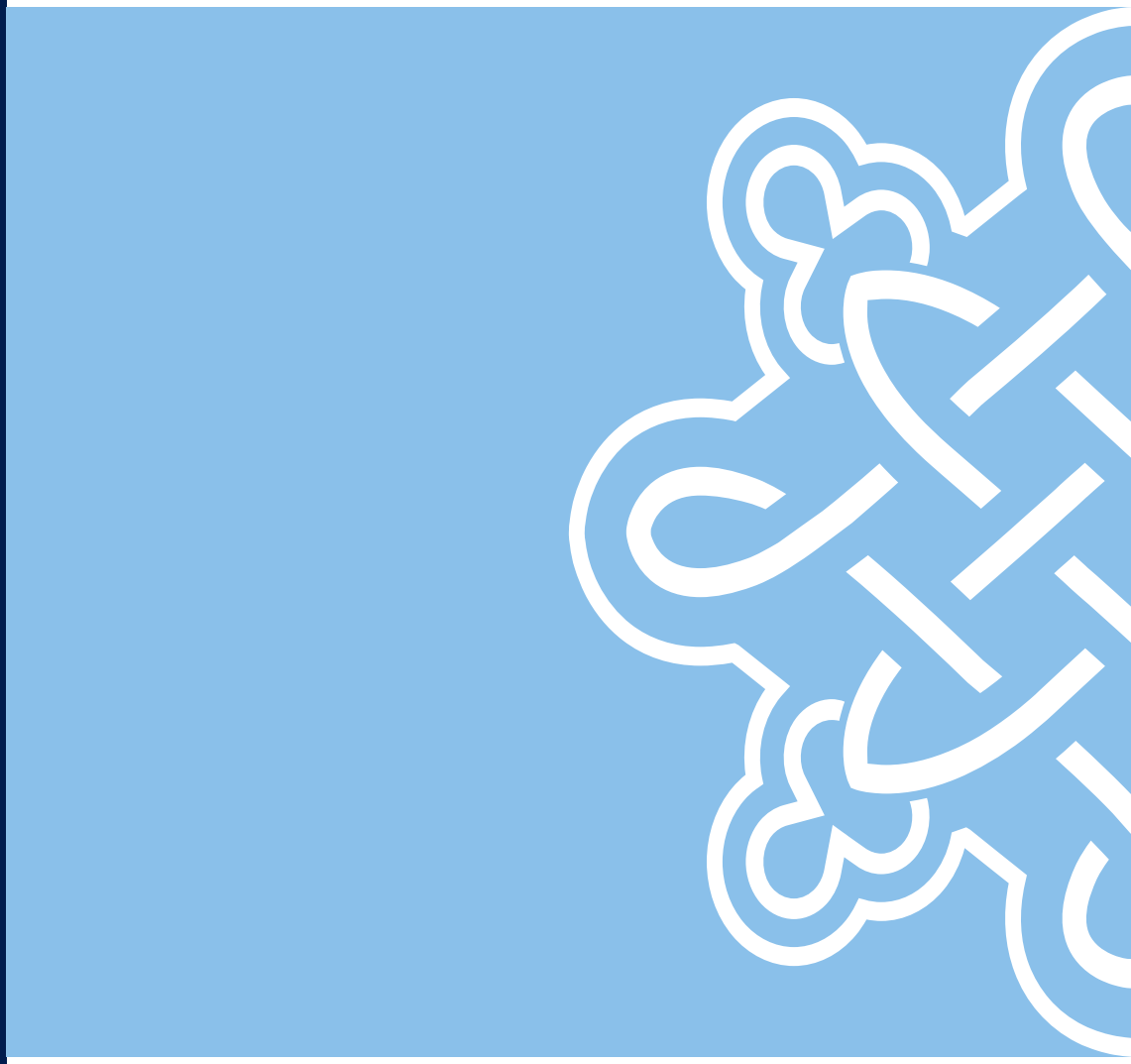
REPORT ON THE ACTIVITIES OF THE HUNGARIAN FINANCIAL ARBITRATION BOARD



2023

REPORT ON THE ACTIVITIES OF THE HUNGARIAN FINANCIAL ARBITRATION BOARD

2023

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Chair's foreword

Our Board is faced with a variety of challenges year after year. In 2023, challenges originated mostly from an increase in cyber fraud (acts of fraud constituting infringements of cybersecurity). The Board had encountered a small number of such cases as early as 2018, but at the time no one had predicted that protection against this type of crime would become the greatest challenge for the entire banking sector as well as the Magyar Nemzeti Bank in just five years' time. By 2023 this became an indisputable fact and the trend seems to continue in 2024 as well; this presents a serious problem for service providers, their customers (consumers and legal entities alike), the Magyar Nemzeti Bank in its supervisory role, and the Financial Arbitration Board in the legal disputes of individual consumers.

The Board started the year 2023 with 608 cases in progress and received 3,876 new petitions during the year, so that it had 4,484 cases in total to deal with. The cases were mostly domestic conciliation cases, with a smaller proportion concerning cross-border services. No petitions were received via the dispute resolution platform (ODR), and the settlement and conversion cases had all ended.

The majority of petitioners asked for our help in legal disputes relating to cases concerning financial market services, with claims mostly against credit institutions; petitions regarding credit institutions represented 53% of the total. Unlike in prior years, when the financial services involved in the granting of credit and loans was subject to the largest number of petitions, requests were now concentrated around payments due to the 1,106 new petitions concerning cyber fraud. There were significantly fewer equity petitions than in prior years, but the largest number of these again concerned financial market services. Financial market cases accounted for 67.5%, legal disputes on insurances 27.8%, cases on investment services 2.3%, and disputes on funds 0.6%.

The Board approved settlement agreements in 677 cases, issued 9 binding resolutions and made 19 recommendations; most of the latter also concerned cyber fraud. The proportion of settlement agreements approved was the highest in equity cases. 1,145 cases ended positively for the petitioners; besides recommendations, binding resolutions and settlements approved by the Board, this combined figure included 440 cases that, formally, ended with termination and yielded in out-of-court agreements (quasi settlements).

Hearings were held on 2,558 occasions during the year, and the average time needed for closing or ending a case was 69 days. The annual average length of proceedings was 68 days in domestic conciliation cases and 74 days in equity and cross-border cases. We received 19,200 documents, 74% of these electronically, and sent 24,436 missives to our clients, 70% of them electronically.

I wish to take this opportunity to thank all financial service providers and petitioners who were willing partners in reaching a compromise in the year 2023 too. 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 2024, and remember: *'Let your action be protection!'*

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 now have 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 Board tries to speed up its proceedings by all means. It invests in continually enhancing its case monitoring IT system, extending its functions and ensuring that all customers can benefit from the advantages of digitisation. 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, in a way that best suits their interest, rather than for the Board to adopt binding resolutions or recommendations.

Since the start of the Board's operations, sufficient experience and extensive knowledge have been gained to ensure the fast resolution of cases.

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 lasting until 10 February 2026. 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 Board's operating rules and procedures are specified in the Chair's Directive entitled "Operational Procedures", which is published on the website. The Chair is entitled to lay down the basic rules of internal operations; decide on the internal organisational structure; when justified, decide on the prolongation of the proceedings of certain cases on one occasion by maximum 30 days in domestic cases and 90 days in cross-border cases, and to decide which cases the Board should hear in a panel and which cases via a single member. She sees to the equal distribution of the caseload among the departments and has governance rights in respect of all employees of the Board. She does not influence or instruct Board members on professional matters and in specific cases but learns about these generally only after the fact; however, she ensures that decisions on identical matters are based on the same professional and legal arguments. 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 the paper-based and electronic administrative matters necessary for the operation of the Board; this is performed by the Head of Office, the legal adviser, the conciliation experts and the assistants. 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, fulfilling the customer service function for 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 financial market and insurance cases. Cases involving funds are handled by one of the departments, while investment services and cross-border cases and those submitted via the Online Dispute Resolution Platform are handled by the other department. 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. The acting panels always consist of three persons, which is constituted by a member in charge of the cases, the chair 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. Pursuant to the Chair's decision, a single board member will proceed in cases of consumer petitions of simple adjudication and equity petitions.

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 2023, the headcount of active staff – including the Chair – was 26, comprising 18 members of the Board and 8 office employees. The member count decreased by two in the month of January. The number of board members – including the Chair and the Head of Office – was 16. The number of staff – excluding the Head of Office – was and remained 8.

All staff members except the Chair of the Board are employed by the Magyar Nemzeti Bank under employment contracts for an indefinite period. All rules in the MNB Act that apply to other MNB employees also apply to all the staff members of the Board (e.g. rules on conflict of interest etc.).

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 (entrance from 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 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: 1525 Budapest, Pf.: 172., Hungary
- By email: ugyfelszolgalat@mnb.hu
- Electronically: www.mo.hu website

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 (KAÜ) via the "*FAB Online Dispute Resolution*" application
- 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.

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.

The Board held no hearings during two recess periods in the year. Summer recess took place between 31 July and 18 August 2023, and winter recess between 18 December 2023 and 2 January 2024. Under the law, hearing recess days are not included in the deadlines for proceedings.

2. LEGAL ENVIRONMENT, OPERATIONAL PROCEDURES, RELATIONS

The operations of the Board are based on the rules set out in Sections 96-130/B of Act CXXXIX of 2013 on the Magyar Nemzeti Bank. The basis and the legal framework for the operation of the Board are set out, in addition to the provisions of Act CXXXIX of 2013 on the Magyar Nemzeti Bank, 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 the cases they deal with. – Section 97 (1) and (3) and Section 98 (4) to (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 amended and restated 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. Effective from 9 January 2023, Act LXXVII of 2022, which was promulgated and entered into force on 22 December 2022, amended Section 98 (1) of Act CXXXIX of 2013, the MNB Act, granting to the Chair of the Board the right to decide whether a particular case should be heard in panel or by a single member of the Board. During the year the Chair exercised these powers by judging on the basis of the petition the method of hearing demanded by the nature and complexity of the case, the type of expertise required and the amount of claim to be enforced.

Another amendment to the Operational Procedures was promulgated on 20 December 2023, because Parliament had adopted a further amendment of the MNB Act in December 2023. The amendment, which entered into force only on 2 January 2024, is available on the Board's website here: News and latest information (mnb.hu)

Relations

The Board has relations both within Hungary and abroad. It is not present outside Budapest, hearings are 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 matters of general consumer protection and special financial issues and help as many petitioners as possible with access to the Board when needed. Domestic partners in this area include both government and civil organisations, while help abroad may come from the FIN-NET network.

Government offices

KORMÁNYABLAK
INTEGRÁLT KORMÁNYZATI ÜGYFÉLSZOLGÁLAT

The Government Offices operating in Hungary receive consumer petitions pursuant to Section 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 forward these 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

pénzügyinavigátor
MAGYAR NEMZETI BANK

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 non-governmental 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 its 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: 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.

Financial Network

In 2023 – similarly to previous years – the Board placed great emphasis on fostering international relations and participating in extended international cooperation. 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 the FIN-NET 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.

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 2023, of the usual two meetings, the one in spring was organised in online form, while the one in autumn was organised in hybrid form for the members instead of meeting in Brussels. The first General Meeting was held in May. The first item on the agenda of the General Meeting was the review of the ADR Directive and the ODR Regulation, which is topical due to the increasing prevalence of online shopping, including from merchants not domiciled in the European Union. As a result, European consumers are increasingly exposed to unfair commercial practices. They are faced with difficulties when it comes to cross-border cases and have recourse mostly to the complaints procedures offered by the relevant e-commerce platforms, which are often inefficient or result in an unfair solution. The subject of the repealing of the ODR Regulation was also raised. During the meeting, the complaints handling procedures of the FSPO (Ireland) was presented along with the findings of a questionnaire, conducted by the Italian central bank among FIN-NET members that intended to survey what procedures the members follow when they deal with cross-border cases and how they reallocate the cases within the country or to members of FIN-NET if they themselves do not have the competence or the authorisation to proceed. The representatives of the FIN-NET members then heard about payment fraud experience in Spain and shared their own experience with the other members. The next topic was the presentation of the draft regulation on the control of risks associated with crypto assets (MiCA). The timeliness of the topic lies in the huge boom on the market of crypto assets in recent years. 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: (i) financial instruments regulated as part of the acquis communautaire, and (ii) the non-financial assets so far not included in the EU acquis communautaire. MiCA will regulate the latter, which is necessary as 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 Banking Authority (EBA) to keep a public register of the non-compliant crypto asset providers. Closely related to this topic, the Austrian Financial Market Authority (FMA) reported on its supervisory activities in respect of crypto assets.

In the autumn the plenary meeting was held in a hybrid form. A topic of the meeting was the ADR Directive and the 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. The impetus for 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 was adopted as part of a legislative package, which included proposals for a regulation on consumer protection cooperation, amending the ADR Directive and repealing 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. In another important item on the agenda, a further important development was discussed, namely that the Commission

had approved the package of proposals as part of the 2020 retail payment strategy after two years of preparations, and that it is currently before the Parliament and the Council. The package includes the amendment of the PSD2 directive (the new directive will be referred to as PSD3); furthermore, the PSR (payment services regulation) will be issued, with direct effect, and will impose mandatory rules on the payment service providers. The e-money directive will be repealed and its rules incorporated in the PSD3. The meeting also included a presentation by IVASS regarding Italy's experience with insurance fraud and about the legislation proposed by the European Commission and published on 24 May, which is known as the retail investment strategy and is intended to encourage greater participation by small investors in the capital markets, in part by providing stricter protection measures to increase trust in these investments. An objective of the Bill is to give the Commission the competence to adopt "corrective measures" if the costs charged by investment funds are not justifiable or not proportionate to the expected returns. It supports financial awareness and the promotion of financial literacy in the population. It grants more powers to the supervisory authorities in this matter.

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.

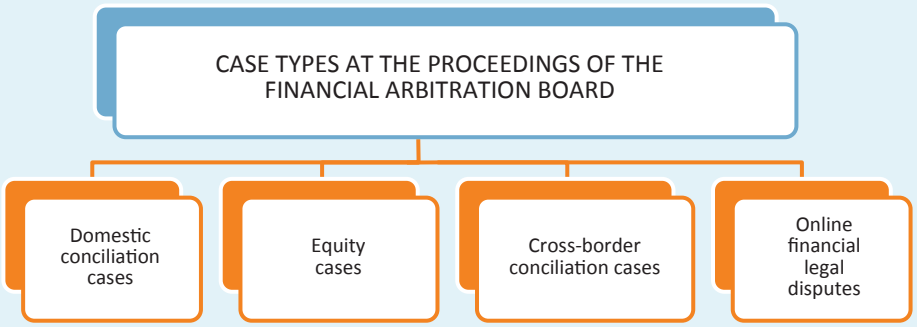
In autumn 2023, the INFO Network held its annual conference for members in Kuala Lumpur, Malaysia; the Board was also invited but was not able to take part in person. It regularly participated in professional webinars organised by the Secretariat of the Network.

In 2023 the Board continued to contribute to the monthly newsletters prepared by the Secretariat of the INFO Network, reporting on the latest news, changes and events concerning members. It also responded to individual queries, which concerned professional and/or procedural matters and topics, and Hungary's practices relating to these.

3. CASE TYPES, PROCEEDINGS

The Board acts in four types of cases. The common feature of all case types is that they involve financial consumer disputes, which justifies the proceedings of the Board and means that they fall within the remit of the MNB Act.

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 parties. 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 hearing, the parties have the opportunity to discuss the matter face-to-face. It is mandatory for a representative of the financial service provider to attend. 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.

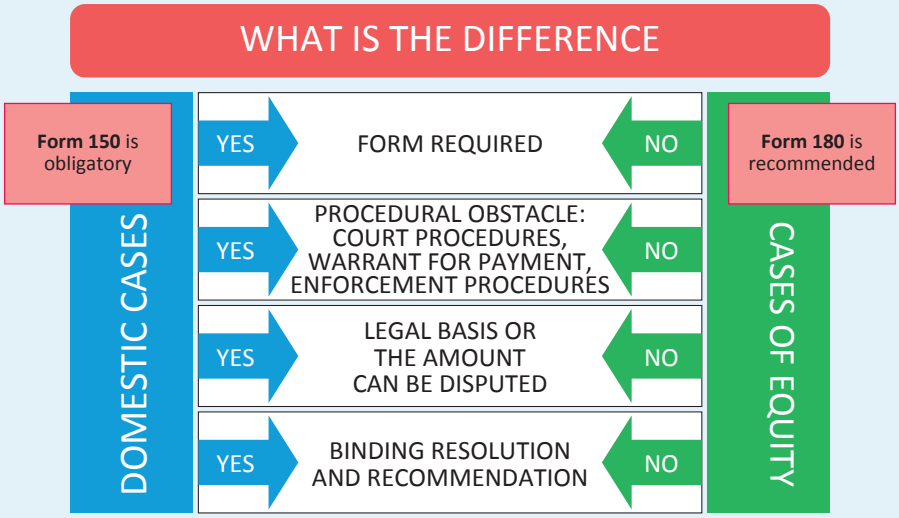
Ninety days are available to conduct the proceedings. Its start date is the date of receipt of the complete petition. This day is the date of acceptance. The deadline for the proceedings does not include the time when missing documents are supplemented to the petition or the duration of the summer and winter hearing recesses of the Board. The Chair of the Board may prolong the 90-day deadline by no more than 30 days. 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.

In prior years, cases were usually concluded within 60 to 70 days, i.e. a settlement agreement would be reached with the financial service provider in as little as two months. Unfortunately, workloads and lead times increased significantly in 2023 as more than a thousand cases concerning cyber fraud were received while the headcount was reduced by two.

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.

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:

- a declaration of 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 requested solely by the consumer, using the FIN-NET (Financial Dispute Resolution Network) petition form (strict formal requirements);
- 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 (ODR Platform)

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.

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 alternative 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 (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 competent ministry 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* 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. This form of dispute resolution has been available to Hungarian consumers since 15 February 2016.

4. 6th ALTERNATIVE DISPUTE RESOLUTION CONFERENCE

A prominent recurring event, the increasingly popular Alternative Dispute Resolution Conference was held for the sixth time on 19–20 October 2023.

