by the parties or no competent ADR entity is identified, the complaint will not be processed further;
   (b) information about the ADR entity or entities which are competent to deal with the complaint, if any are referred to in the electronic complaint form or are identified by the ODR platform on the basis of the information provided in that form;
   (c) in the event that the respondent party is a trader, an invitation to state within 10 calendar days:
      – whether the trader commits to, or is obliged to use, a specific ADR entity to resolve disputes with consumers, and
      – unless the trader is obliged to use a specific ADR entity, whether the trader is willing to use any ADR entity or entities from those referred to in point (b);
   (d) in the event that the respondent party is a consumer and the trader is obliged to use a specific ADR entity, an invitation to agree within 10 calendar days on that ADR entity or, in the event that the trader is not obliged to use a specific ADR entity, an invitation to select one or more ADR entities from those referred to in point (b);

(e) the name and contact details of the ODR contact point in the Member State where the respondent party is established or resident, as well as a brief description of the functions referred to in point (a) of Article 7(2).

4. Upon receipt from the respondent party of the information referred to in point (c) or point (d) of paragraph 3, the ODR platform shall in an easily understandable way and without delay communicate to the complainant party, in one of the official languages of the institutions of the Union chosen by that party, the following information:
(a) the information referred to in point (a) of paragraph 3;
(b) in the event that the complainant party is a consumer, the information about the ADR entity or entities stated by the trader in accordance with point (c) of paragraph 3 and an invitation to agree within 10 calendar days on an ADR entity;
(c) in the event that the complainant party is a trader and the trader is not obliged to use a specific ADR entity, the information about the ADR entity or entities stated by the consumer in accordance with point (d) of paragraph 3 and an invitation to agree within 10 calendar days on an ADR entity;
(d) the name and contact details of the ODR contact point in the Member State where the complainant party is established or resident, as well as a brief description of the functions referred to in point (a) of Article 7(2).

5. The information referred to in point (b) of paragraph 3 and in points (b) and (c) of paragraph 4 shall include a description of the following characteristics of each ADR entity:
(a) the name, contact details and website address of the ADR entity;
(b) the fees for the ADR procedure, if applicable;
(c) the language or languages in which the ADR procedure can be conducted;
(d) the average length of the ADR procedure;
(e) the binding or non-binding nature of the outcome of the ADR procedure;
(f) the grounds on which the ADR entity may refuse to deal with a given dispute in accordance with Article 5(4) of Directive 2013/11/EU.

6. The ODR platform shall automatically and without delay transmit the complaint to the ADR entity that the parties have agreed to use in accordance with paragraphs 3 and 4.

7. The ADR entity to which the complaint has been transmitted shall without delay inform the parties about whether it agrees or refuses to deal with the dispute in accordance with Article 5(4) of Directive 2013/11/EU. The ADR entity which has agreed to deal with the dispute shall also inform the parties of its procedural rules and, if applicable, of the costs of the dispute resolution procedure concerned.

8. Where the parties fail to agree within 30 calendar days after submission of the complaint form on an ADR entity, or the ADR entity refuses to deal with the dispute, the complaint shall not be processed further. The complainant party shall be informed of the possibility of contacting an ODR advisor for general information on other means of redress.

Article 10

Resolution of the dispute

An ADR entity which has agreed to deal with a dispute in accordance with Article 9 of this Regulation shall:
(a) conclude the ADR procedure within the deadline referred to in point (e) of Article 8 of Directive 2013/11/EU;
(b) not require the physical presence of the parties or their representatives, unless its procedural rules provide for that possibility and the parties agree;
(c) without delay transmit the following information to the ODR platform:
(i) the date of receipt of the complaint file;
(ii) the subject-matter of the dispute;
(iii) the date of conclusion of the ADR procedure;
(iv) the result of the ADR procedure;
(d) not be required to conduct the ADR procedure through the ODR platform.

Article 11

Database

The Commission shall take the necessary measures to establish and maintain an electronic database in which it shall store the information processed in accordance with Article 5(4) and point (c) of Article 10 taking due account of Article 13(2).