For the second time, the conference was held at the Lámfalussy Sándor Conference Centre, located in the new headquarters of Magyar Nemzeti Bank at 55 Krisztina krt. in Budapest's 12th District, with the attendance of 200 participants in person over two days. Also for the second time, the conference was available online as well, allowing between 100 and 200 additional participants to join in and listen to Hungarian and foreign speakers. The central themes of the Conference were consumer protection and the challenges of the digital world. The conference programme was as follows:

PROGRAM Thursday, October 19, 2023
Opening and welcome speech **Dr. Kovács Erika** Opening speech – Dr. Erika Kovács (Chair, Hungarian Financial Arbitration Board), – Dr. Csaba Kandrács (Vice-Governor, the Central Bank of Hungary) – Ms. Katalin Kézdi (Managing Director, Wolters Kluwer Hungary Ltd.)
The transformation of the conciliation board system from January 1st, 2024 **Dr. Nóra Kupecki** (Deputy State Secretary of Consumer Protection, Department of Justice)
New rules for representative action in Hungary **Dr. Zsolt Hajnal** (President, Hajdú-Bihar County Conciliation Board)
How far can consumer protection extend? State intervention versus private autonomy – Panel Discussion **Dr. Zsolt Hajnal** (President, Hajdú-Bihar County Conciliation Board) – **Dr. Virág Balogh** (Head of Department, Magyar Telekom Nyrt) – **Dr. József Zavodnyik** (Lawyer, DHZ Law Firm)
Artificial Intelligence and the Practice of Law: What Does The Future Hold? **Theodore S. Boone** (Of Counsel, Dentons)
The challenges and innovative dimensions of online conciliation in the 21st century **Dr. Éva Inzelt** (President, Budapest Conciliation Board)
The Work of FIN-NET network and its future challenges **Mr. Gintaras Grikšas** (Policy Officer at the Unit on Retail Financial Services, DG FISMA, European Commission)
The Work of TRAVEL-NET and the Effect of Digitalisation of the Passenger Rights **Mr. Joachim Leitner** (Conciliator, Verbraucherschlichtung Austria – Schlichtung für Verbrauchergeschäfte

PROGRAM Friday, October 20, 2023
Digital phishing, cyber security – facts, decisions, opportunities in financial conciliation **Dr. Judit Cserépi LL.M., and Dr. Lajos Tamás Tarpai LL.M.** (Members, Hungarian Financial Arbitration Board)
Self Sovereign Identity – the future of Digital Identity **Mr. Kurt Callewaert** (Valorisation Manager Digital Transformation – Howest University of Applied Sciences, Belgium)
The Italian Banking and Financial Ombudsman: its role in protecting consumers and the impact of digitalisation and Artificial Intelligence **Dr. Costanza Alessi and Dr. Francesco Privitera** (Representatives of the Banking and Financial Ombudsman Division – Bank of Italy)
State as a mediation service provider – challenges and strategies for the government in Georgia **Dr. Giorgi Tsertsvadze** (Managing Partner, J&T Consulting LLC)
Possible means of preventing claims affecting consumers of electronic communications services and media content **Dr. Edina Kastory** (Media and Communications Commissioner)
Consumer protection in the NMHH's electronic communications and postal supervision activities **Dr. Szilveszter Ádám** (Deputy Director of Communications Supervision, Office of the NMHH)
Panel Discussion – New postgraduate training options in the field of alternative dispute resolution – panel discussion with the professional leaders of the programs **Dr. Éva Inzelt** (Associate Professor, ELTE Faculty of Law and Political Sciences, Budapest) **Dr. Judit Glavanits** (Academic Director, Associate Professor, Széchenyi István University, Faculty of Law and Political Sciences, Győr) **Prof. Dr. Veronika Szikora** (Academic Director, University of Debrecen, Faculty of Law and Political Sciences)

After an opening speech by Dr. Erika Kovács, Chair, Dr. Csaba Kandrács, Deputy Governor of Magyar Nemzeti Bank, responsible for consumer protection, welcomed the audience, reflecting as follows:

"For eight years now, the Magyar Nemzeti Bank and the Financial Arbitration Board have been supporting the development of the Hungarian dispute resolution culture and using their tools to promote the widest possible dissemination of alternative dispute resolution techniques. We have organised this conference for the sixth time this year in that spirit, as this forum provides an excellent opportunity for professional dialogue, which may increase awareness of alternative forms of dispute resolution in Hungary and abroad, and may encourage and help citizens, organisations, institutions and businesses to recognise the possibilities and benefits of out-of-court settlement in as many cases as possible. The benefits of out-of-court settlement have been recognised by organisations in the financial sector for over more than 12 years since financial conciliation was first put in place. This is evidenced by the number of out-of-court agreements reached both in and outside the proceedings, which is considered by the management of Magyar Nemzeti Bank as a reassuring and positive outcome.

We are constantly making IT improvements to speed up our procedures and to improve the accuracy of our records and statistics. We have introduced digital-only communication with financial service providers and, since January 2022, financial consumers have been able to conduct business online. The majority of consumers tend to reach out to us each year with claims related to financial market services, most of them against credit institutions, primarily in the context of financial services related to the provision of credit and various types of loans.

It is no accident that the central theme of this year's conference is 'Consumer protection and the challenges of the digital world'. Unfortunately, since last year, there has been a surge in payment-related disputes due to cybersecurity offences. While every year there are new cases deserving special attention, the steady and dynamic increase in the number of such cases since 2022 calls for particular attention, not only in terms of individual disputes, but also from a regulatory and law-enforcement perspective. The Board has also been confronted with phishing incidents that have resulted in significant damage to customers. The Magyar Nemzeti Bank and the Board consider that it is important to train, educate and assist customers to prevent the misuse of financial services in general and digital banking in particular. Financial awareness, education and information are not the responsibility of Magyar Nemzeti Bank alone; they are the responsibility of the financial services sector as a whole, of advocacy, government and law enforcement bodies. That is the reason why we have set up the CyberShield website and are working with other organisations to get the message out to more people that digital banking requires increased caution and attention. Taking advantage of the opportunities offered by the digital world is great, yet it also carries risks if one does not act with due care.

It is therefore important to make ongoing efforts to raise awareness and educate the public. The Financial Arbitration Board has an important role to play in that respect. Team members working in different areas of Magyar Nemzeti Bank, including members of the Board, regularly publish professional articles on financial topics, with the double aim of informing readers and providing lessons for all of us by presenting real cases. My colleagues regularly publish informative and insightful articles on current financial news on the napi.hu, pénzcentrum.hu, origo.hu, vg.hu and index.hu websites. These articles provide 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 online financial services as well as on what to look out for when using digital tools to manage one's finances.

Honoured Guests and Dear Colleagues,

I am confident that the presentations at today's conference will also help raise awareness and provide an excellent forum for an exchange of experiences. I would like to thank our speakers for accepting our invitation and supporting our efforts with high-quality presentations. I wish everyone successful participation and a pleasant time."

In her welcome address, Katalin Kézdi, Managing Director of conference partner Wolters Kluwer Hungary Kft. said:

"Listening to the presentation of Dr. Nóra Kupecki, Deputy State Secretary for Constitutional Legislation and Consumer Protection, at the 5th Alternative Dispute Resolution Conference last year, there was no question for me that we must be among the key sponsors of the 6th Alternative Dispute Resolution Conference. In her presentation, she spoke about new directions for consumer policy. She stressed Hungarian consumer protection was being transformed based on a new approach, increasing its efficacy, with the aim of guaranteeing the inviolability of Hungarian consumer rights both at home and in Europe. In addition to initiating legislative amendments, we are trying to ensure the protection of Hungarian people and families with all the tools currently available to us in the field of consumer protection, she stressed in her presentation.

As a provider of legal content, with our 30-year-old Legal Data Library product line and the expert solutions based on this data asset, with the rise of Artificial Intelligence, and with modern Legal Tech solutions, I saw a huge opportunity for renewal, in a broader ambit beyond monitoring legislative amendments and changes and preparing explanations and commentaries related to those amendments.

Over lunch, we talked excitedly with other conference participants and speakers, envisioning a knowledge base for consumer protection and mediation. I returned to my normal work full of enthusiasm and energy, and we started working on a 'Mediation Module'.

Dear Participants and Honoured Guests,

I am thrilled to be here today as a sponsor and to welcome you to this high-quality event combining law and innovation with the challenges of the future. Looking ahead, what we can see is a rapidly changing world, which requires us to think out of the box and to find new solutions. During the coming days, we will focus on consumer protection, alternative dispute resolution, digital identity and other interesting topics.

The professional programme owes a lot to the expertise, care and excellence of the organisers. We are going to meet well-known and respected personalities and have interesting discussions that will help us gain a deeper insight into the relationship between law and innovation. The preparation and commitment of the speakers and panellists will contribute to a rich and valuable experience for all participants.

As a sponsor, we are particularly proud to be part of this event and to support the gaining ground of inspiring ideas and innovations. During the event, we will be happy to answer your questions and share the values we are so proud of. In the light of this program, so rich in valuable information, and looking back to last year's event, I encourage you to take advantage of the breaks between the presentations to share your thoughts.

I wish you all an inspiring and productive time at the conference. I urge you to remain open to new ideas and enjoy the intellectual challenges and opportunities that await you at this extraordinary event. Thank you for the opportunity and I wish a good conference to all of you."

The first presentation was held by **Dr. Nóra Kupecki**, Deputy State Secretary for Public Law and Consumer Protection, representing the Ministry of Justice, on the **Transformation of the conciliation board system from 1 January 2024**.

First of all, she stressed that the promotion of amicable dispute resolution is an important goal for society as a whole, as alternative dispute resolution procedures simplify the resolution of problems and encourage voluntary compliance with the law. That is why professional workshops on the subject are of outstanding importance, as they provide an opportunity to learn about and discuss various options and tools, both legal and non-legal. In her presentation, she described the activities of the conciliation bodies run by the Chambers of Commerce and Industry, highlighting the achievements attained in 2022. She said that, from 1 January 2024, the professional management of conciliation bodies will be taken over by the Ministry of Justice, and that they intend to carry out their task in an active and constructive manner, maintaining an active dialogue with the relevant bodies.

She was talking about the huge strides that had been made toward the transformation of the relevant bodies, and that they have actively carried out legislative activities. Following extensive professional and public consultation, on 3 May, the Parliament adopted a bill on the functioning of the bodies, aimed at increasing their efficiency and accessibility. In the future, the current 20 conciliation bodies will be replaced by 8 conciliation bodies with regional competence. Personal hearings will be available in 8 regional centres, 12 county seats that are not regional centres and in 7 additional cities with county status that are not county seats. This represents a total of 27 options for consumers, a 35 per cent increase compared to the previous period. An important change is that online hearings will become the primary channel; for consumers, however, it will only be an option, i.e. they can still request a hearing in person. While allowing for a more efficient procedure for consumers, businesses and public bodies, this amendment may also reduce paperwork and costs for the parties involved. Businesses will be obliged to participate at least online, which will enable hybrid hearings.

Describing the types of decisions currently available to the relevant bodies, she pointed out another significant innovation of the amendment, i.e. the introduction of the institution of mandatory submission in proceedings with a value of less than HUF 200,000. This means that even in the absence of a declaration of submission by a company, the Board will issue a binding resolution in cases where the consumer's application is well-founded and the claim sought to be enforced does not exceed the amount mentioned in the application or at the time of the decision. In her opinion, the measure is expected to increase the number of both cases and settlements.

She pointed out that the selection process for the chairperson and members is in progress and will be decided by the Minister responsible for consumer protection. One-third of the members of the conciliation body may be proposed by an association representing consumer interests, while two-thirds are selected by competitive tendering. In order to improve the quality of operation, the chairpersons and board members must take a basic conciliation board examination within one year of their appointment. Failure to pass the examination will result in termination of their status. The aim of the measure is to ensure that the relevant bodies are aware of the ministry's positions and interpretation of the law, which will enable consumers to face the same procedure in all bodies.

She said that the European Commission had recently published a package of proposals to amend the Alternative Dispute Resolution Directive and the Regulation on Online Dispute Resolution. In a number of respects, Hungary has kept abreast with the regulation of alternative dispute resolution, she stressed in her presentation, adding that they will be able to support amendments that do not represent a step backwards compared to domestic legislation. She concluded by saying that she was hoping to report even greater achievements, momentum and progress at next year's conference.

Will collective, or 'representative', actions be able to fulfil their desired function? This was the question Dr. Zsolt Hajnal sought to answer in the second presentation entitled New rules for representative action in Hungary. Dr. habil. Zsolt Hajnal, Associate Professor at the University of Debrecen, János Bolyai Research Fellow, President of the Hajdú-Bihar County Conciliation Board, gave a presentation at the AVR Conferences for the fifth time.

After welcoming the audience, he explained the forms of redress available to consumers in the event of infringements, which may differ from country to country. He said that in addition to individual forms of redress, which include traditional and alternative forms of redress, typically out of court, there are also forms of redress that empower organisations to act on behalf of consumers in the context of a mass infringement of consumer rights. As to the question of what kind of actions are considered representative actions (formerly known as public interest actions), he cited the example that with regard to a non-specified activity that affects a wide range of consumers and causes some kind of harm to their interests, the legislator considers that an organisation with the expertise and powers to act on behalf of consumers but without representing individual consumers, is able to act more effectively to bring an injurious activity to an end and, where appropriate, to obtain redress for the harm suffered by consumers. He noted that this legal institution is not alien to the Hungarian legal system, as the model of public interest actions has been included in the Consumer Protection Act from the outset, and both the Central Bank Act and the Civil Code provide for the legal institution of public interest actions in connection with the challenge of unfair contract terms, while the recently amended Competition Act and Code of Civil Procedure set out the framework rules that provide for the general rules of public interest litigation in the interest of the consumer.

He explained that the current amendment had been due to the obligation to transpose Directive 2020/1828 of the European Union, when the legislator amended Act CLV of 1997 on Consumer Protection by Act LXI of 2022 amending certain acts necessary for the protection of consumers and introduced the legal institution of representative actions with effect from 25 June 2023. The amendment also provided an opportunity for the legislator to correct the dysfunctions and deficiencies of the previous legal instrument, as the hidden wording in the previous legislation and the related case-law resulted in inefficiencies of this legal instrument in protecting consumer interests. As an example, he recalled that it had often been difficult to establish the group of consumers concerned and their entitlement, to assess and prove the existence of significant harm, and that the different requirements under the Civil Procedure Code and the Consumer Protection Act had also led to problems, which reduced the effectiveness of litigation.

He stressed that the new legislation added a number of new elements, thus widened the scope of remedies available, as remedies are no longer limited to injunctions, declarations and prohibitions, but also include reparation for the claims of consumer groups. Whereas the previous legislation allowed for the determination of damages after a specific sum had been explicitly established, the court is now able to order the company having violated consumer interests to pay some kind of refund, to extend a promotion, or to replace or repair the product. This has been a very important and significant change compared to the previous legislation. The scope of organisations entitled to bring an action and the conditions for such entitlement have also been extended. Third-party funding has been introduced as a new element in the legislation, subject to specific independence and guarantee rules. In addition to domestic disputes, there is a possibility for representative actions to be brought by qualified entities in cross-border disputes.

He said that the legislation also provides in detail on how to inform consumers. The information provided should specify the actions that are pending and how consumers can learn whether they have become eligible under a certain judgment. He stressed that, in addition to the companies concerned, which are ordered to disclose such information by a condemnatory judgment, the information should also be published on the website of the Ministry of Justice.

Finally, he added that four things are essential for this legal instrument to be effective in achieving the objectives intended by the legislator: financial resources, expertise, market and consumer information, and the professional and policy will of the organisation to make use of that possibility. The new legislation has removed the legal obstacles to the success of representative actions in Hungary, which should be exploited and turned into a success for the benefit of a wide range of consumers.

The presentation was followed by a panel discussion including Dr. Zsolt Hajnal, representing the Hajdú-Bihar County Conciliation Board in his capacity as chairperson, Dr. Virág Balogh, Head of Department of Magyar Telekom Plc. and Dr. József Zavodnyik, attorney-at-law, a member of the DHZ Law Office.

In the panel discussion, the three participants sought to answer the question whether it is reasonable to claim that the domestic consumer protection system is overprotective and underprotective at the same time, and whether, in such a situation, it is possible to create flexibility in consumer protection. They also discussed the role of public authorities in protecting consumer interests, the consumer image in their procedures, and the long-term impact of a powerful government intervention in civil law relations on the development of consumer power vis-á-vis businesses. At the beginning of the discussion, Dr. Zsolt Hajnal pointed out that while digitalization had become part of everyday life, it is still not clear how we are able to compete with the advertising and deceptive commercial practices emerging on the new digital platforms. Will the government be able to protect us, or will we be able to protect ourselves from ourselves. They have set out to provide participants with an insight into the problems currently facing legislators, law enforcers and even consumers.

Dr. Virág Balogh explained that, as a result of recent technological advances, the number of transaction options open to consumers has grown exponentially. Through apps, websites and all sorts of other platforms, people can now be the subject of consumer contracts or the target of commercial practices. What has perhaps been of most concern to European authorities and European consumer NGOs in recent years is the issue of the so-called dark patterns on online platforms. The term ‘dark patterns’ refers to website design techniques that, simply through the choice of design for a website or app, are able to create an illusion in consumers that may lead them to make decisions they would not have made otherwise. Such techniques include false countdowns or other techniques inducing consumers to rush to sign a contract or use a service so as not to miss out on a one-in-a-lifetime opportunity. Various types of such dark patterns have emerged, yet the most important question is how these dark patterns and the battle against them will fit into the existing model of consumer protection and claim enforcement. Is the current legislative framework adequate to tackle dark patterns or do we need new legislation?

Dr. József Zavodnyik explained that while the Hungarian system of consumer protection institutions is characterised by a dominance of the state, the system of consumer protection institutions cannot be reduced to the role of the state, as interest representation bodies and consumer protection bodies also play an important role. In addition to shaping the legal environment, the state also plays a part in enforcing consumer claims. While this may be convenient for consumers, it is dangerous at the same time, as it leaves it as a matter of the capacity of the state whether or not it takes up the issue of enforcing certain consumer claims, which will then result in an official procedure. In the longer term, he advocates the idea that the state should take a back seat in certain areas. An excellent example of this is the operation of conciliation bodies or the Financial Arbitration Board, which provides an easy and quick way for consumers to assert their claims. However, it is also worth bearing in mind that effective consumer protection also presupposes that consumers can act as a market force against businesses. One possible solution is the emergence of a strong consumer NGO. He stressed that a special situation has developed. While in the past, it was easy to measure consumer needs, currently consumer needs remain hidden, and a significant part of them thus cannot be measured.

Dr. Zsolt Hajnal explained that the European Union is a safe market place. This is ensured by product safety rules and a long-established and well-functioning market surveillance system. The Hungarian market surveillance system ranks among the best in Europe in terms of the number of dangerous products identified. Yet is a public authority able to protect consumers when they order products from an online platform? The consumer becomes the importer of the product, and the product is delivered to one’s door by a courier. We are thus bypassing the system that has so far been a hallmark for product safety in the European marketplace. Moreover, whole new security risks are emerging, ones that were not previously thought of as security risks. So far, people have been thinking in terms of physical security. What was important

were the health and safety of the consumer. However, can the emergence of intellectual dependencies, or the adequate cybersecurity protection of our personal data represent an extension of the product security category as it was used in the past? These issues are already being addressed at EU level. While legislative initiatives and changes have been made accordingly, it also requires new control practices if we are to feel as safe as before, which also requires consumers to assess and be aware of the relevant risks.

Dr. Zsolt Hajnal then asked the participants of the panel discussion for their opinion on the aspects of good practice to follow in order to solve problems efficiently. According to Dr. Virág Balogh, with the increasing popularity of online platforms, there has been an increasing need to better understand patterns of consumer behaviour. Not all consumer decisions can be rationally explained, and they cannot be linked to the emergence of online shopping, as it goes back to a longer history. She added that it would be worth looking at the various criteria consumers consider when making a choice. Is it true that consumers are impulse buyers? The more evidence is available on what people are like as consumers, the closer we can get to the regulation and enforcement that will help us to meet consumers' needs. The coming period will show how we will be able to apply the legislative map that has already been drawn up. We are in for very exciting years.

Dr. József Zavodnyik stressed that it is important to set a benchmark of what is expected of the consumer. At present, the case-law is rather wide-ranging in that respect, and it should be harmonised. The benchmark is a principle of good morals, which must be followed in both offline and online practices. Rather than protecting 'silly' consumers, the legislation should take action against businesses that take advantage of consumers' irrationality, lack of information or laziness.

At the end of the discussion, Zsolt Hajnal said that since traders have a lot of information about consumers, it is up to us not to let ourselves be influenced. Social platforms must be kept under control. There are Hungarian specificities. There is no such things as average European consumer behaviour, even if the legislator takes this as a basis for its decisions. He emphasised the principle that what is forbidden in the offline world should also be forbidden in online practices.

After lunch, Theodore S. Boone, the first foreign speaker of the conference gave a presentation entitled Artificial Intelligence and the practice of law – What does the future hold? An interesting and amusing highlight of the conference was the presentation by Dr. Theodore S. Boone, who works for the Budapest office of the Dentons Law Firm, one of the largest law firms in the world and is also a lecturer at the Faculty of Economics of Corvinus University.

He gave an informal presentation on the relationship between AI and jurisprudence, with a special focus on the challenges of the future. He addressed and sought answers to the following main questions:

Does the rise of AI mean the end of legal practice by humans, or will it only bring a reform of traditional legal practice? Will artificial intelligence have an evolutionary or revolutionary impact on the work of lawyers? What are the areas of law where AI will have a strong impact in the future? What are the skills of practicing lawyers that cannot be replaced by artificial intelligence? What are the characteristics of the European Union's AI legislation (laws)? What challenges do practitioners face in regulating AI in the US?

In his introductory remarks, adding supporting statistical evidence, he noted that the spread of AI has been fundamental to technological development, the main steps of which include the spread and accessibility of the internet to legal practitioners in the 1990s; the widespread use of email messaging since 2002 (with the passing of time, paper-based messaging lost ground); while the last two or three decades have seen numerous technological innovations and developments that have had a strong and significant impact on the practice of law. As the spread of artificial intelligence has been rapid and its use is now commonplace in the work of practising lawyers, these examples show that AI-driven systems are tools that reduce the workload of practising lawyers.

He raised an important question: can AI be interpreted as the 'Dick the Butcher' of legal practice, i.e. will it lead to the disappearance of practical legal work? (Dick the Butcher is a prominent character in Act 2 of Shakespeare's play Henry VI, the one to have used the phrase: "The first thing we do, let's kill all the lawyers"). Before answering his own question, the speaker discussed the use of artificial intelligence in sports, gaming and gambling (card playing). A chess automaton in the late 1980s defeated the then world chess champion Garry Kasparov. Another software beat the Korean world champion in GO. A software developed in Texas, USA beat the most experienced poker players. A general question therefore arises: what are the current capabilities of AI-driven programs and applications in the field of practical legal work? As time has gone by, practising lawyers have picked up an increasing number of advanced software programs. In the US, for instance, the EDGAR database contains a number of templates for public contracts, agreements and actions. Using the documents in the database, users can draw up a summary of a given topic or give a legal opinion or position. Based on the contracts and agreements in the database, lawyers can draw up guarantees, warranties, liability and indemnity rules.

In general, AI-driven applications allow lawyers to compare and review provisions in hundreds of pages of contracts. They are able to prepare risk analyses, analyse and predict possible court decisions in litigation and arbitration. They can also carry out research in the field of written law and case law. They can develop proposals for multi-party agreements and settlements, and these systems can also recommend the conclusion of certain agreements. In that context, an important question arises: can these systems always, in all situations, replace a practitioner? What kind of work, what sort of tasks are they able to carry out? In general, can such AI-driven applications take over part of the work of beginner lawyers, junior lawyers and trainee lawyers? It is important that draft documents and contracts are always reviewed and checked by an experienced lawyer or senior legal adviser, as the software may arrive at incorrect conclusions. What are the additional risks of AI-driven systems in the field of jurisprudence? It is possible that artificial, invented or fictional cases are confused with actual cases by the software or database. That is why it is always imperative for an experienced lawyer to review and, if necessary, revise the results of the operation of a given system. Human control is therefore essential and must not be allowed to be spared.

In the light of the above, the question arises as to how novice lawyers can gain experience in the various branches of law. To that end, Dr. Boone suggests that trainees and law students should be up to date on the most important legislation and draft legislative amendments affecting their chosen branch(es) of law. They should find themselves an experienced mentor (this could be a lawyer, a senior lawyer, etc.) who is familiar with the practice of the law and is able to pass on his or her knowledge. They must be pro-active and do more legal research. They must get involved in legal project assignments where negotiation and the human factor play a major role. They should attend various legal conferences and take part in competitions, such as case-law and moot court competitions. They should be fully immersed in the operation of new AI-driven legal programs and databases so they can use them better and more effectively in their work.

What are the characteristics of the regulation of AI-driven legal programmes in the European Union and the US, he asked. The European Commission has prepared a draft legislation on the various AI legal programs and databases, he replied. On the basis of such draft legislation, they are classified into several risk categories, i.e. low, medium and high risk (they mainly set out prohibitions). There are EU laws that only set out minimum rules, and it is up to the Member States to work out the details of the rules for the operation of the AI concerned and the programs and databases it controls. There is a different situation in the US, where the main rules for AI-powered programs are developed by companies and the business community. The government refrains from interfering in regulating the operation of artificial intelligence. IBM, for example, has developed a code of conduct emphasizing the importance of ethical, human-centred and transparent rules for AI-driven systems and programs.

Finally, Dr. Boone concluded his presentation by emphasizing the importance of human control over legal programs driven by artificial intelligence, concluding his presentation with a quote from Nobel Prize-winning Hungarian scientist János Neumann: "The human brain is, after all, the best example we have of an intelligent system."

This was followed by a presentation by Dr. Éva Inzelt, entitled The challenges and innovative dimensions of online conciliation in the 21st century. Dr. Éva Inzelt, President of the Budapest Conciliation Board (BBT), adjunct professor at the Faculty of Law and Political Science of ELTE, has been involved in alternative dispute resolution since 2010.

She has been preparing undergraduates for the ICC World Mediation Competition since 2013. Their greatest success came in 2020, when ELTE students finished in 3rd place in a field of 65 prestigious universities. To what extent is it worthwhile, necessary or possible to transpose alternative dispute resolution into the online space? The question asked by the speaker deserves further reflection. There is no doubt that we are using an increasing number of services in the digital space, she said. Conference participants had a chance to use the Smart Event mobile application to answer questions related to the presentation. Her conclusion that it was possible was confirmed by an instant ad hoc survey. For example, nearly 60 per cent of the audience had used internet banking services in the past seven days.

The speaker used statistics to illustrate that growth based on a representative survey, showing that the proportion of internet users who also make online purchases increased from 49 per cent to 76 per cent between 2017 and 2022. In terms of the rate of growth, Hungary ranked 2nd in the EU during the period, she added.

The Budapest Conciliation Board dealt with more than 4,200 cases last year, about 50 per cent of which were related to the purchase of products and 50 per cent to the use of services, she commented. The share of online sales was 47 per cent for products and 23 per cent for services. These figures also demonstrate the growing importance of digital consumer protection. The presenter cited two examples of how the opportunities offered by digitalisation can be used in the field of consumer protection. She described the main features of the EU's online dispute resolution (ODR) platform. She explained that the system is available to EU citizens in all official EU languages, with a built-in translation service. The limitation is that the system can only be used to settle disputes concerning products bought online from traders based within the EU. The parties can also conciliate directly or use registered mediators, such as the Budapest Conciliation Board (BBT) in Hungary. In the case of BBT, 85 per cent of all ODR cases were decided in favour of consumers, she said. The problem is that businesses are not obliged to cooperate on this platform. The pandemic gave a major boost to the uptake of online procedures from 2020. Based on the experience of less efficient and cumbersome written procedures, the BBT introduced the use of the Zoom platform in the spring of 2021. Experiences have been positive, with settlement rates reaching pre-pandemic levels of 55–65 per cent.

A very significant change in the functioning of BBT is that, due to a change in legislation, hearings will be held online as the main rule from 1 January 2024. Consumers will obviously have the possibility to request a personal hearing, while companies will be required to at least cooperate online, which means that hybrid procedures will be offered. According to preliminary BBT surveys, more than 70 per cent of consumers prefer a face-to-face interview. (The impromptu survey showed that conference participants were more open, only 25 per cent of them insisting on a face-to-face hearing.)

The big question for BBT in the near future, she added, is how consumers will react to the change. Building trust and managing change present a major challenge, as the releasing of frustration, emotions and personal interactions play an important part in resolving disputes. There are also a number of issues that arise in relation to online dispute resolution that were routinely handled in the traditional framework, such as data protection, the right to representation and the publicity of hearings (the procedure is not public), she concluded.

The penultimate presentation of the first day of the conference, entitled **The work of FIN-NET network and its future challenges**, was given by **Mr. Gintaras Grikšas**, Policy Officer in the Retail Financial Services Unit of the European Commission, who is also responsible for administering the FIN-NET network.

In his presentation, he described the functioning of the FIN-NET network, the steps taken so far to promote consumer rights and the possible directions for the development of the network. He said that FIN-NET, established in 2001, is a cooperation network within the European Economic Area (which includes the Member States of the European Union plus Iceland, Liechtenstein and Norway), bringing together alternative dispute resolution forums for cross-border financial disputes between consumers and financial service providers. Currently operating with 62 members in 30 countries, the network can be joined by any organisation responsible for the out-of-court settlement of financial disputes that complies with the rules of the relevant Alternative Dispute Resolution Directive. The principles and rules for cooperation between member organisations are set out in a Memorandum of Understanding. Member organisations hold at least one (usually one or two) general meetings a year, which may be hosted by individual member organisations. The role of the network and the effectiveness of cooperation are constantly growing. As opposed to 2001, when only 337 organisations were involved in cross-border consumer financial disputes, in 2019, 3,759 organisations were involved in such disputes, 60 per cent related to banking, 25 per cent to insurance and 15 per cent to investment products.

He stressed that the administrative background for the FIN-NET network is provided by the European Commission. In this capacity, the Commission promotes cooperation between member organisations, provides support for joining the network, keeps them up to date with the latest developments in EU financial services and consumer protection legislation, and ensures that member organisations are able to exchange experiences and dispute resolution practices. The Commission supports the uniform treatment of cross-border disputes to ensure a better enforcement of consumer rights. On its website, the network also provides information on the alternative dispute resolution forums available in each member country, the main rules of their procedures (in particular the language of the procedure), potential costs and the legal binding force of member organisations' decisions. He presented the website developed by the Commission, which provides basic information on each FIN-NET member organisation by geographic location, including visual information. He stressed that the Commission plans to provide consumers with face-to-face advice on cross-border consumer redress in the so-called European Consumer Centres. The network provides the Commission with information on current issues in financial services to improve the enforcement of consumer rights. Current topics include the experiences of member organisations on new trends in fraud in the provision of financial services and the impact of anti-money laundering rules on the effectiveness of alternative dispute resolution.

In his presentation, he pointed out that, in the future, the main challenge for the Commission and FIN-NET will be to ensure that consumers are aware that they can settle their disputes with financial service providers out of court, through competent alternative dispute resolution forums. To that end, the Commission has proposed legislation requiring financial service providers to inform consumers of the out-of-court dispute resolution body they can refer a dispute to. The Commission has carried out extensive information activities, both online and through the European Consumer Centres in each Member State, to help consumers find the required information to resolve cross-border consumer disputes.

The speaker reported on the European Commission's current proposal for an amendment to the ADR/ODR Directive, which is now awaiting adoption by the Parliament and the Council. According to the proposal, the Directive should cover all aspects of EU consumer protection law and extend its scope to non-EU traders, tackling unfair practices such as manipulative interfaces, manipulative advertising or geo-blocking rules. Under the proposal, businesses will remain free to choose whether or not they wish to participate in ADR, unless specific EU or national law requires traders to participate in out-of-court dispute resolution. However, if the consumer requests alternative dispute resolution, the business is required to respond within 20 working days. This approach will speed up the overall process and encourages service providers and traders to get involved. Under the proposal, Member States will designate contact points to facilitate

communication between consumers and traders, to help them through the process and to provide general information on EU consumer rights and redress.

Finally, he informed the audience that a review of the current online dispute resolution platform is underway. The Commission is expected to develop user-friendly digital tools to replace the current solution, in order to ensure that consumers can find an alternative dispute resolution body with the competence and jurisdiction to resolve their disputes. The European Consumer Centres and, for financial services, the FIN-NET network will continue to be the focal points for consumer advice.

The final presentation of the day was given by conciliator **Joachim Leitner**, representing Verbraucherschlichtung Austria – Schlichtung für Verbrauchergeschäfte, whose presentation was entitled **The work of TRAVEL-NET and the effect of the digitalisation of passenger rights.**

In the first part of the presentation, the speaker explained the functioning and structure of TRAVEL-NET, a network of alternative dispute resolution bodies in the field of tourism and travel. Founded in 2017 and having 29 members from 18 countries, the organisation holds plenary meetings at least twice a year, the three groups (aviation, railway and package travel) within the organisation also holding regular consultations. The network is open to all EU-recognised ADR bodies in the transport, travel and tourism sectors that accept the network's memorandum. TRAVEL-NET's main objective is to share information and best practices, facilitate the management of cross-border cases and promote cooperation between members. The speaker also described the projects currently in progress, including the development of the network's website. He stressed that the proportion of cross-border cases in travel-related matters is very high. Since networking among ADR organisations is essential for high quality case management, TRAVEL-NET intends to continue to develop and expand cooperation in that area.

The second part of the presentation focused on the relationship between digitalisation and passenger rights. It is an area where digitalisation has gained ground recently, he said, referring to the way people communicate, the digital tools (chatbots, artificial intelligence, etc.) available or the fact that certain products are now only available digitally. As an example, he mentioned, that printed airline tickets are no longer used and complaints are not sent by post. He pointed out that in the area of passenger rights, it is very important to ensure non-discriminatory access to transport, to provide adequate support and compensation in case of problems in the service (cancellations, delays, denied boarding, etc.) and to have appropriate enforcement bodies in place. The National Enforcement Bodies (NEBs) operate under the EU rules on passenger rights. There is one body per Member State dealing with general cases. ADR bodies, on the other hand, operate under the EU ADR Directive, with several bodies per Member State dealing with specific cases. There are also private actors, mainly in the field of air transport as well as various claims enforcement agencies. Experience shows that digitalisation will continue. While human activities will not completely disappear, they are going to decrease, and the operation of alternative dispute resolution bodies and consumer organisations will still be necessary in the area of passenger rights.

A Q&A session followed where the speaker gave a comprehensive answer to each question.

Why should one choose TRAVEL-NET over Flightright or SkyRefund? TRAVEL-NET helps the complainant to find the appropriate alternative dispute resolution body. Alternative dispute resolution bodies are free of charge, and consumers do not have to pay a fee even if their claim is successful.

Is there procedural cooperation between TRAVEL-NET members on cross-border consumer disputes? They do cooperate. If, for example, a Hungarian consumer has an issue with an Austrian service provider and the Hungarian alternative dispute resolution body they have approached is unable to act, they can find the appropriate dispute resolution forum through the TRAVEL-NET network.

Does the digitalisation of passenger rights carry a risk and, if so, what kind of risk? In addition to the general data protection risk, there is also a risk of fraud and a risk of hindering the ability to enforce claims.

What impact have recent events (COVID-19, the war) had on passenger claims? Is there an increase in the number of procedures? To his knowledge, most ADR entities have seen a 100 per cent increase in their caseload due to COVID-19. In his reply, he pointed out that almost all flights in Europe were cancelled, customers were not entitled to any compensation, which led them with two choices: either they claimed a refund or a ticket for a later date. While it was a problem that the airlines did not have sufficient financial resources to repay the fares, the fact that the airlines gave short-term vouchers also led to disputes.

In what ways does TRAVEL-NET offer consumers more than ECC-Net? In his view, ECC-Net is a very useful and valuable partner. However, while ECC-Net is a consumer protection organisation, TRAVEL-NET is a grouping of alternative dispute resolution bodies. The service offered by TRAVEL-NET is therefore not more, but different than ECC-Net's offer.

For the most part, the second day of the conference concerned the challenges of the digital world. The first presentation, entitled **Digital Phishing, Cyber Security – Facts, Decisions, Opportunities in Financial Conciliation**, was given by **Dr. Judit Cserépi and Dr. Lajos Tamás Tarpai**, members of the Hungarian Financial Arbitration Board.