Article 12

Processing of personal data

1. Access to information, including personal data, related to a dispute and stored in the database referred to in Article 11 shall be granted, for the purposes referred to in Article 10, only to the ADR entity to which the dispute was transmitted in accordance with Article 9. Access to the same information shall be granted also to ODR contact points, in so far as it is necessary, for the purposes referred to in Article 7(2) and (4).

2. The Commission shall have access to information processed in accordance with Article 10 for the purposes of monitoring the use and functioning of the ODR platform and drawing up the reports referred to in Article 21. It shall process personal data of the users of the ODR platform in so far as it is necessary for the operation and maintenance of the ODR platform, including for the purposes of monitoring the use of the ODR platform by ADR entities and ODR contact points.

3. Personal data related to a dispute shall be kept in the database referred to in paragraph 1 of this Article only for the time necessary to achieve the purposes for which they were collected and to ensure that data subjects are able to access their personal data in order to exercise their rights, and shall be automatically deleted, at the latest, six months after the date of conclusion of the dispute which has been transmitted to the ODR platform in accordance with point (iii) of point (c) of Article 10. That retention period shall also apply to personal data kept in national files by the ADR entity or the ODR contact point which dealt with the dispute concerned, except if the procedural rules applied by the ADR entity or any specific provisions of national law provide for a longer retention period.

4. Each ODR advisor shall be regarded as a controller with respect to its data processing activities under this Regulation, in accordance with point (d) of Article 2 of Directive 95/46/EC, and shall ensure that those activities comply with national legislation adopted pursuant to Directive 95/46/EC in the Member State of the ODR contact point hosting the ODR advisor.

5. Each ADR entity shall be regarded as a controller with respect to its data processing activities under this Regulation, in accordance with point (d) of Article 2 of Directive 95/46/EC, and shall ensure that those activities comply with national legislation adopted pursuant to Directive 95/46/EC in the Member State where the ADR entity is established.

6. In relation to its responsibilities under this Regulation and the processing of personal data involved therein, the Commission shall be regarded as a controller in accordance with point (d) of Article 2 of Regulation (EC) No 45/2001.

Article 13

Data confidentiality and security

1. ODR contact points shall be subject to rules of professional secrecy or other equivalent duties of confidentiality laid down in the legislation of the Member State concerned.

2. The Commission shall take the appropriate technical and organisational measures to ensure the security of information processed under this Regulation, including appropriate data access control, a security plan and a security incident management, in accordance with Article 22 of Regulation (EC) No 45/2001.

Article 14

Consumer information

1. Traders established within the Union engaging in online sales or service contracts, and online marketplaces established within the Union, shall provide on their websites an electronic link to the ODR platform. That link shall be easily accessible for consumers. Traders established within the Union engaging in online sales or service contracts shall also state their e-mail addresses.

2. Traders established within the Union engaging in online sales or service contracts, which are committed or obliged to use one or more ADR entities to resolve disputes with consumers, shall inform consumers about the existence of the ODR platform and the possibility of using the ODR platform for resolving their disputes. They shall provide an electronic link to the ODR platform on their websites and, if the offer is made by e-mail, in that e-mail. The information shall also be provided, where applicable, in the general terms and conditions applicable to online sales and service contracts.

3. Paragraphs 1 and 2 of this Article shall be without prejudice to Article 13 of Directive 2013/11/EU and the provisions on consumer information on out-of-court redress procedures contained in other Union legal acts, which shall apply in addition to this Article.

4. The list of ADR entities referred to in Article 20(4) of Directive 2013/11/EU and its updates shall be published in the ODR platform.

5. Member States shall ensure that ADR entities, the centres of the European Consumer Centres Network, the competent authorities defined in Article 18(1) of Directive 2013/11/EU, and, where appropriate, the bodies designated in accordance with Article 14(2) of Directive 2013/11/EU provide an electronic link to the ODR platform.

6. Member States shall encourage consumer associations and business associations to provide an electronic link to the ODR platform.

7. When traders are obliged to provide information in accordance with paragraphs 1 and 2 and with the provisions referred to in paragraph 3, they shall, where possible, provide that information together.

Article 15

Role of the competent authorities

The competent authority of each Member State shall assess whether the ADR entities established in that Member State comply with the obligations set out in this Regulation.

CHAPTER III

FINAL PROVISIONS

Article 16

Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

4. Where the opinion of the committee under paragraphs 2 and 3 is to be obtained by written procedure, that procedure shall be terminated without result when, within the time-limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so request.

Article 17

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 8(3) shall be conferred for an indeterminate period of time from 8 July 2013.

3. The delegation of power referred to in Article 8(3) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

5. A delegated act adopted pursuant to Article 8(3) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 18

Penalties

Member States shall lay down the rules on penalties applicable to infringements of this Regulation and shall take all measures necessary to ensure that they are implemented. The penalties provided for must be effective, proportionate and dissuasive.

Article 19

Amendment to Regulation (EC) No 2006/2004

In the Annex to Regulation (EC) No 2006/2004 of the European Parliament and of the Council (12) the following point is added:

‘21. Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes (Regulation on consumer ODR) (OJ L 165, 18.6.2013, p. 1): Article 14.’

Article 20

Amendment to Directive 2009/22/EC

Directive 2009/22/EC of the European Parliament and of the Council (13) is amended as follows:

(1) in Article 1(1) and (2) and point (b) of Article 6(2), the words ‘Directives listed in Annex I’ are replaced with the words ‘Union acts listed in Annex I’;

(2) in the heading of Annex I, the words ‘LIST OF DIRECTIVES’ are replaced by the words ‘LIST OF UNION ACTS’;

(3) in Annex I, the following point is added:

‘15. Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes (Regulation on consumer ODR) (OJ L 165, 18.6.2013, p. 1): Article 14.’

Article 21

Reports

1. The Commission shall report to the European Parliament and the Council on the functioning of the ODR platform on a yearly basis and for the first time one year after the ODR platform has become operational.

2. By 9 July 2018 and every three years thereafter the Commission shall submit to the European Parliament and the Council a report on the application of this Regulation, including in particular on the user-friendliness of the complaint form and the possible need for adaptation of the information listed in the Annex to this Regulation. That report shall be accompanied, if necessary, by proposals for adaptations to this Regulation.

3. Where the reports referred to in paragraphs 1 and 2 are to be submitted in the same year, only one joint report shall be submitted.

Article 22

Entry into force

1. This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

2. This Regulation shall apply from 9 January 2016, except for the following provisions:

– Article 2(3) and Article 7(1) and (5), which shall apply from 9 July 2015,

– Article 5(1) and (7), Article 6, Article 7(7), Article 8(3) and (4) and Articles 11, 16 and 17, which shall apply from 8 July 2013.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg, 21 May 2013.

For the European Parliament

The President

M. SCHULZ

For the Council

The President

L. CREIGHTON

(1. OJ C 181, 21.6.2012, p. 99.

(2. Position of the European Parliament of 12 March 2013 (not yet published in the Official Journal) and Decision of the Council of 22 April 2013.

(3. See page 63 of this Official Journal.

(4. OJ L 136, 24.5.2008, p. 3.

(5. OJ L 144, 30.4.2004, p. 62.

(6. OJ L 281, 23.11.1995, p. 31.

(7. OJ L 8, 12.1.2001, p. 1.

(8. OJ L 304, 22.11.2011, p. 64.

(9. OJ L 55, 28.2.2011, p. 13.

(10. OJ C 136, 11.5.2012, p. 1.

(11. OJ L 178, 17.7.2000, p. 1.

(12. OJ L 364, 9.12.2004, p. 1.

(13. OJ L 110, 1.5.2009, p. 30.

ANNEX

Information to be provided when submitting a complaint

(1) Whether the complainant party is a consumer or a trader;

(2) The name and e-mail and geographical address of the consumer;

(3) The name and e-mail, website an geographical address of the trader;

(4) The name and email and geographical address of the complainant party's representative, if applicable;

(5) The language(s) of the complainant party or representative, if applicable;

(6) The language of the respondent party, if known;

(7) The type of good or service to which the complaint relates;

(8) Whether the good or service was offered by the trader and ordered by the consumer on a website or by other electronic means;

(9) The price of the good or service purchased;

(10) The date on which the consumer purchased the good or service;

(11) Whether the consumer has made direct contact with the trader;

(12) Whether the dispute is being or has previously been considered by an ADR entity or by a court;

(13) The type of complaint;

(14) The description of the complaint;

(15) If the complainant party is a consumer, the ADR entities the trader is obliged to or has committed to use in accordance with Article 13(1) of Directive 2013/11/EU, if known;

(16) If the complainant party is a trader, which ADR entity or entities the trader commits to or is obliged to use.