At the beginning of the presentation, **Dr. Erika Kovács** offered a brief overview of the Financial Arbitration Board and the cases dealt with by the Board. She pointed out that, since its creation, the Board has been dominated by credit and loan-related disputes; that trend, however, has changed in recent years. Today, digital phishing cases have surpassed credit and loan cases in terms of both their number and complexity. The Board was first confronted with such cyber fraud cases in 2018, which were considered unique at that time. The number of cases has steadily increased from year to year. The most significant change occurred from 2022 to 2023, when the number of cyber fraud cases tripled. In addition to the significant increase in the number of cases, the data available to the Board also show that such abuses affect a wide range of consumers, regardless of age, education or access to information. Everyone can be affected, so the best way to guard against abuse is prevention.

At the beginning of his presentation Dr. Tamás Lajos Tarpai emphasized that it is always the customers that fraudsters target and, rather than through complex technical operations, they tend to obtain sensitive data by using the characteristics of human nature, through social engineering. Of the many types of fraud, fraud cases where fraudsters used fake banking sites, such as online product sales and Google search, were the most prominent in 2023. He explained that the law on the provision of payment services has imposed a special liability regime on unauthorised payment transactions. In the case of fraud, consumers may request their payment service provider to credit the amount of unauthorised payment transactions. If a claim is rejected by the payment service provider, the consumer may initiate a dispute to have the rejection reviewed, seeking to enforce the claim before the Board. A specific feature of the dispute is that the burden is on the payment service provider to prove that the refusal is justified, i.e. that the consumer has authorised the payment transaction or that the damage was caused by fraudulent conduct, intentional or grossly negligent breach of duty on the part of the consumer. The law also sets out obligations for consumers, both in terms of safe banking and reporting unauthorised activities. He stressed that, for the most part, payment service providers often refer to the grossly negligent misconduct on behalf of the customer.

He described the different types of cases, stressing the importance of careful handling and use of personal authentication elements provided to consumers (e.g. the numerical code sent by text). He believes that the number of abuses can be reduced if customers make sure they are not banking out of habit. As an example, he cited the abuse of text messages sent in the name of the Hungarian Post. He reminded consumers to always check and carefully read the messages they receive from their bank and only provide the authorisation codes once they have made sure that they belong to a transaction they intend to carry out. Based on the experience of recurring fraudulent phone calls, he suggested that one should always calmly consider whether the call is from one's account-holding bank, and recall previous experiences. He noted that it was important that banks had never asked customers to provide authorisation codes or online banking login details, to download any software or to transfer money to a secure account. When banks have managed to detect fraudulent activity, they can act quickly to restrict or ban access to the account. One can also encounter a high number of fraudsters when advertising a product online. In such cases, the fraudsters will attempt to mislead consumers about the purchase of the product. Scammers will send an email posing as a buyer with instructions to finalise the sale and receive the money. The guidance will eventually take the victim to a page that imitates the online banking interface of their bank. However, that interface will request various data and SMS codes. With due diligence, the fake banking site can be recognised and, on the basis of the SMS messages received, the consumer may realise that the fraudsters are trying to register a mobile app. Regarding that abuse, the speaker told that banks in the market currently have different policies in place regarding whether it is possible to register the bank's mobile application on several mobile devices linked to the same customer. At the end of his presentation, he pointed out that, unfortunately, they have also encountered cases of fraudsters applying for an online personal loan in the name of a consumer and misappropriating the amount of the loan. Several banks now offer personal loans online only. Such abuses are made possible by customers installing a remote access program on their device, thus enabling the fraudsters to access the customer's netbank or mobile bank through the software and with the customer's help. By using these tools and distracting the customer, fraudsters can carry out the application process.

In her presentation, Dr. Judit Cserépi explained the procedural rules and experiences of cross-border cases in the context of cyber fraud. She explained that a particular feature of such procedures is that one of the parties is domiciled or established in an EEA member state other than Hungary. She stressed that where the financial service provider concerned by the procedure is established in another EEA Member State, the opening of the procedure is also subject to the service provider's submission to the Board's procedure and decision. In a case cited in her presentation, she pointed out that, despite frequent requests by customers, the Board is unable to investigate the adequacy of financial service providers' fraud monitoring systems. Moreover, she specifically addressed a special cross-border case type, i.e. cases related to online trading platforms. In these types of cases, customers register on online trading platforms, usually hoping for and relying on investments with high returns. They are then informed of apparently high profits by the scammers, and thus keep investing increasing sums, only to be confronted with the fraud when they want to withdraw their money. In this type of abuse, customers often claim unauthorised unlicensed investment activities and money laundering violations. However, the Board can only act within the scope of its competence, as it is not an investigative authority. It can only report the offence to the relevant supervisory area of Magyar Nemzeti Bank when it has detected unauthorised activity, and it will do so in any case.

After the two speakers, with regard to the success rate of the Board, Dr. Erika Kovács pointed out, that unfortunately, this is the area where conciliation is least effective, either in the form of a settlement or other decisions favourable to the customer. The increasing number of out-of-court settlements in 2023 was, however, a positive development. In addition to adjudicating individual cases, the Board also assists consumers by publishing professional articles, regularly informing consumers about its experience in the course of its proceedings and cooperating closely with the supervisory authorities of Magyar Nemzeti Bank. The Board is also involved in the Cyber Shield programme, an extensive multi-agency cooperation to educate consumers and promote prevention. She concluded by stressing that since there is a lot consumers can do to protect their money, one should always act with care.

As a change in the programme due to the illness of Mr. Kurt Callewaert, the next presentation was held by **Dr. Edina Kastory**, Commissioner for Media and Communications, entitled **Possible means of preventing claims affecting consumers of electronic communications services and media content**.

The speaker began her presentation by saying that electronic communications and media content fall under the competence of the National Media and Infocommunications Authority (NMHH), which is responsible for two distinct areas (the Internet and media). The Commissioner presented the legal background and the most important general and sector-specific legislation. The NMHH shapes sector-specific practice, which is in turn shaped by market practices, she said. In the market for electronic communications (telephone, internet and television services), there is an asymmetric relationship between the service provider and the subscriber. It is important that the consumer should be assertive rather than aggressive. The subscriber may lodge a complaint/report with the service provider, the market surveillance authority and the Commissioner's Office. The Office deals with infringements, breaches of interests, actions or conduct of concern by service providers (e.g. service provider failures). The Commissioner's Office can be contacted regarding complaints affecting numerous subscribers, yet it does not deal with individual cases. She highlighted the types of complaints. The most common complaints concern inadequate and contradictory information, poor customer services (service is difficult to reach, inadequate information), provisions of the general terms and conditions (GTC) and the lack of fair consideration by the service provider. The question arises as to whether consumers should be expected to be familiar with the GTC. The Commissioner has the possibility to conclude an agreement with the service provider, if the service provider is willing to do so in order to establish good practice. If that has been achieved, it will be integrated into the contracts for other customers. For example, the service provider may agree to a fairer procedure. New focal points have been identified to ensure a sustainable, modern and high quality consumer protection regime. These are: consumer rights and consumer protection, balance between the consumer and the business, an absence of undue influence on consumer decisions and of active or passive misrepresentation, user-friendly customer service processes, clear information before consumer contracts are signed, fair administration and complaint handling, etc.

In the area of consumer protection, customers have become more demanding vis-á-vis customer services, including the possibility to choose the communication platform, support for online transactions, the need for personalised information, non-stop availability, transparency measures and the expectation to value customer loyalty.

Turning to the media, the Commissioner presented the sanctioned facts and the legal consequences the Media Council can apply. Assessment criteria include the harm caused by the infringement. Rather than an authority, the Media and Infocommunications Commissioner ('MHB') is an independent institution investigating conduct that violates or jeopardises the fair interests of consumers. While the MHB does not 'look for' violations, in many cases it will be remedied by the service provider if it is recognised during the procedure. The authority imposes fines, yet it does not remedy individual harm. With regard to traditional media, print media, radio and television content, she explained that consumers are troubled by pseudo-news, pseudo-scientific, vulgar, offensive content, obscene language, too much and too loud advertising, too many repeats, too few nature films or too little sports coverage, violation of the language correctness rule, negative discrimination, sexual content and content that offends the dignity of women. Consumers should specify the kind of action they expect. However, they are, for example, unable to ban certain types of programmes or charge service providers.

Digital media is a new area, she remarked. While edited content can be taken to the authorities, unedited content that can be published freely is problematic. The Digital Services Act (DSA) is an international regulation, she said. It will become applicable to intermediary service providers from 17 February 2024, providing a strong framework, enhanced protection of fundamental consumer rights in the online space, risk reduction, management of illegal content, transparency of online platforms, accountability, responsibility, supervision, complaints and redress mechanism and alternative dispute resolution.

She also provided information on the challenges in the application of artificial intelligence (AI), supporting transparent decision making in the field of communications, customer management, the role of AI in customer service, such as

response templates, stereotyping, etc. She stressed the need for cooperation between public authorities, content providers and consumer representatives. She also noted that the rules for the use of AI are currently being shaped. Market players are expected to regulate and develop good practices. While the aim is to prevent harm, among good practices, it is desirable that consumers should be informed, assertive, able to make decisions, have an influence on the processes, yet at the same time be loyal and faithful to and cooperate with the service provider. On the part of the service provider, it is very important to provide a mental customer experience, of which she presented an example.

Finally, she described the non-authority-type tools used in the field of prevention, highlighting the Internet Hotline platform, which operates under the auspices of the NMHH. Rather than an authority, it is a more confidential platform, which mainly serves for reporting content harmful to minors. However, any harm or harmful content can be reported. She stressed the importance of prevention. To that end, for example, the authority concludes contracts with service providers with updated content, she said.

The next speakers of the morning were representatives of the Bank of Italy, Dr. Costanza Alessi and Dr. Francesco Privitera, representatives of the Italian Banking and Financial Ombudsman Division. While Costanza gave an online presentation, Francesco attended the Conference in person. They took turns speaking during their joint presentation entitled AVR Digitalisation and the use of artificial intelligence – Introducing the Italian Banking and Financial Ombudsman.

Dr. Costanza Alessi has been working at the Financial Ombudsman's Office of the Banca d'Italia, the Bank of Italy, since 2017, while Dr. Francesco Privitera joined the Office in 2019. Graduating as a lawyer in 2008, Costanza obtained a Ph.D. in economics in 2011 at the Luiss Guido Carli University of Rome. Francesco graduated in Economics in 2014 and also received his Ph.D. from Rome's Luiss Guido Carli University in 2018. He is responsible for analytics and statistics at the Financial Ombudsman's Office. The presentation included the description of the Italian Banking and Financial Ombudsman (Arbitro Bancario Finanziario – ABF), drawing on the experience of recent years, and providing insights on how the use of information technology (IT) in ADR systems has contributed to increasing the efficiency of ADR. Over more than a decade of successful efforts, the use of IT has evolved and changed as the ABF has developed. The Bank of Italy set the objective of ensuring adequate consumer protection as early as 2010 and has set up a separate department for consumer protection and financial education since 2020.

Having set up the Ombudsman in 2009 and continuing to ensure full cooperation in the activities of the OCR, the Bank of Italy has, thanks in particular to its technical secretariat supporting its seven regional bodies, always been convinced of the importance of information technology in supporting the activities of the Ombudsman. In that spirit, it has set up an IT procedure to share information and manage procedures efficiently and securely. The ABF is an independent alternative dispute resolution forum established by law. Financial service providers are required to participate in the ABF's procedure. The procedure can be initiated by the consumer or any company by submitting a request, following an adequate complaint procedure, and by paying a procedural fee of 20 euros, which will be refunded if the ABF's acting board decides in favour of the consumer. Its decisions are recommendations that are published on its website. In 2022, 15,500 such applications were received, and the Board decided on a total of 17,372 cases, 52 per cent of which were decided in favour of the applicants. 95 per cent of applicants were private individuals.

With the significant growth of the ABF's activities and in line with the specific provisions of the ADR Directive, an online portal was launched in 2018, which now allows customers to submit and manage their complaints entirely online. The ABF Portal is a simple interactive tool providing users with a step-by-step guided process, which will also be available to financial service providers in the future. In their experience, this method facilitates the application process, making it more cost-effective for consumers and improving the efficiency and transparency of the ABF's efforts. In addition, based on their experience, the new case management system has reduced the possibility of errors, clarified the interconnection and traceability of individual workflows, and accelerated the administrative processes for the staff. On the online portal, applicants can follow the status and progress of their procedure and access, upload and download documents. A messaging

function is also available on the portal for proper communication. The success of the new online portal is demonstrated by the fact that 99 per cent of applications have been submitted online, the number of incomplete applications has fallen below 5 per cent and the time taken to process them has been considerably reduced.

Recently, the Bank of Italy has launched a new project, the presenters said, which aims to introduce the use of artificial intelligence techniques, such as text mining and machine learning, to support the analysis process of complaints received and decisions issued by the ABF. The aim of the project is to facilitate the decision-making process by identifying similar cases and facts. This is not necessarily an easy task these days, given the volume of documents received and the complexity of the operational processes, they concluded.

The following presentation, entitled **The State as a mediation service provider – challenges and strategies for the government in Georgia**, was given by **Dr. Giorgi Tsertsvadze**, a lawyer and university professor from Georgia and a Managing Partner of the law office J&T Consulting LLC.

He started by elaborating the reasons why the state is considered a mediation service provider, and the reasons that have led to a situation that it had to take on that kind of activity in the first place. The reasons he cited included the poverty of mediation infrastructure, the legacy of the Soviet era, which has survived to this day, and the nature of public-private partnerships. He said that an organisation, the Association of Mediators of Georgia has been set up, an authorised organisation with legal personality, governed by public law. The organisation, which brings together mediators, is functioning, while a paternalistic approach also persists in the country, which means that mediation cannot develop on its own and the state has to intervene and support development.

As regards the historical background, he noted that information concerning mediation and its development can be divided into three major periods if one is to understand the developments in this field. The Middle Ages, Soviet times and the period since independence can be identified according to their relevant characteristics. He added that in Georgia, the term ‘mediation’ first appeared in tax legislation. It is true, however, that the definition of that term in the said law was not fully explained and does not exactly correspond to what people normally mean by ‘mediation’ these days. According to a concept published in the 2012 volume of Tbilisi-based journal “Brochures from the Revenue Service”, mediation is an alternative concept of tax dispute resolution, which is a way of settling disputed issues before an audit report or a tax ruling is issued.

Mediation exists also in the field of insurance in Georgia, and it has been introduced in the legislation. It covers the possibility of settling disputes between health institutions and insurance companies out of court, he noted. To settle such disputes, a special body has been set up by the Ministry of Labour and the Ministry of Health and Social Affairs. The procedure developed by that body on the initiative of the ministries is a hybrid solution, a mix of mediation and arbitration, he added. While the implementation of their decisions was originally enforceable in the courts, this was abolished by a subsequent piece of legislation on the grounds that the reasons for the decisions were unclear, he said.

Similarly, it is possible to mediate collective disputes in Georgia, he explained in the rest of his presentation. That form of mediation is used to resolve disputes between the employer and a group of at least 20 employees. For such disputes, a mediator is appointed jointly by the Ministry of Labour and the Ministry of Health and Social Affairs. Such mediation option has only been available in Georgia in the past few years. It is characterised by the fact that the employer is often a state-owned institution or company. While this form of mediation has certain advantages, it has numerous downsides as well, he concluded.

A well-known solution in Georgia, as is also the case in Hungary to the speaker’s knowledge, is reliance on notaries to mediate in certain disputes. That possibility was granted to notaries by the Act on Notaries, in a manner similar to other countries, he noted. Notaries may mediate in family matters, except for adoption and disputes concerning the existence

and enforcement of parental rights. They can also act as mediators in matters of succession, neighbouring rights and other areas for which no special, exceptional or specific mediation procedures are provided by law, he explained.

Finally, he added that a new initiative is in the pipeline between the Ministry of Economy and the Ministry of Sustainable Development of Georgia and, while that initiative is still in its infancy, it has already shown signs of promise. The two ministries have joined forces to set up a joint labour law or labour mediation system in order to resolve disputes involving companies owned by the ministries. This initiative will be aimed at resolving individual, rather than collective disputes with employees, he added.

Summing up the topics and content of his presentation, he noted that by answering the following three questions, one can decide whether or not the state mediation solutions and forms developed and implemented in Georgia have a justification for their existence and to what extent they serve or can serve the settlement of disputes. These questions are the following: 1. How effective is the State as a provider of mediation services? 2. Can the State play a role in mediation at all? 3. Apart from the State providing the appropriate and necessary infrastructure for mediation, what other possibilities does it have to develop and advance the issue of mediation? The questions are theoretical and need to be answered in the future, he concluded, thanking the audience for their attention.

The next speech was delivered by Dr. Szilveszter Ádám, Deputy Director of Communications Supervision, representing the Office of the National Media and Infocommunications Authority, on the Consumer protection in the NMHH's electronic communications and postal supervision activities.

He began his presentation with a concise description of the NMHH. He explained that the independent regulatory body named in the Fundamental Law is accountable to the Parliament. It has four offices in Budapest and five in other cities. It is chaired by its president. The Media Council and the NMHH Office belong to it as bodies with independent responsibilities. Its tasks cover the full range of media management, electronic communications and spectrum management, as well as overseeing postal services and trust services. The NMHH is involved in protecting subscribers and users through the Media and Communications Commissioner. It supports public and municipal actors through its measurement capabilities and contributes to legal compliance. The NMHH offers a reporting facility in the event of online harm identified. It actively contributes to raising user awareness and improving media literacy among the younger generations.

With regard to reviewing the sectoral regulations protecting subscribers and users, he noted that electronic communications and postal services are indispensable in all areas of society, the economy and the operation of state administration. In many areas of contractual relations with subscribers and users, binding sectoral regulation exists, where the parties' freedom of contract and the rules of the Civil Code do not apply. Further sectoral rules ensure the publicity and comparability of service conditions and the possibility to make an informed choice and to change service providers.

Regarding the NMHH's tasks in the supervision of electronic communications and postal services, the speaker explained that the purpose of supervision is to protect electronic communications subscribers and users of postal services and to ensure that service providers operate in compliance with the law. Its tools include comprehensive investigations under and outside the supervision plan; procedures based on requests from subscribers and users; and the handling of notifications and signals from other bodies. In the case of a breach of the law, the Authority's task is to apply a legal sanction aimed at remedying the infringement and creating the conditions for lawful operation. It is, however, not responsible for settling individual grievances. Legal consequences may include: an obligation to comply; an obligation to draw up an action plan and to report; an obligation to publish a notice on the service provider's website; the publication of a press release at the service provider's expense; the imposition of a fine on the service provider and the manager as a sanction; and interim measures in the event of widespread threat of serious harm.