Annex 9

RULES GOVERNING THE REGISTRATION OF THE SUBMISSION DECLARATIONS

Pursuant to the provisions of Article 103(2) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank (hereinafter: *MNB Act*) the Financial Arbitration Board keeps a register on the submission declarations made in accordance with Article 103(1) of the MNB Act by the persons or organisations (*financial service providers*) falling with the laws stipulated in Article 39 of the MNB Act. The Board defines the administrative rules applicable to the registration of the submission declaration in this regulation.

1. The Board keeps an up-to-date register of the submission declarations submitted by financial service providers to the Financial Arbitration Board. The registration takes place in the IT framework used by the Board and equipped with a user interface accessible on the intranet (hereinafter: *register*). The effective and public data in the register are also published on the Board's website.

2. The submission declarations submitted by financial service providers to the Board are filed and scanned in accordance with the general document management rules in the document management system used at the Magyar Nemzeti Bank. Should the filing of any submission declaration be omitted, the Office of the Board will arrange for the filing of the given declaration and thereafter for the registration thereof in accordance with the present rules.

3. The designated colleague of the Office loads the data included in the registered submission declarations in the register. The following data must be captured:

3.1. the name of the financial service provider;

3.2. the seat of the financial service provider;

3.3. the registration number of the financial service provider;

3.4. the market classification of the financial service provider;

3.5. the fact that submission declaration is restricted to certain services or amounts, and the content of such restriction;

3.6. the validity of the submission declaration;

3.7. the file number of the submission declaration.

4. If a financial service provider withdraws the submission declaration or modifies the content thereof, the designated colleague of the Office shall update the register with the withdrawal or the modification within 8 days from the receipt of the filed declaration by the Board.

5. If a financial service provider that made a submission declaration is dissolved without a legal successor and the Board is informed thereof by the said service provider or from other official sources, the designated colleague of the Office shall invalidate the submission declaration in respect of the said financial service provider with effect of its dissolution without a legal successor.

6. If a financial service provider that made a submission declaration is dissolved with a legal successor and the Board is informed about the dissolution or the legal succession by the said service provider or its legal successor, the Board shall modify the data of the said financial service provider indicated in the register with regard to the submission, or if the submission declaration is not confirmed by the legal successor, it shall invalidate the submission declaration with effect of the dissolution. If the legal successor confirms the submission declaration made by the financial service provider dissolved with a legal successor and accepts it as binding on it, this fact will be published on the Board's website as a separate special announcement.

7. The Board verifies the corporate data of the financial service providers that made a submission declaration half-yearly, by the 10th day of the month following the closed half-year, and if it notices any change in the corporate data of the service provider, it updates the register accordingly.

8. Following the updating of the register with the content of the declaration, the designated colleague of the Office shall archive the submission declaration or the instrument containing the modification or withdrawal thereof in accordance with the general document management rules.

Annex 10

RULES PERTAINING TO DATA COLLECTION AND THE MANAGEMENT OF DATA ASSET

1. During its operation the Board captures and stores the data received from petitioners and financial service providers in its case registration system (FAB Info system) to the degree and until the time necessary for the implementation of its activity, and in compliance with the relevant laws. It manages only such personal and special data that are essential for the realisation of the objective of the data management and suitable for attaining the goal.

2. Beyond the pursuance of conciliation activity the data also serve statistical purposes. The data collected and stored in the case registration system comprise of the data supplied by petitioners, the data requested in the calls for supplementation, and the data supplied by and asked from financial service providers.

3. The collected and stored data include in particular the following items:
   a) the name, place of residence or abode of the petitioner,
   b) the name and registered office of the financial service provider involved in the dispute,
   c) all data related to the petitioned case, based on the description of the petitioner's position
   d) the data and information included in the evidence presented by the petitioner
   e) the information and data obtained in connection to the rejected complaint
   f) the data and information supplied by financial service providers
   g) the data of persons acting as proxies based on the power of attorney provided by the parties
   h) the data and information related to other third parties included in the instruments that the petitioner and/or the financial service provider refers to as evidence.

3. The Board provides the stakeholder within the legislative framework with the opportunity to control the management of his data, thus the respective person may request information on the management of his personal data, the correction or the deletion of his personal data – with the exception of the mandatory data management ordered by the laws – and, if the law permits, he may object to the management of his personal data. The information is provided free.

4. For the purpose of performing its task regulated by the effective Hungarian laws and the mandatory acts of the European Union, the Board may manage personal and special data. In the absence of statutory authorisation or authorisation based on the European Union's mandatory acts, the management of the data may be solely based on the voluntary and definite – in the case of special data, written – informed consent of the stakeholder, where he gives his unambiguous consent to the management of the relevant personal data for definite purposes and with definite scope. Upon obtaining consent the stakeholder must be expressly reminded of the voluntary nature of the consent. Since the procedures conducted at the Board are started at the petition or initiative of private individuals qualifying as consumers – in the case of petitions for the determination of the settlement obligation at the initiative of non-private individual petitioners not qualifying as consumers – in their case consent with regard to personal data provided by them must be presumed.

5. The Board performs data management for administrative and registration purposes; in addition to this, in the proceedings launched on the basis of petitions related to the settlement and falling within Act XL of 2014 , the Board also forwards data to the non-litigious courts.

6. The administrative data management relates to the registration (filing) and processing of the case (petition). Its basic objective is to ensure the availability of the data necessary for conducting the procedure related to the given case, for the identification of the actors of the data management and the closing of the case. In the course of administrative data management personal data may only be recorded in documents of the given case and in the case registration systems (FAB Info and IRA, and in settlement-related cases in the FAB Info2 and IRA2 system); their management for this purpose lasts until the archiving of the underlying documents.

7. The data management for registration purpose creates a dataset included in the internal records, comprising of data files collected on the basis of data ranges defined in advance in the laws, during the time of the data management, ensuring the ability to retrieve and enquire on data based on various attributes. The data also serves statistical purposes; thus they are used for compiling weekly and monthly statistics, and the Board's Annual Report as prescribed by the MNB Act. Based on the result of data collection and data management the statistical considerations include particularly the following items:

   1) Number of rejected petitions
   2) Reason for rejection
   3) Number of cases closed with a settlement agreement
   4) Number of binding resolutions
   5) Number of recommendations
   6) Number of petitions rejected after hearing
   7) Number of contested FAB decisions
   8) Number of court decisions
   9) Number of cross-border consumer disputes, service providers involved
   10) Subject of petitions
   11) Breakdown of petitioners (petitions) by place of residence
   12) Breakdown of petitions by the service providers involved
   13) Types of petitioned financial services

8. The managed data must be deleted if the data management is illegal; if the data is incomplete or erroneous, and it cannot be rectified legally, provided that the deletion is not prohibited by law; the purpose of the data management has ceased, or the statutory data retention period has expired; or it was ordered by the court. The Board is obliged to adjust the incorrect data, if the necessary data are available to it. Apart from the stakeholder, those entities also must be informed on the adjustment or deletion of the data, to which the data were forwarded (e.g. in settlement cases the courts having statutory competence to conduct the non-litigious procedures), except when, in view of the purpose of data management, the failure to provide the information does not prejudice the legitimate interests of the stakeholder.

9. The stakeholder may protest against the management of his personal data to the data protection officer of the Magyar Nemzeti Bank, in accordance with Section of 21 of Act CXII of 2011. In this case the data protection officer shall notify the chair of the Board without delay. The chair shall make a decision within 15 days and if the objection is justified, the Office of the Board must cease the data management (additional data capturing and data transmission) and notify of the objection and the related measures all entities to which it has forwarded the personal data being the subject of the objection, who shall take actions to enforce the right of objection.

10. The management of the data asset accumulated during the data collection, the dataset serving statistical and registration purposes, and compliance with the provisions of this regulation and the statutory provisions related to data management are the responsibility of the chair of the Board.

REPORT ON THE ACTIVITIES

OF THE HUNGARIAN FINANCIAL ARBITRATION BOARD

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6 Tartu u., Veszprém H-8200

mnb.hu

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H-1013 BUDAPEST, KRISZTINA KÖRÚT 55.