In the case of ex officio procedures, the Authority's toolkit includes comprehensive investigations under and outside the supervision plan; procedures based on requests from subscribers and users; and the handling of notifications and signals from other bodies. Proceedings may be initiated upon request if it becomes necessary to investigate the conduct, procedure or omission of the service provider specified by the subscriber or user needs to be investigated. The Authority will only investigate procedures that comply with sectoral rules and the GTC. There is a time-limit for starting the procedure. The procedures, which, in addition to consumers, can also be initiated by businesses and other legal entities, provide valuable indications of the areas where systemic problems may exist in the way service providers operate.

The ex officio procedures are carried out on the basis of the Authority's annual monitoring plan, which is adopted by its President in December each year. The plan is public and available to anyone. While it primarily addresses the focus areas for the coming year, investigations may be launched at any time during the year.

Finally, he spoke about public contracts. He said that this is a complex tool to deal with the consequences of more widespread infringements and to ensure lawful operation. The service provider can initiate the conclusion of a contract. Essentially, the service provider makes commitments that are suitable for resolving and settling the situation faced by the customer. The commitments may go beyond what the Authority may impose as a legal sanction. The resulting public contract is enforceable, he added in conclusion.

The conference concluded with a panel discussion among three academics, entitled **New postgraduate training options in the field of alternative dispute resolution – panel discussion with the professional leaders of the programmes**. **Dr. Éva Inzelt**, Associate Professor at the ELTE Faculty of Law and Political Sciences from Budapest, **Dr. Judit Glavanits**, Associate Professor at the Széchenyi István University of Law and Political Sciences of Győr and, as moderator of the discussion, **Prof. Dr. Veronika Szikora**, Head of Department, Faculty of Law and Political Science, University of Debrecen, discussed the increased importance of alternative dispute resolution training both in the education of lawyers and in postgraduate education.

All three speakers said that their postgraduate training courses have a maximum of 15–20 participants, which is the only way to work effectively, as the nature of the training is such that it includes a lot of practical training besides theoretical education. Prof. Dr. Veronika Szikora said that it was a few years ago, soon after the Alternative Dispute Resolution Conference, that she decided to arrange for an alternative dispute resolution specialist training in Debrecen, which finally started two years ago. In Debrecen, there are two types of training related to alternative dispute resolution, i.e. the training of alternative dispute resolution lawyers, which is currently only available for lawyers, and the training for consumer protection lawyers, the first such training in the country to be launched at the University of Debrecen. The question of the ratio between theory and practice in training has been repeatedly raised. She argued that theory and practice must go hand in hand, and that new expectations and practical elements must be strengthened in training. Basic training should provide a solid foundation on which to build the new direction of vocational training based on practice. One of the results of the change in the university model is the launch of their consumer protection law programme. Here, in addition to face-to-face attendance, there is a possibility of online participation, which means that interested professionals can subscribe to this training from outside the city or the country. The training course for alternative dispute resolution lawyers has been the most popular. She also noted that they have been trying to incorporate an established approach in the field of ADR in their latest training courses, such as compliance training, which is currently being organised. Since feedback is important in education, suggestions on how to improve special training courses are welcome from anyone.

Dr. Judit Glavanits noted that, in Győr, those who participate in the specialist lawyer training are open to new ideas, including an expanding range of postgraduate courses. The trainees are a pleasure to work with and are an invaluable community, she added. The training of alternative dispute resolution lawyers was thought up five years ago. Their speciality is that they are not satisfied with mediation only. Conciliation, financial conciliation and arbitration have also been integrated into the training and the final exam, so the training covers all forms of alternative dispute resolution. The

training has a very high number of face-to-face sessions, with a practical component of 80 per cent. The students also prefer the fact that lawyers and non-lawyers meet for several hours, as project managers, social workers and teachers also participate in the mediator training, thus enriching each other's activities and providing each other with new insights. This offers participants a much broader knowledge. Practice is a crucial part of training. Post-graduate training can be conducive in overcoming burn-outs, by discovering new environments and new colleagues. Foreign language training is also important for model-changing universities, she noted, adding that internationalisation has become a priority. One of the advantages of post-graduate training is that the rigidity and slow implementation of changes that used to be typical of the legal profession has changed in a positive direction as a result of post-graduate training, and short courses can now keep up with new needs and a new training direction can be set up quickly, within months where necessary. As for the future, it has been suggested that shorter training modules of a few months could be launched, even online, which could become necessary and popular with students because of the need to adapt quickly. An instructor who is brilliant at undergraduate education may not prove so good in postgraduate education. Professionals with several years of experience can impart much more useful knowledge to students. In postgraduate education, there is much less difference between the teacher and students. Among the future training courses in Győr, the training of cybersecurity lawyers is already in the early stages. This field was also one of the most interesting topics at this conference, she added.

Dr. Éva Inzelt said that this has been the second year of the economic alternative dispute resolution (mediator) specialist and lawyer training at the ELTE Faculty of Law and Political Sciences. One of their specialties is that trying to provide students with useful expertise on specific issues that arise in the business world, both within and between companies. Apart from lawyers, the training is also available to economists and certain management graduates in fields such as health, art and engineering. Undergraduate law education is essentially theoretical, while postgraduate education is a lot more oriented toward practice. In the long term, measures should be taken to transform the system of basic training. Market demand should be constantly monitored and training must follow such demand. Even with the rise of artificial intelligence, the mediator will never be replaced by a machine, i.e. the emotion the mediator works with will never be taken over by a machine, which is why mediator training has a long-term potential and outcome. In practical training, cases are dealt with in pairs or small groups. The postgraduate course also provides students with literature in foreign languages and invites well-known foreign experts. The combination of law and other business professionals in postgraduate education brings many positive outcomes for students, and has also become very popular among the lecturers. The outstanding theses by students have shown the way they can make use of theoretical and practical teaching. Finally, she added that they are already looking forward to next year's conference theme. For years, ADR conference organisers have managed to come up with the most current issues, which should be taken into account in postgraduate training.

Various articles have been published on the conference and the digital world in the online journal ***JOGÁSZVILÁG (A LAWYER'S WORLD)***, published by Wolters Kluwer Hungary Kft.

The article summarising the conference is available here: Consumer protection and challenges of the digital world – Jogászvilág (jogaszvilag.hu)

Information on one of the panel discussions can be found here: How far can consumer protection extend? State intervention versus private autonomy – Jogászvilág (jogaszvilag.hu)

More articles on digital consumer protection can be found here: digital consumer protection – Jogászvilág (jogaszvilag.hu); NMHH – Jogászvilág (jogaszvilag.hu)

You can find out more about the CyberShield Programme and cyber risks here:

The Cyber Shield programme – Jogászvilág (jogaszvilag.hu)

5. ARTICLES AUTHORED BY THE 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 articles on a variety of topics, aimed at providing information and presenting real cases, which serve as lessons for all of us. The members of the Financial Arbitration Board also participate in this work year after year. In 2023 there were 15 professional articles and two interviews with the Chair of the Board published digitally, on the news portals Napi.hu, Origo.hu, Index.hu and Vg.hu; they are also available on the website of the Board (SZAKMAI CIKKEK (mnb.hu) (ARTICLES)).

DR. JUDIT CSERÉPI: How to Complain to a Bank Abroad?

In recent years, we have witnessed a proliferation of foreign companies providing financial services in this country without opening a branch office here. This has intensified competition on the financial market, which theoretically benefits the consumer, who can now choose from a large number of service providers and products on the market. Yet the wide choice of option may in fact make it harder to find the best ones. It is always a good idea to gather information before you enter into a business relationship with a foreign financial service provider, including understanding how to lodge a complaint.

Regardless of what reasons you may have for choosing a foreign financial service provider or on what platform you first encountered it, the first and most important thing is to find out whether the company in fact exists and holds the appropriate permits. Experience suggests that some online companies do not hold the permits necessary for the services they provide. You need to understand where the particular company has its head office and other places of business.

On their websites, companies must provide information about their registered office and explain where to contact them and how (online, by phone, by letter). If you cannot find this information, then it is recommended that you first look for their general terms and conditions, business regulations or similar documents on their website. These documents provide further information such as the exact name of the financial service provider, its registered office, and also from which country's supervisory authority it received its permit.

To be on the safe side, you could also visit the website of the financial supervisory authority of the relevant country to find out whether the permit referred to on the service provider's website in fact exists and whether it is still valid. Financial supervisors tend to make such online search features publicly available to all. In Hungary, you can visit the website of the Magyar Nemzeti Bank and use the "Market operator search" menu to find the financial service providers offering cross-border services in Hungary.

If for any reason (for instance due to a lack of relevant information) you cannot get to this point, then you should reconsider it seriously whether you wish to enter into a contract with the financial service provider at all. Whereas if you have successfully ascertained that the service provider exists, it is a good idea to read more on its corporate website and in its general terms and conditions in order to find out where consumers can address their complaints.

You will generally find in these places a description of the complaints procedure and method, and, ideally, information on which alternative dispute resolution body consumers can turn to if they are not happy with the response received. You could also test in advance how liaising with the service provider works, trying out the chatbots that some websites now offer, writing an e-mail or calling their customer service with your questions. If you cannot reach anyone, you should be concerned about what this means for the future, should you ever need to exercise your rights in the event of an actual complaint.

There are situations (for instance taking out travel insurance online) when the consumer signs the contract with a merchant, not a service provider, and does not necessarily even know which insurer the contract is with. A very good example of this is taking out travel insurance with a flight booked online. In such scenarios, consumers receive the contract terms and conditions and the travel insurance policy by e-mail; it is recommended that you check these right away.

It is very important to know which insurer you have your contract with and which European country it has its registered office in. It is worth your while to study the contract terms and conditions already at this point, to see whether the insurance covers everything you had in mind and to find out where you can turn to with any complaints.

Language is another key issue. If you find that all content on the service provider's website is in a foreign language, then only enter into the contract if you speak that language sufficiently well. There are risks to assuming financial liability in a language in which you do not understand exactly what the parties to the contract commit to and how they can enforce their claims in the case of eventual problems.

Even if the website is in Hungarian, you are advised to carefully read the contract terms and information documents. If the contract terms and conditions and any correspondence between the parties after contracting has been in Hungarian, then the financial service provider will presumably run its internal complaints procedures in Hungarian.

If a service provider rejects your complaint, your first port of call should be the Financial Arbitration Board (the Board). This out-of-court alternative dispute resolution forum has the powers to act against non-resident financial service providers with a registered office in a member state of the European Economic Area (EEA) provided that, upon the Board's request, it declares that it submits to the proceedings and binding resolutions of the Board. If a financial service provider fails to make such a declaration in spite of being invited to do so, or declares that it does not wish to be subject to the proceedings, then the Board will not have the powers to proceed and must reject the petition. In such a case, it will inform the petitioners that they may direct their petition to the appropriate FIN-NET member board within the EEA or may instruct the Board to transfer their petition to the relevant FIN-NET member.

FIN-NET is a network of alternative dispute resolution forums within the EEA, to which the Board also belongs; the members of the network work with each other in handling cross-border disputes. If a financial service provider subject to a complaint does not have a registered seat or place of business within the EEA, then the Board will not have competence to proceed, nor are other FIN-NET members likely to have those powers.

FIN-NET members follow highly diverging procedures. If the contract documentation and the correspondence between the financial service provider and the consumer are in Hungarian, they may reject the consumer's petition on the grounds that Hungarian is not one of their working languages. In some cases the parties may have to pay the transaction costs. Sadly, there may be cases when consumers "fall between two stools", because the Board does not have powers to proceed as the non-resident financial service provider has not declared submission to it, whereas the other FIN-NET member that would have the power to proceed does not do so because it does not have staff who speak the language or would need to judge the dispute against Hungarian law, for which it does not have the expertise.

You should consider the above possible complications before you agree to a contract. A further aspect for consumers to consider is whether, beyond any language difficulties, they would be able to represent themselves in a proceeding that takes place abroad and whether a potential cross-border legal dispute would be worth the trouble, cost and time it would entail. There may be further difficulties with launching proceedings with the alternative dispute resolution forum of another country, which may prevent consumers from exercising their rights or delay them in doing so.

It is recommended to find out in advance whether the relevant foreign dispute resolution forum charges a procedural fee, if so, then how much, whether there is a minimum amount, below which they do not admit cases, and whether they impose deadlines on petitioning (for example, do they specify a time limit following a complaints procedure or an event subject to a legal dispute, do they have deadlines for the exercising of rights).

In summary, the message here is the same as in any area of life: it is a good idea to gather information in advance, doing some preliminary research on your future financial service provider and assessing the potential threats and risks. This will protect you from most surprises and give you greater confidence in exercising your rights before the alternative dispute resolution forums in Hungary and abroad.

DR. ÁGNES JAKAB – DR. ORSOLYA RÓZSAVÖLGYI: Increased Awareness among Consumers in Banking Moratorium Cases

In the dispute resolution proceedings before financial arbitrators, several customers subject to the moratorium complained of the raising of the amounts of their outstanding principal, difficulties in restarting repayments or rejection of their rightful request to remain in the bank loan repayment moratorium scheme. While many of them were in the right, in some instances the credit institutions were found to have acted lawfully; in these cases, the debtors accepted the facts.

Beyond any doubt, the moratorium has been very helpful for debtors. Amendments to the legislation instituted later, after some initial experience, generated several legal disputes, many of which were closed with a positive outcome by the Financial Arbitration Board (FAB) attached to the MNB.

Settlement was reached between the parties in 36% of the FAB's proceedings concerning the moratorium, the interest rate cap or interest recalculation. In some cases, the service providers satisfied the consumer's request or settled out-of-court even before the proceeding ended. Overall, more than half of all proceedings ended positively for the customers. In 12 percent of the cases the petitioners understood and accepted their banks' viewpoint. These consumers usually commented that "*had anyone explained it to me like this, we wouldn't be sitting here today".* Have there been any changes since then?

It has always been a priority for the FAB in its proceedings to explain to consumers the circumstances relevant to their cases, such as the actions taken by their banks and the provisions set out in the law and in their contracts. It has increasingly noticed over the last two years that consumers expected substantive and quantified explanations.

This was most apparent in the cases where customers complained about their banks raising their principal debt during the moratorium. It transpired during the proceedings that the customers were not clear about the settlement methodology required by the moratorium and that this was the reason why they had assumed that the banks had acted improperly.

If a customer opts for the moratorium, they do not need to make the payments as per the annuity schedule agreed prior to the start of the moratorium. When not under moratorium terms, the non-due outstanding principal of a customer will decrease with the principal part of each monthly instalment. In many cases this repayment schedule was cited by the consumers, who disregarded the fact that the principal part of repayments not paid during the moratorium was being collected by their banks separately, on dedicated accounts.

Once the moratorium had ended and the banks applied the extension of the tenors, they added the outstanding principal tracked separately during the moratorium to the continually decreasing outstanding principal under the annuity schedule, i.e. the sum that would have applied if the customer had not been subject to the moratorium.

This so-called recapitalisation was interpreted by the customers as a raising of their principal debt. In actual fact, the banks merely corrected the outstanding principal, which had appeared lower during the moratorium only because of the separate tracking of amounts. In the dispute resolution proceedings of the FAB almost all consumers understood and accepted their banks' actions.

During the moratorium customers would receive regular information in their moratorium notification letters regarding the current status of their contracts and their future use of the moratorium. Although it may sometimes be difficult to decipher all the information provided, it seems that these letters did in fact have a positive effect.

Debtors, who may not have been monitoring their loans in the past, became more aware of them after reading their letters and showed greater interest in their contracts. This was also reflected by the fact that, besides the moratorium, a number of other matters were also discussed by them at the FAB hearings.

There were examples when the examination of complaints relating to the moratorium revealed a different, long-standing problem. In one of the cases, the petitioner complained about being included in the moratorium and claimed that they paid the instalments every month. During the proceeding the customer realised that, as their contract was for a floating

interest rate, their instalment payment increased from time to time and he was switched to moratorium status because he did not pay these instalments in full.

It also transpired that the reason for not paying in full was not any kind of payment difficulty but, so the customer claimed, the late receipt of the notification regarding the changes in instalments, which made it impossible for the customer to arrange for the right amount to be paid.

The parties settled the issues concerning payment forbearance and the debtor granted a collection authorisation for the instalments, which means that the customer will not run into problems again due to paying an insufficient sum.

Disputes also concerned the starting of repayments after the moratorium. In one of the cases, the petitioner exited the moratorium and made the relevant instalment amount available, but the amount was not collected due to the delay in processing their declaration of exit. In the next month the bank wanted to collect 2 months' of instalments (the omitted and the current ones), but the balance on the client's account was insufficient. Due to the failure of the collection transaction, the bank charged late interest and a late fee as well. Thus, even though the petitioner made regular credits to the account, those were not sufficient to cover the monthly instalments (in part due to the account management fees incurred) and was constantly in arrears.

During the proceeding the bank explained in detail the reasons for the arrears and the amount that should have been paid in order to avoid this problem. Although the case was closed with settlement and the bank returned the late interest and fees, the case is a good example of how careful monitoring of repayments can help prevent eventual disputes. This is worth paying attention to irrespective of the moratorium.

Starting in the second half of 2021, a significant part of the moratorium cases brought before the FAB concerned the extension of tenors. Experience shows that detailed explanations were enough to make clients understand the methodologies of tenor extension and recognise that the tenor will be extended by a period that is longer than the time spent in payment forbearance, and that this is due to the accumulation of interest during the moratorium. But it does matter how much longer the tenor then becomes.

In two cases, the two-year extension of the tenor appeared excessive right at first sight, especially since the debt subject to the moratorium was for a very small amount. Although without making a declaration of exit from the moratorium, a debtor made payments to the moratorium accounts held by the bank from time to time, paying off the instalments subject to the moratorium. As a result, the debt balance was less than a thousand forints by the end of the moratorium.

It transpired during the proceeding that this was a floating-rate contract (tied to the 3-month BUBOR rate) and the rate anniversary fell on the day following the due date of the October 2021 instalment. When calculating the tenor, the bank considered the October instalment as the reference instalment which the instalments during the extended tenor must not exceed. But due to the change in interest rate this amount was HUF 10,000 lower than the November instalment would have been under the original contract. The HUF 10,000 difference between the two instalments is the interest part and therefore, if the lower amount is used, then HUF 10,000 less is available for reducing the principal (as the interest payable from November is this much higher). As a result, the outstanding principal decreases by a smaller amount. The result is a tenor that is two years longer and more than HUF 1 million additional interest.

It was discovered during the proceeding that if the bank had set the reference instalment correctly (i.e. at the HUF 10,000 higher amount), the tenor extension would have been only 1 month. The parties eventually settled on the latter in the hearing before the FAB.

Several customers complained that, even though they had been eligible, they had been unable to take advantage of the moratorium from November 2021 and then upon its extension in August 2022. There were cases in which the customers claimed that they had satisfied the conditions by the deadline and once the banks had reviewed their cases, they agreed to continue providing moratorium terms.

Where debtors were not able to evidence that they had notified their intention to remain in the moratorium by the deadline using the appropriate forms, they were not able to benefit from the moratorium thereafter. As the law stipulates a limitation deadline, these petitions were not granted.

DR. ÁGNES JAKAB – DR. ORSOLYA RÓZSAVÖLGYI: Disputes with our Bank about the Moratorium and the Interest Rate Cap

During the pandemic, the payment moratorium made life easier for debtors facing difficult financial situations by offering a temporary forbearance on their repayments. In the autumn of 2021 credit card and overdraft facility borrowers received another form of help, as banks were told to recalculate the interest debt accumulated during the moratorium at an interest rate of 11.99% and use the resulting difference for reducing the accumulated interest amount. Alternatively, where the debt had been repaid, they had to pay this amount back to the customers. Sometimes even these relief measures engendered disputes.

Surprising as it may be, the Financial Arbitration Board (FAB) operating within the MNB received various petitions concerning interest rate reduction and the repayments due to customers under the bank loan repayment moratorium. Some problems not specifically concerning recalculation revealed an inability of consumers to understand credit items appearing in their bank account statements or the unexpected decreases in their debt. Some believed the change in the amount of their debt was attributable to some error on their bank's part and feared that the amount would then rise again. In these cases the financial service providers supplied detailed explanations on the recalculation process, which allowed the parties to clarify the situation to their satisfaction.

There were legal disputes specifically concerning recalculation too. In one case, the customer complained that there had been no recalculation under their credit card agreement. The service provider maintained during both its complaints procedure and the proceedings before the FAB that the customer's transaction was not eligible for recalculation. It changed its view during the proceeding, however, and, after reviewing the case, it admitted that the complaint was justified. It apologised and repaid the debtor nearly one hundred thousand forints after carrying out the recalculation.

Even where the petitions do not mention it, recalculation often comes to the fore after examining the case. The FAB found that the banks approached these cases with extremely positive attitudes: all of them, without exception, were willing not only to discuss the recalculation but also to make substantive statements on the matter. There were also examples where, although the original subject of the case was something else, the previously omitted recalculation was nevertheless carried out.

Compared to the legal disputes regarding the moratorium, petitioners turned to the FAB in smaller numbers concerning the interest rate cap. Yet similarly to recalculations, the latter subject would also often appear indirectly in the proceedings. Customers wanted to know more about their repayment instalments and to clarify the content of the information letters they had received. These cases threw into relief the high risks ran by debtors with floating-rate contracts, where any changes to the underlying reference interest rate might have a major impact on them. Although they may breathe a sigh of relief for the moment thanks to the interest rate cap, it is highly recommended that they consider the option of fixing their interest rate. Without the interest rate cap, their repayment instalments could increase very significantly.

With or without the interest rate cap

Assume that as of October 2022, you have 10 more years under your loan, where your outstanding principal is HUF 5 million and the interest margin is 3%. The reference rate is the 3-month Budapest interbank rate (BUBOR) as of 27 October 2021, which is 2.02%. Your total transaction interest rate is therefore 5.02% (3% + 2.02% = 5.02%). Your monthly repayment instalment is HUF 53,000 given the interest rate cap. Without the interest rate cap, how much would the figures be in October 2022? Adding to the 3% margin (assuming an interest anniversary of 1 October 2022) the 3-month BUBOR of 13.30% as of 30 September 2022, the transaction interest would be 16.30%. Based on the outstanding principal of HUF 5 million and the remaining tenor, this would mean a repayment instalment of HUF 84,000. Even this simple example can clearly illustrate what the interest rate cap protects you from and why you need to consider, even before the interest rate cap is phased out, what potential solutions will be available to you in the period thereafter.

Some petitions to the FAB specifically concerned the interest rate cap. In one of these cases the customer complained that their bank did not comply with the interest rate cap rules when determining a repayment instalment due in the beginning of January 2021. The FAB found that the petition was partially substantiated. According to the law, effective from 1 January 2022 banks must not apply reference rates that exceed the reference rate as of 27 October 2021.

The bank acted properly in respect of the December 2021 portion of the disputed instalment. In that case it could still calculate 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 used a higher interest rate in its calculations in January as well, the petitioner was entitled to a reimbursement in respect of those few days in January. In another case, the service provider did not apply the interest rate cap to a partial period in January 2022 but, during the proceeding, it was willing to come to an agreement regarding the amount to be repaid.

A dispute resolution proceeding concerning SZÉP cards was brought due to the 3% fee charged on overdue balances; the FAB found that the service provider had acted correctly in this case. As regards the fees charged, an important change has taken place recently. A recent new rule applicable to SZÉP cards states that, on 20 March and on 20 September, banks are to charge one-off fees on cash balances not spent in the period of at least 365 days from the funds transfer.

It is important to note that the 15% fee charged on 31 May 2023 is calculated on the basis of the customer's remaining balance as of 15 October 2022. It is therefore recommended to monitor your SZÉP card spending and account balance and manage these accounts with due care as rules and regulations continue to change.

Should you have any problems with a contract for financial services, always attempt to settle the dispute first with your bank. If this fails, you can turn to the FAB where you can discuss your complaints with the service provider in an arbitration proceeding. These often yield results, as the above examples demonstrate.

DR. KATALIN KÁNTÁS-BARCSAI: When You Cannot Understand Why Your Fixed Interest Has "Gone Haywire"

Everything has been in order with your fixed-rate loan and now, suddenly, your monthly repayments start to increase. You do not understand why; yet the answer is often obvious. The charges on the insurance or other product associated with the loan have changed, or perhaps you have been late with repayments. You may have been late with payments because you paid by postal order and failed to account for the time it takes for postal orders to be credited. Or perhaps your loan interest rates were fixed for only a certain period and not the entire term. The lesson from all of these cases: be careful with the contract terms and conditions of your loans, pay attention to the details!

No matter how much time pressure you are under, you should read the contract documentation before taking out a loan. You must check whether there is any additional service, fee or charge associated with the loan, what conditions are offered, and how you can make sure that the contract terms and conditions remain unchanged in the future. If you act with care at the time of contracting, you can avoid unexpected expenditures or inconvenient situations at a later date.

When taking out a loan, your past experience and current circumstances determine the criteria for selecting the right product for you. The length of the term and the amount of the monthly repayment instalment are key to the decision. It may also be worth your while to consider what life situations may occur later, influencing your ability to pay. Examples include accidents, illness, the loss of a job, or the birth of a child.

The type and the rate of the interest should be just as important. When you are about to enter into a loan contract, you can choose between fixed and variable loan interest rates. Interest is variable if its rate may be changed only as a new period defined in the loan contract (interest period) starts; variable interest is typically calculated as a reference interest rate plus a margin.

With fixed-rate loans, the interest rate can be fixed either for the full term or for a period of at least 1 year within the term. If the interest rate on a loan is fixed until maturity, it must not be changed throughout the term at all; if the interest is fixed for a certain period, then the rate must not be changed within the interest period. Fixed-rate loans are attractive

mainly because they offer a security and reliability as customers know that the loan repayment will take out the same amount from the family budget every month. There is no need to worry that it might suddenly rise, causing payment difficulties. But is that in fact the case every time?

Exceptions lead to disputes

In a case brought before the Financial Arbitration Board (FAB) of the Magyar Nemzeti Bank (MNB), a consumer escalated their complaint to the FAB after being rejected by their bank; the consumer complained that instead of the monthly fixed repayment on their zero-interest consumer finance loan, they received (often with a delay) postal order forms for a higher sum. The FAB discovered during the proceeding that the client had requested a hybrid loan, in which a consumer finance loan was combined with a credit card agreement, with 0% APR, plus payment protection insurance.

The consumer finance loan was indeed a zero-interest product, and its repayment instalment amounts were the same every month. But the customer also applied for the payment protection insurance as well, which aligned with the credit limit spent each month; this was the reason for the higher monthly payables. A further item increasing the amount payable was the fact that the consumer had failed to pay one of the instalments, and a late fee was charged as a result. It was as a combined result of all of the above that the postal order forms the customer received were for an amount higher than just the fixed monthly instalment. The customer's request was therefore unfounded.

Commodity loans may be attractive to consumers because these loans can be applied for at the point of sale and may thus offer immediate assistance to buy a product. Short contract terms and low instalment amounts make the product affordable even if the customer does not have enough cash to cover the full purchase price.

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. The ensuing contract can sometimes go beyond the consumer's original intention. This is especially true if it is combined with additional services. Often, these products are offered only in combination with a credit card, and it is therefore important that consumers make sure they understand whether the product in question is a commodity loan only or a hybrid product.

In the FAB's proceedings, most consumers declared the insurance cover linked to the consumer finance loan as unnecessary, yet they themselves had requested it at the time of contracting and, by signing the contract, they accepted the contract terms and conditions as binding on themselves. If a consumer is late with the monthly instalment of a consumer finance loan combined with a credit card, the bank will repay the unpaid amount against the credit card limit if this is permitted by the contractual terms and conditions. As a result, the fees and interest applicable to credit card debt must then be paid. Yet the outstanding repayment instalments under the repayment schedule will remain fixed, along with their interest.

A further unexpected expenditure may be the annual card fee; if permitted under the product terms, the financial service provider may make this fee dependent on the utilisation of the credit limit or stipulate as a condition for waiving the fee that the customer should combine it with an application for a consumer finance loan. The payments made and the outstanding debt can be checked in the monthly account statements.

Care should be taken to ensure that the payments arrive to the financial service provider on time, by the deadlines set out in the contract. Postal orders are a preferred form of payment among consumers. If you choose this form of payment, be aware that the lead time will be longer than with other payment methods. The payment date will be the day the payment is received, not the day you send it at the post office. And payment delays mean an increase in the debt. Therefore if you receive the postal order necessary for making the payment or know that you could post it only at a later date, you should opt for a different payment method (such as banking transfer or direct debit).

In exceptional circumstances, interest may change within the interest period as well; for instance, this might happen in the case of changes to the contract terms or in the circumstances of compliance with the agreed conditions. Many financial service providers offer discounts to their customers predicated on compliance with certain terms and conditions. These may include preferential interest rates, a deduction from the interest rate applicable to the relevant product. Besides earning eligibility for the discounts, you should be mindful of the preconditions for retaining that eligibility and understand

the consequences of losing it. For instance, the parties may agree that a certain amount would be credited each month or that the customer's wages would be transferred to their account with the lender bank.

If customers fail to comply with these contractually stipulated conditions, they may lose their eligibility for the preferential rate. The resulting rise in the loan interest rate does not classify as a unilateral contract amendment; after all, the loan agreement states the negative consequences of a failure to comply with the promotional conditions. Depending on the contract terms and conditions, the discount may be lost temporarily or definitively. In certain cases customers may regain their preferential interest rates once they start to comply with the conditions again.

Another factor causing a change in the fixed-rate interest may be a delay or default on instalment payments due to unexpected events (e.g. unexpected spending of a large sum, long-term illness, loss of job, divorce) causing difficulties in making repayments in full and by the deadline. The solutions available in such cases include extending the term or changing the monthly repayment instalment amounts in the contract. By contrast, you may find that you can repay the loan in part or in full before maturity.

Partial prepayments can also reduce the tenor. Final repayment means paying off the total outstanding debt in a lump sum before the end of the term, provided that you make an explicit declaration that final repayment is your intention. Contract amendments, be it the extension or reduction of the term, may require a change to the interest rate and may involve miscellaneous fees and charges.

What else to look out for before borrowing?

Before you make a borrowing decision, it is recommended that you consider your assets and incomes, the repayment capacity of your household, and find out about the various loan products and their conditions, and the related costs and charges. In this, you may find helpful the free applications provided by Magyar Nemzeti Bank, such as the loan and leasing product selector programme, the consumer-friendly housing loan calculator and the household budget calculator.

The latter is combined with an online application that helps you compare your household income with the expected expenditures. This will give you an idea of how much you can save each month and how much of your monthly income you can spend on repayments. Besides, the application shares useful tips on how to cut costs and boost income, helping customers optimize both.

DR. ILDIKÓ ERZSÉBET CSOMORNÉ-LAJKÓ: There is a Way Out if Time-Barred Debt is Demanded from You

There are a lot of misconceptions and half-truths when it comes to the limitation period of civil law claims. Can debt be extinguished by limitation? Do all claims have a limitation period of five years? If you have paid a sum against a time-barred claim, can you demand it back? Let us get this issue straight.

The limitation of claims under private law does not imply and does not cause the extinguishing of the claim. A time-barred claim lives on as a so-called natural obligation. Payments made on a voluntary basis after the expiry of the limitation period cannot be recovered. However, it may be a lifeline for debtors if it is proven that their debt is time-barred, as the statute of limitations is an enforcement barrier. As a general rule, a time-barred claim cannot be pursued or enforced through the courts. (Act V of 2013 on the Civil Code (*new Civil Code*) states, however, that the law itself may diverge from that general rule.)

In civil lawsuits, the court does not examine the limitation of a claim ex officio; the debt needs to refer to this fact. If in a lawsuit the intention is to enforce a time-barred claim on the debtor, the latter needs to lodge a statute of limitations objection. Whereas if the issuing of an order for payment is requested against the debtor of time-barred debt, then the latter may raise an objection within the relevant statutory time limit, claiming that the claim is time-barred. If court proceedings have not yet been brought against the debtor of the time-barred debt and the creditor is a bank or a debt

manager, the debtor can lodge a complaint with them. If this is rejected, the consumer may take the petition to the Financial Arbitration Board (FAB) attached to the MNB.

Where customers cited the statute of limitations in proceedings before the FAB, the payee financial service providers often admitted the limitation and closed the claims in their systems. At the same time, they declared that they would not impose further claims on the consumers in relation to the particular case. In several cases where claims had reached the collection stage the financial service provider recognised the limitation and took measures to terminate the execution.

What can a debtor do if a claim is placed in the collection process? If a final, enforceable court decision has already been made in the case and collection proceedings have been launched to enforce it, only the collection acts and the modification of the debt amount by mutual agreement may interrupt the limitation period.

If a debtor believes that a claim is time-barred, it is advisable that they invoke the statute of limitations with the bailiff before initiating the action for termination of collection pursuant to Article 41 of Act LIII of 1994 on Judicial Enforcement (Act on Judicial Enforcement). Once this has been done, the bailiff will, citing the evidence, call upon the requestor of collection to declare the existence of the claim and at the same time to pay, from the funds already collected from the debtor, the amounts specified by law to the appropriate account or to the bailiff. If the requestor of collection acknowledges the debtor's claim that the limitation period has expired and pays the amounts indicated, the collection procedure will be terminated. By contrast, if the requestor of the collection procedure disputes the expiry of the limitation period, then the debtor may bring a lawsuit for the termination of execution.

It is a widely held misconception that all civil law claims have a limitation period of 5 years. This may be true in general, but the law or a written agreement between the parties (e.g. their contract) may set different terms. As a result, the contracting parties define in writing a limitation period that is shorter or longer. Agreements excluding limitation are null and void, however.

Some limitation periods are for less than 5 years. Examples include debt under mobile phone or internet subscriptions, for which the limitation period is 1 year; for electricity bill claims, the limitation period is 3 years. The Civil Code also specifies a number of special limitation periods. With the exception of wilful damage and gross negligence, claims pursuant to forwarding contracts have a limitation period of one year, while the period is 3 years for hazardous plant liability claims. There is no limitation period for property claims. Labour law claims have a 3-year limitation period in general.

In certain cases, the limitation period is suspended; in practice this means that it is extended. This will apply only if the payee (with reasonable excuse) is not in a position to enforce the claim. An example of this may be when the payee is unable to obtain any information on whether the claim has been inherited by anyone after the debtor's death and who the heirs are.

Another frequent mistake is the assumption that a payment notice cannot suspend the limitation period of a claim at all. First of all it must be clarified whether the transaction (legal relationship, contract) underlying the claim was created before the entry into force of the new Civil Code (15 March 2014). If it was, then it must be judged against the provisions of Act IV of 1959 on the Civil Code (*old Civil Code*) whether the claim is time barred; if it is not, then the new Civil Code will prevail.

In the old Civil Code, a payment notice was a fact suspending the limitation period. Accordingly, if a debtor receives a payment notice (within the limitation period) under a contract concluded before the above date, the notice will suspend the limitation period, which will thus start again.

Although the new Civil Code declares that a payment notice does not suspend the limitation period (on contracts concluded after the entry into force of the Code), there are other facts that may do so. These include the admission of the debt; the modification of the liability by joint consent; settlement; the enforcement of the claim through the courts, once the court has adopted a final ruling on the merits of the case (a final order for payment has the same effect), and if the claim has been declared in a bankruptcy proceeding.

The primary claim may have associated, dependent secondary claims (such as interest or charges). Both the old and the new Civil Code state that these become time-barred along with the main claim. By contrast, the limitation of a secondary claim does not imply the limitation of the primary claim. How does limitation impact the collaterals for a claim? The new Civil Code states that the charge or mortgage will expire if the claim secured by it becomes time barred and adds that claims cannot be enforced through the courts on a guarantor of a time-barred claim.

To summarise the above, debtors should be careful if an old debt is demanded from them:

– They should check how many years the limitation period of claims under such a legal relationship would be;

– They should look up when the contract underlying the debt was concluded. If it was concluded before 15 March 2014, the old Civil Code will govern the limitation period. In such a case, a payment notice sent to the obligor (within the limitation period) will (also) suspend limitation;

– They should check whether there are any circumstances suspending limitation;

– After gathering all the necessary information, they should decide whether the claim is time barred or not;

– They should understand that if they repay an old debt and it later transpires that it had been time barred at the time, they do not have the right to reclaim that amount;

– If they are taken to court to enforce the time-barred claim, they should cite limitation (since this is not something the court will examine *ex officio*; if a lawsuit is brought, they can do this by filing a statute of limitations objection, and if a proceeding to issue an order for payment is brought, then by citing the limitation period in their opposition);

– If the legal dispute concerns a financial consumer contract and, being the payee of the time-barred claim, the financial service provider has not yet turned to the courts but sends a dunning letter, for example, then the customer should lodge a complaint with the provider. If this is rejected or no clear answer is given regarding the limitation of the claim, the customer should turn to the FAB with a request for recognising the limitation and closing the case.

DR. JUDIT CSERÉPI:
What to Watch Out for on Online Trading Platforms

Presumably everyone would like to have more money. Beyond putting aside some savings every day, there is always the question of how to become more or less wealthy. There are countless articles on the internet and in social media in which successful people tell the story of how they became rich. Sometimes they include links to investments offering the key to the eagerly desired fortune: great returns in a short time investing just a few tens of thousands of forints. These online trading platforms may promise profits but they also come with many risks.

Online trading platforms have proliferated recently. A large number of Hungarian and foreign service providers promote their platforms to newbies so that they can try their hand at FOREX and crypto trading, for instance. Average consumers investing their hard-earned cash should take the time to find out more about the platforms and opportunities offered.

They can read a lot of good advice and warnings regarding such deals on the website of Magyar Nemzeti Bank. It is important to gather information about the firm behind an investment, the contract terms and conditions and the trading rules in order to avoid surprises later. Consumers should remember that deals offering high returns generally entail higher, often significant risk. It is also worth noting whether the platform is operated by a foreign or a Hungarian company, as in a potential financial consumer legal dispute the Financial Arbitration Board (FAB) of the MNB will have competence to act against a company only if it is within the MNB's supervisory competence; it may not be able to do so in the case of non-resident firms.

The FAB has the powers to act against non-resident financial service providers with a registered office in a member state of the European Economic Area (EEA) if it declares that it submits to the proceedings and binding resolutions of the Board. If a financial service provider fails to make such a declaration in spite of being invited to do so, or declares that it does not wish to be subject to the proceedings, the FAB will not be able to proceed and must reject the petition. In such cases the customer may turn to the appropriate EEA FIN-NET member body or request the transfer of their case to such body.

FIN-NET is a network of alternative dispute resolution forums within the EEA, to which the FAB also belongs. The members of the network work with each other in the handling of cross-border disputes. If a financial service provider subject to a complaint does not have a registered seat or place of business within the EEA, then the FAB will not have competence to proceed, nor is any other FIN-NET member likely to have those powers, unfortunately.

While many companies providing services on online platforms do so in full compliance with the law, there has been a rapid increase in firms that copy the websites of legally compliant online trading services providers to give the consumer the false impression that they are entering their details on the website of a reputable company and are indeed “trading”. Whereas in actual fact they are doing so on a fraudster’s website. Other online trading platforms do not attempt to copy legal service providers; instead, they create fraudulent platforms that seem genuine.

It is a shared feature of this type of fraud that the platforms are not linked to actual markets, and they display fake, not genuine, products and false information. The consumer assume that their money is actually being invested as they can see diagrams and investment figures in their online account. And initial very “successful investments” encourage customers to invest ever higher amounts. Often, the representatives of these companies contact the unsuspecting investor by phone, e-mail or other online communication channels in order to get them to part with even more of their money. In some cases, consumers have failed to recognise that they had registered and made investments on fraudulent websites.

The victims tend to become suspicious only when they try to take out their money. This at first seems problematic and eventually proves impossible. At this point the customers realise that they have been the victim of fraud. They try to contact the firm operating the online trading platform, which is mostly impossible, either because it is impossible to identify the company behind the platform or it is an offshore firm, not available at all. The victims then normally report the fraudster company to the police.

Since they paid into the online trading platform mostly by funds transfer or by bank card, the only option remaining to them is to turn to their payment service provider. In the petitions submitted to it, the FAB has found that some consumers would seek remedy either from their own bank or the bank receiving the bank transfers or card transactions, i.e. the bank of the transaction payee. These petitioners claim that their own bank or the payee’s bank has a responsibility in the fact that they had fallen victim to fraud. They maintain that the banks should have been aware that the amounts transferred or paid by card landed on the accounts of fraudsters.

In proceedings against the banks of these payees, the FAB regrettably has no competence because the petitioner does not have a financial consumer relationship with the bank of the trading platform. Typically, transactions can land on bank accounts of various companies, or even private individuals, rather than the platform, without the “investor” noticing this.

Substantive remedy from the financial service provider where the customer’s account is held may also be difficult, as the petitioner had submitted, willed and confirmed these transactions in almost all cases. They changed their minds only at a later date, sometimes years after the fact, once they discovered that they had been the victim of fraud. At this point there is little chance for getting their money back. In such cases, just as with any other financial transaction, information and prevention is preferable to after the fact damage control.

What can you do to prevent such situations? Take the time and find out more about the platform service provider before entering into a business relationship. It is important to check whether the service provider has a permit from the MNB, if it is a Hungarian company, or from the relevant regulator, if it is a non-resident. Also, check the websites of the foreign regulators and the MNB to see if they have posted any warnings regarding the company. Remember: if an investment offers great returns, it might also cause you great losses! Always read the contract terms and conditions and the trading rules in advance.

You should also find out where you can bring a complaints procedure and, should that procedure fail, which alternative dispute resolution forum or regulatory body you can turn to. The latter is especially important if the financial service provider is a non-resident. Never give out your card details or download remote access software on your electronic devices. When you make a bank transfer or a card transaction, be mindful of who the payee is. Treat it as suspicious if a partner asks you to pay into the account of an unknown person or company, or if the text message containing the transaction confirmation code includes a payee name or transaction type not appropriate to the transaction on hand.

In addition to the official websites of the regulators, it is a good idea to look up the given service and the service provider on the internet as well. Useful information is available, for instance, on forums and other websites, where individuals share their personal experiences and post reviews. If you insist on using an online trading platform, make sure you find a reliable company. Do not give criminals a chance to gain access to the savings you have worked hard for over many years to ensure yourself a comfortable retirement.

PÉTER SZABÓ:
Advice for Older Persons: Your Finances Never Retire

New financial products are emerging at ever faster rates, including services available mainly (or only) digitally. It is a challenge for everyone to keep on top of these changes, know and understand everything; this is also true for the older generations of pensionable age. Based on the experience of the Financial Arbitration Board, our article highlights the special financial problems of the 65+ generation and the solutions available.

Whenever a new financial product or service emerges, it may be a headache to figure out how to access it, how to interpret the terms, and how the thing actually works. Among the elderly, many may need help to do this. The Magyar Nemzeti Bank has formulated requirements addressed to the financial service providers on how they should provide their financial services to their customers in the older age groups. As a result, some banks now offer account packages specifically tailored to pensioners. As for any legal disputes with their financial service providers, elderly consumers can seek help from the Financial Arbitration Board (FAB) free of charge.

The FAB's services are used widely by our elderly compatriots, which suggests that they have more financial problems than you would think. And those who are still active among them can dedicate time to finding a solution. For example, elderly debtors who run into payment difficulties may request easier payment terms or equitable treatment from their bank. If their request is rejected, they may petition the FAB.

Besides their loan transactions, the elderly (or their relatives or other authorised representatives) may seek a proceeding by the FAB in legal disputes regarding other banking services or insurance companies. As a precondition, they must first file a complaint with their financial service provider. The law states that the FAB may be brought in to help find a solution only after the complaints procedure has failed. The primary purpose of its proceedings it to achieve settlement in the financial consumer's legal dispute.

Over the last three years, pensioners' petitions to the FAB concerned mostly the financial services of granting credit and loans. Within that category, the legal disputes were about personal loans, mortgage loans, motor vehicle loans, housing loans and home equity loans, overdraft facilities and consumer finance loans. In non-life insurance, the legal disputes most frequently concerned fire and other property damage as well as motor third-party liability insurance. In payment services, the problems related mainly to payment accounts, credit cards and debit cards. In life insurance, the issues requiring a solution were concentrated mainly in traditional life insurance, unit-linked life insurance and pension insurance. Few petitions were received from pensioners with investments; these related mainly to investment mandates and investment advice.

The elderly are especially at risk from phishing, as many of them acquired their IT skills and knowledge in a more advanced age. It cannot be stressed often enough (and older family members should always be reminded) that you must never give out your confidential details (login IDs, passwords, PIN codes) to fraudsters who contact you by telephone, e-mail or text and pretend they work for a bank. But how to recognise fraudulent intention when fraudsters often claim they are acting on behalf of your bank's customer service, mostly suggesting that there is a threat or risk as they try to gain

from you your confidential data for their fraudulent purposes? The answer: never approve a transaction you did not initiate yourself. It is a good idea to ask your bank about possible options for reducing risk, the approved communication channels and their features.

The inappropriate, improper use of simple financial products may also cause serious problems. For example, credit cards should not be confused with debit cards, which are linked to payment accounts and can be used for spending against the account balance or the associated overdraft facility, if any. Although a credit card can be used for withdrawing cash from ATMs, the charges for this are very high. As with all financial products, it is extremely important to understand the contractual clauses, read and interpret the contract terms and conditions, and ask for help if necessary. The Network of Financial Navigator Advisory Offices, which is a partner of the Magyar Nemzeti Bank and is available at all county seats, provides advice free of charge on all kinds of financial subjects.

In insurance, there are some problems that concern specifically the elderly. For instance, accident, health and travel insurances stipulate that claims relating to an illness that predates risk inception are to be excluded from the cover. What does this mean in practice? High blood pressure, cardiovascular disease and diabetes are very common among the elderly. If an insured person has been diagnosed with high blood pressure in the past, the insurer is unlikely to pay out in the event of cardiovascular events (stroke, heart attack etc.). The situation is similar in travel insurance: the insurance company will not pay out in the event of cancellation of travel or illness sustained during travel if the underlying disease had been diagnosed before risk inception, if the patient had received treatment.

As for pension insurances, a frequent issue arising upon retirement is that the customer claims to have been given verbal information upon contracting that they would be able to take out the insurance payout in a lump sum after retirement. But prevailing legislation says that if less than 10 years have passed between signing the contract proposal and disbursement by the insurer, then the insurer may pay out only annuity benefits until the end of the 10th year at least. When taking out an insurance contract, it is also important to remember that, often, the contract terms and conditions stipulate an age limit.

Regarding home insurance, pensioners sometimes move to the house of their relatives for longer or shorter periods, for instance to convalesce after hospital treatment or to cut their heating bills in the winter. If their home is not permanently occupied but is insured as such, the insurance company is unlikely to pay out in the event of damage that could have been prevented or reduced by a permanent occupant. It is therefore recommended for them to request modification of their home insurance if they plan to move out for extended periods and to pay higher insurance premiums for the period the home is unoccupied.

A frequent complaint in investment petitions is that, as the elderly customer realises when withdrawing their money from the investment, the contract was somewhat different from what they had originally intended. For instance, the risk assumed was too high and a loss was incurred, or an investment believed to be safe and low-risk later proves to be highly vulnerable to changes in the market in terms of its returns. Gathering information is especially important in the case of investments. In certain scenarios, instead of maximising profits the realistic goal must be limited to minimising losses (an example is the present backdrop of the ongoing war and its impacts, which no one would have predicted just a few years ago). It is important to remain calm in critical situations, to assess the circumstances realistically, and perhaps take professional advice as well; yet even then, the right and the responsibility of the ultimate decision resides with the investor.

DR. ORSOLYA RÓZSAVÖLGYI: I've Just Got a Letter from a Debt Management Company, What Do I Do?

Many people feel frightened if they receive a letter from a debt management company, especially if it demands payment of debt they may have forgotten or not even known about. What can you do with such a letter, who can you consult with? What happens if you cannot pay? What options do you have and what should you do to avoid worsening the situation any further?

The experience of the Financial Arbitration Board (FAB) attached to the MNB suggests that it is worth your while to take such notifications seriously right from the start, to examine the details. Do not set aside the letter that would only make matters worse! A number of debtors who sought out the FAB had received their assignment notices (in which they are

informed that their former lender, the financial institution, has transferred their debt to a debt management company) and then a payment notice, but did not do anything about these. Over time, as they did not receive any more letters, they felt reassured, assuming that the debt had been settled, or perhaps there had been a mistake.

Unfortunately, in actual fact their debt was rising all this time, which they had to face up to the next time that the debt management company contacted them. It is important to know that the MNB issued a recommendation to debt management companies in 2019, in which it formulated its expectations (concerning a number of areas). One of this is the requirement introduced as of 2020 that if the debt exceeds the prevailing statutory minimum wage, the debt management company must supply the debtor, at least once a year, with clear, easy-to-understand and comprehensive information, including among others about the amount of the debt.

But what should the debtor do? Whether it is the aforementioned regular annual information, an assignment notification or a payment notice, the first step is that you read the letter carefully and identify which contract it refers to. Find your past documents relating to the matter and think through all the events associated with that contract. For instance, have you received a cancellation notice, or did you think that you had paid off the debt? Do you have any documentation of the latter? Is there anything you have failed to do? Is this perhaps a debt you have forgotten about now resurfacing?

Depending on the answers to these questions, you will have two options. You can either dispute the debt or accept and pay it. If you agree that the debt exists, then consider your finances and income to decide how you will be able to pay it off. Are you able to pay it off in a lump sum or will payment by instalment be your only option? Do you have the opportunity to pay off the full debt or a significant part of it immediately or within the foreseeable future? What is the monthly instalment you can safely commit to, and for how long? What circumstances can you reasonably expect to be taken into account?

If you do not admit the debt, then consider precisely what you will dispute and how you can support your position. You may dispute the claim in terms of its legal basis and/or its amount. Examine therefore the amount notified to you and decide whether you deny that the debt exists at all or only dispute its amount. Often, customers will dispute their debt simply on the grounds that they had not agreed to its assignment to a debt management company. It is an incorrect belief that the assignment of a claim requires consent from the debtor. This is not true; the claim is valid and can be enforced irrespective of such consent.

In parallel with the above, it is recommended that you visit the website of debt management company and read the useful information available there, including their complaints handling regulations and the forms needed for the handling of consumer cases. It may be especially useful to study the FAQ section of the website, if one is provided.

In the second step, make sure you contact (in person, by phone or by letter) the debt management company. When doing so, do not forget to ask about the current status of your case, for instance whether the debt management company has requested the issuing of an order for payment or the launching of a collection procedure. You should also ask about your options, of course: whether the debt management company can grant you any kind of discount, payment by instalment, forgiving of amounts, reduced interest etc. At this point you may also want to present a debt settlement schedule that suits you. It is recommended that you include in this a description of the allowable circumstances (e.g. your income, other debts, number of dependent minors, regular expenditures etc.) you would like to be taken into consideration. You should also ask if you need to provide proof of the above.

If you dispute the debt, explain your reasons. If you dispute the amount, specify precisely which item you do not agree with. Avoid generic formulations such as *“I don’t agree with it because it seems too high”*, *“I have already paid a lot, I’m sure it cannot be this high”*, or “*I have already repaid three times over what I borrowed originally”*. If you do not know how your debt has grown or are uncertain about specific parts of the debt, ask for a statement on the history of the debt.

The MNB’s aforementioned recommendation says that, besides providing regular updates, the debt management companies should also provide, on the debtor’s request, information on the status of the debt management process, doing so within 30 days of receiving the petition or the request from the debtor. The information requested may include especially the possible further steps, the current balance of the claim, and analytical statements of the items underlying

the amounts in the information letters. Such information should be sent to customers free of any fees and charges on one occasion. If you do not have the documents of your contract, ask for them to be sent to you.

It is recommended that you consider whether the contract involves any co-debtors, guarantors or mortgagors. If there is a co-debtor, contact them, since any increases or decreases in the debt will be their concern as well. If you are a guarantor or mortgagor, you must always contact the debtor. It makes sense for all these persons to consult with the debt management company together.

Once you have reached an agreement with the debt management company, the third step will be to adhere to the settlement terms and make the agreed payments. You should flag any changes to your circumstances that may be making payments difficult for you. Anyone may be faced with unexpected events (e.g. death, loss of job etc.) that put their livelihood at risk.

Communication is very important in such a case: you should always signal that you remain willing to pay but your circumstances have changed, and work with the debt management company to find a solution to the problem together. You may request the debt management company to grant further forbearance; a temporary cut of instalment amounts may be a solution too; in fact, it is not inconceivable that the parties could agree to an entirely new debt management schedule.

Once you have completed the agreed payments, your fourth step will be to make sure you keep safe the notification of the closing of the transaction, in which you are informed that the debt management company has no further claim on you under this contract. It is good to know that the MNB also expects debt management companies to send debtors a clear, easy-to-understand and comprehensive notification confirming that their total debt has been paid off, and should do so within 30 days. If you do not receive this information, make sure you ask for it in writing.

And if you cannot come to an agreement with the debt management company, because neither party is willing to shift their views on the legitimacy of the claim or the payment of the debt, you can take your case to the FAB. Whereas in the first case you can dispute the debt in a generic proceeding before the FAB (provided that there is no final court ruling or order for payment in the case and it is not subject to an ongoing lawsuit), in the second case the parties must resort to an equity proceeding and may discuss only the settlement of the debt. In the latter case, the conciliation will not be hindered by an order for payment, a lawsuit or a collection proceeding; however, the debt will not be judged on the merits. In these cases, your debt may decrease or even be waived only on equity grounds, subject to the debt management company's assessment of the criteria. A common feature of both scenarios is that the FAB's main objective is to help the parties achieve settlement.

DR. LAJOS TAMÁS TARPAI: How to Prevent Fraud on your Bank Account or with your Bank Card?

As far as unauthorised payment transactions are concerned, this is something that must be confronted head on: the types of fraud known to us today have always been directed at the customers themselves. The data and the access and other information given out by customers allow these fraud types to be successful. These targeted attacks may take a variety of forms, such as text messages, e-mail or WhatsApp messages, phone calls, advertising or fake banking websites. Sooner or later everyone will encounter an attempt to obtain their confidential data. Therefore it pays to prepare for such an eventuality. The experience of the Financial Arbitration Board (FAB) suggests that there is much that the customers could do to prevent this nightmare from becoming reality.

From a purchase for a few thousand to a loss of millions

The routines and pressures of our fast-paced world make us all distracted, which is exactly what fraudsters take advantage of. Paying a small amount for delivery or a normal utility bill is done routinely by customers: they enter their card details and the online purchase confirmation code they receive by text message on the relevant platform. Being habituated to this, or perhaps because it is too early or too late in the day, they do not even consider whether they have an order in progress or a utility bill to pay.

There are cases when a purchase fails as the text message received by the customer contains not the card purchase confirmation code but the activation code of a new device. That much data is enough for fraudsters to digitalise the customer's bank card in a mobile payment service (e.g. Apple Pay or Google Pay) on their phone, and then use it to make purchases at remote locations in the world. This is how a failed bank card payment for HUF 1,499 may cause losses in the magnitude of millions.

Day after day, routine internet banking logins may also be fraught with risks. For example, when they want in to online banking, customers tend to enter their bank's name in online search engines and then click on one of the links displayed, normally on the first page of the list. Yet there may be a risk when you open a website from an online search engine or a link received by e-mail or other messages. Open your internet banking platform only in the way the bank has asked you to, typing in the address directly.

There have been many cases of customers trying to log in to internet banking in the way described above and then routinely entering the code they received by text message, even though it was a fake website set up by criminals. Rather than an internet banking login code, the message contained a registration code for the bank's mobile app or a code for QR-based login confirmation, or even the modification of payment limits. After repeated unsuccessful attempts, which meant giving out the codes received one after another, the customers tended to give up on trying to log in. During this time, the fraudsters who acquired their data installed a mobile app on their phone and linked it to the customer's bank account. They raised the payment limit and executed several payments for large sums.

Fraudsters and illusionists

It is important to understand that, in the online world, customers are identified by their authentication data and the codes they receive from their banks. Multi-factor authentication methods (for example codes received by text message, authentication in a mobile app) were introduced to increase the security of banking transactions. This allows banks to check whether the payment transaction was initiated by the account holder or not. It is very important for customers to act with care when it comes to their data; whenever they give out any piece of their information, they weaken the line of defence protecting them. This is as if a customer first let a fraudster into their home, then showed him the safe, then gave him its code, and finally politely turned away and gave the criminal free rein to carry on with the looting.

The above examples highlight the fact that if a customer does not understand a text message they have received, they should call their bank and discuss what is in the text message and what the customer is doing. It is better to be suspicious than chase your money afterwards!

Besides messaging, fraudsters also use phone calls to obtain your passwords and card details. A typical example is the phishing call, in which fraudsters try to convince you that they are employees of your bank and are calling due to an error or suspected fraud that occurred in a payment transaction.

Another dangerous trap is when they recommend installing remote access software on the device used for online banking by the customer (the fraudsters tend to claim this is antivirus software) or cite banking security as a reason for asking for bank card data and internet banking logins. It should be suspicious if they ask you to raise your limit, to give out any code with the purpose of cancelling a payment transaction or to make a transfer to a "safe account". It is important to know that even when banks detect fraud and contact their customers by phone, they will never ask for such data.

If a customer reports and confirms fraud, their bank will limit access to the account and block the card, mobile app or internet banking account subject to the fraud event. There is no safe account, there is no need to delete any payment transactions to prevent fraud.

Be careful with your personal data!

Another fraudulent method is for the customer's purported investment manager to ask for authorisation to access the customer's internet banking account via a remote access application (e.g. AnyDesk, TeamViewer etc.). In the FAB's experience, customers often make their internet banking accounts available to third parties without any control.

There have been multiple cases when they watched without any misgivings as a third person started a payment transaction remotely in their internet banking account. There were also cases when customers did not see their internet banking platform for quite some time as the fraudsters concealed it from them, claiming that they were using a small-sum transaction to test the connection between the internet banking account and the investment management system.

Many clients did not ask the reasonable question: why is it not enough to give out their bank account number for the investment to be paid to them? And why did they need to transfer the invested amount to a completely unknown private individual? The customers concerned said that they had done so because this is what the "banking advisors" told them. And anyway, the payment amount and thus the risk was low, and of course every payment transaction would have to be confirmed via strong customer authentication. Yet there are exceptions, in which strong customer authentication is not used. One such scenario is when you make a new payment to a saved partner (a trusted beneficiary), once you had made a payment to them with strong customer authentication. The first payment, confirmed by the customer, may have been for as little as 1 forint, but the next one will land millions on the criminals' account, and yet there will be no need for authentication. Every request to access your internet banking or mobile banking should therefore be suspicious.

Besides learning the basic skills, it is a good idea to constantly update your knowledge. Helpful resources include the fraud warnings and information sent out by the banks or shared on their websites, and the fraud safety advice of the Magyar Nemzeti Bank (MNB) and many other official bodies and organisations.

In order to prevent cybersecurity risks, the MNB, the Hungarian Banking Association, the financial market operators and a number of other official bodies recently launched their joint educational campaign CyberShield to support customers who use electronic financial services. This also involved revising the digital security chapter on the MNB's Financial Navigator page, offering further useful information on the subject.

TÜNDE KARDOS-NAGY: The Way Out: Settle with the Debt Management Company

It is a mistake to hope that your debt on a loan would disappear as if by magic when you cannot pay, or when you disregard a payment notice and trust that the bailiff will simply never knock on your door. That dream will be shattered in an instant when you find deductions from your wages or pensions to pay off the debt swollen with accumulated interest. What can you do if this is the case?

Just how wise is it to keep reassuring yourself that your debt on a loan you took out many years before will be forgotten and just disappear? Should you expect legal steps if you refuse to acknowledge that, in the meantime, your former lender, a financial institution, has transferred your debt to a debt management company? Could it have negative consequences if, even when you feel ready to do something, you turn to social media users for help and then believe their apparently reassuring messages on the limitation period of claims? If you ignore your debt for years, should you expect it to grow further with interest plus legal and collection costs?

These questions tend to remain unanswered until events take a sudden turn. Finding a solution becomes urgent once a court foreclosure proceeding is started and your account servicing bank notifies you of the transfer of funds by court order (this is better known by the name of collection order), or if your pension, your only source of income, is reduced by deductions. Not to mention receiving an auction notice on your family home.

In such a difficult situation many will immediately contact the bailiff or the debt management company and propose a plan for settling the debt. They hope that their debt will be waived in part or in full, or that they will be granted at least payment by instalment terms. They list their allowable circumstances, describing in detail their income standing, their regular expenditures (utilities, medicine etc.), the negative changes to their living conditions and health, and request equitable treatment with reference to these.

If they are lucky, an agreement is reached and the debtors can rest assured that the direct threat has been averted and one day they may be rid of their debt. But what options do those have whose equity request is rejected by a debt management company?

Solutions still remain. If your request is rejected, you can lodge an equity petition with the Financial Arbitration Board (FAB) attached to the MNB. You can also turn to the MNB's Customer Service, the staff of the Network of Financial Navigator Advisory Offices available at county seats, or the "Kormányablak" government offices. You can also submit your petition electronically, using the FAB Online Dispute Resolution application, identifying yourself in KAÜ (the Central Identification Agent platform).

In equity cases, petitioners can cite personal or financial circumstances to request the reduction or forgiving of payment obligations, the amendment or closing of contracts and derogation from the payment terms in the contract (e.g. rescheduling of repayments). Equity petitions may be lodged even when an order for payment has been issued for the claim or when the case is already in the execution or court proceeding stages. However, in equity proceedings, the legal basis for or the amount of the claim may not be disputed.

The FAB does not have the power to order debt management companies to exercise equity nor to waive even part of the debt. The decision on whether to ease the payment terms and what conditions to offer in order to help settle the debt lies entirely with the debt management company. The hearings of the FAB allow the parties to negotiate in person, which helps achieve an agreement. In the cases where the petitioner is able to attend the hearing, solutions are found much faster, even in apparently hopeless situations. If the parties can agree on the conditions of settling the debt, the FAB will issue a resolution confirming the settlement. If the debt management company fails to comply within the deadline, the petitioner may request the court to append an enforcement clause to the FAB's resolution.

In equity cases brought before financial arbitrators, debtors typically cite their difficult life situations to request the full or partial forgiving of their debt, the suspension of a collection proceeding or the deduction of income, or to reduce the amount of such deductions.

In the equity cases concerning mortgage loans, settlement became urgent for the petitioners once the court foreclosure proceeding to collect their debt had commenced and the bailiff had put up their family home for auction.

In mortgage loan cases the petitioners relied on help from their families in making commitments even beyond their capacity just to reach settlement and protect the real estate that served as their home.

The settlements approved by the FAB mostly involved the waiver of large amounts of debt by the lenders or debt management companies. The petitioners then needed to pay a one-off larger sum and pay the rest of the debt over multiple years, interest-free. The debt management companies tended to demand a clause that if the debtor should be late with or fail to pay a repayment instalment, the settlement shall become null and void and the entire debt would fall due in a lump sum. Yet they also offered to end income deductions in the event of the payment of part of the debt.

A frequent settlement condition was that the petitioner should also pay the costs of the bailiff acting in the collection proceeding. In several of these cases, the debt management companies undertook to suspend the collection proceedings by the bailiff for the period while instalment payments were being made and to terminate that proceeding if the debt was repaid in full and the collection costs were also paid.

No settlement was reached when the petitioner's offer for a lump-sum debt settlement payment was a mere fraction of the value of the collateral property or if the amount offered as monthly repayment instalment was so low that it fell short of the returns expected by the debt management company.

A second large group of equity cases brought before the FAB is constituted by debt on personal loans. Even today, some of these claims are denominated in foreign currency, and the interest rates tend to be higher than 20 percent.

The FAB was able to approve the settlement for example in a case involving a currency-denominated personal loan, where a reassuring solution was finally found for the petitioner's 12-year-old debt. The debt management company informed the petitioner of the amount of the debt on several occasions during the 10 years after the debt was transferred to it. The dispute was about the amount throughout, and the petitioner made no payment at all.

The currency-denominated personal loan agreement was not subject to the Act on Forint Conversion, therefore it remained on the books in foreign currency, throughout the period both before and after its assignment to debt management. The petitioner was liable therefore not only for the 24.5 percent late interest but the amount of the exchange difference as well, which constantly increased and ultimately doubled the debt. Admitting the reasons provided by the petitioner, in the settlement agreement approved by the FAB the financial service provider waived half of the debt and allowed the debtor to pay the remaining amount in forints, in interest-free instalments.

Besides personal loans, the debt on motor vehicle loans is often denominated in foreign currency, because debtors did not wish to take advantage of the forint conversion option in statutory settlement. As a result, the debt has increased due not only to interest but the changes in the exchange rate as well.

In one of the cases brought before the FAB, the petitioner had taken out a CHF-denominated loan in 2008. Even though the petitioner paid the monthly instalments every month for 10 years, at the end of the term they still owed HUF 3.5 million. In the equity proceedings before the FAB, the petitioner understood that the contract prescribed an exchange rate adjustment due at the end of the term and the repayment thereof after maturity, and later, they did not request the forint conversion. Recognising the petitioner's difficult circumstances the financial service provider agreed to forgive HUF 1.5 million of the debt and accept repayment of the remaining amount in interest-free instalments.

Often, petitioners were able to specify only at the hearing called by the financial arbitrators what easing of payment terms would suit them. This is why it is also important for them to attend the hearing. It was only at this point that many of them understood that solutions other than the forgiving of the full debt were also possible and may serve as a way out of the hopeless situation and make their life easier.

Following such discussions, the settlements approved by the FAB included different equitable measures chosen by the debt management companies in question. These included reducing the income amounts deducted; cutting the rate of interest and granting payment by instalment; granting zero-interest payment by instalment; agreeing to a reduced income deduction amount; waiving the interest provided that the outstanding principal was repaid; agreeing to zero-interest monthly instalments following the payment of a one-off larger amount; defined fixed HUF amounts for the repayment of debt previously denominated in foreign currency; agreeing to supplement the monthly repayment from income deductions and also waiving some of the interest debt, or consenting to the sale of the collateral property.

These examples also show that it is a good idea to take advantage of the opportunities provided by the FAB when you cannot reach an agreement with the debt management company. Debtors have an obligation to pay off their loan debt. It is important to contact your lender as soon as you encounter payment difficulties, or later to the debt management company, in an effort to find a solution acceptable to all the parties. Remember that commitments made in contracts and agreements must be adhered to. If you still believe there is a risk that the loan will not be settled, do not hesitate to look for a solution. Contact the debt management company right away, because putting the problem off will generate additional financial burden.

DR. ANITA LAKÓ:
When Arbitration is Needed Concerning the Prenatal Baby Support Loan

Legislation introducing the prenatal baby support loan entered into force over four years ago. According to an amendment to this law in April this year, requests to suspend repayment must be submitted no later than 180 days within the birth of a child. A transitional rule sets the deadline of 25 October for applicants to submit their requests for support if in their case the former deadline had expired upon the entry into force of the amendment to the law or if fewer than 60 days remained until the deadline. But when to turn to financial arbitrators concerning such a loan?

The prenatal baby support loan has special features: its amount is capped at HUF 10 million, it is interest-free for the entire term for the first child, the suspension of repayments can be requested, and some or all of the outstanding debt will be waived when the second or third child is born.

As a main rule, the metropolitan and county government offices have jurisdiction in prenatal baby support cases, and thus applications for legal remedy and equity petitions should be submitted to them. Yet many recipients turned to the

Financial Arbitration Board (FAB) attached to the MNB for help, especially where they were convinced that negligence or error on the part of the bank had caused them harm.

The FAB has found that disputes between clients and banks due to a failure to suspend repayments has remained a hot topic. Requests for suspension must be submitted to banks, who then have the right to verify whether the preconditions have been met; there have been several cases in which the problem centred on negligence by an employee of the credit institution (resulting in the customer submitting incomplete documentation) or incorrect information (as a result of which the customer did not even submit a request). Months may pass by the time the error comes to light.

In an extreme case seen this year, it was indicated in the document submittal form that the documents had been received (the form was signed off by the bank's employee) yet it was impossible to find the documents in the bank branch later. As a result, the repayments were not suspended. In such and similar cases the bank's inspections tend to find that, given the time that had passed, it had become impossible to reconstruct the circumstances of the application and what was said orally; as a result, these cases were investigated solely on the basis of the available information and documents. Since the customer normally does not have relevant documentation at their disposal, banks tend to reject these requests. It is a good idea therefore to be on your guard and, whenever you submit a document to a bank employee, request from them a copy of the document marked as received. This allows customers to evidence their claim in an eventual dispute.

In the majority of cases, the problem arose from the fact that the preferential terms (suspension of repayments, reduced principal) are granted only if the couple notifies, by the legally stipulated deadline, the birth (adoption) of the (first or subsequent) child. By the time these cases are seen by the FAB, the relevant deadline will have passed without a result.

In the past, this deadline was maximum 60 days from the birth of the child. The legislator amended this provision so that requests to suspend repayments may now be submitted up to 180 days after the birth of a child. In fact, as a transitional rule, the law also stipulates that applicants who had passed the formerly applicable deadline at the time of the entry into force of this amendment or had less than 60 days remaining until such deadline should also have the right to submit their requests by a deadline of 180 days from the entry into force of the Decree.

What does this mean exactly? It means that recipients in whose case the original 60-day deadline stipulated in the Decree on the prenatal baby support had expired by 28 April 2023 or had less than 60 days outstanding will have time to submit their request for the suspension of repayments or the disbursement of child support until 25 October 2023. The extended deadline provided a solution in several cases appearing before the FAB, as a result of which it became possible to ensure that the support would be provided even in the case of the purported but unprovable negligence by the banks.

In the period since the introduction of the prenatal baby support product some couples (who had initially taken out the subsidised loan with great enthusiasm and plans for the future) have unfortunately reached a point where their marriage has been dissolved or declared invalid. Support recipients must notify this fact to their bank within 30 days of receiving the final court ruling. If this is the case, the interest subsidy will be discontinued, and if no child was born in the marriage, then any interest subsidy enjoyed previously must be repaid in a lump sum within 120 days.

While only a few such cases were heard by the FAB last year, there has been a significant increase in their number this year. In a particular case, the client told the credit institution about their divorce, moreover, also notified them of the identity of their new spouse and their joint commitment to have a child, yet the bank failed to inform the client about the amount to be repaid and the modified repayment instalment amount. The client also complained that, in spite of their request, the bank did not set the repayments to suspended status and, for two years now, it has failed to release his former wife from the contract and add his new wife to it as debtor. And even though their child is now almost 6 months old, the financial service provider is unwilling to suspend the repayments.

Discussions between the parties in the conciliation proceeding were successful. The bank calculated the repayable interest subsidy amount, deducting from it repayment instalments paid by the client since the first request for suspension. It also declared that the debtor had regained eligibility for the interest subsidy and specified their future payment obligation. In the proceeding the credit institution also made a commitment to respect the legal requirements and the bank's own requirements when subsidised persons submit to it a request for replacing debtors in the future.

If customers remarry and make a new commitment to have children, they may be faced with problems when it comes to removing their former and adding the new spouse in the contract. Firstly, banks follow diverging practices and, secondly, it is important to remember that credit institutions are under no obligations in this respect, even if the parties agree in their divorce lawsuit that one of them will assume full liability for repaying the joint prenatal baby support loan.

In one such case the FAB heard a former spouse who was to have no debt relating to the prenatal baby support loan in accordance with their divorce settlement. Yet their bank refused to stop considering this person as a debtor, irrespective of what the divorce settlement said. The bank argued that it makes decisions based on risk criteria and assesses the creditworthiness of customers based on objective criteria. In such cases, therefore, the credit institution has the discretion to decide whether to even judge a request for replacement of debtors on the merits and, when it does so, it will conduct its credit approval solely in line with its internal regulations.

In cases like this, debtors may request a proceeding from the FAB if their complaint to the bank has been unsuccessful. The cases listed in this article demonstrate that the parties to these disputes have been able to negotiate before the FAB successfully; almost all proceedings returned a positive result.

ZOLTÁN LIPTAI:
How to Snatch Victory from the Jaws of Defeat: Conciliation in Equity Cases

Customers often assume that, once they have run out of objective arguments in a dispute with a bank or insurance company, once they no longer find any support in financial legislation and have perhaps seen their complaints rejected once or twice, they have only the tiniest of chances for any positive outcomes. Yet the statistics and the personal experience of the Financial Arbitration Board attached to the Central Bank suggest that equity petitions may be of help in many scenarios.

Equity cases are a special field for the Financial Arbitration Board, which deals with financial consumer legal disputes in the manner and within the framework defined by the MNB Act.

Legal disputes between customers and financial institutions may reach a point where the former can no longer question or at least no longer dispute the legality of the contract they had concluded. Examples include the cases when a court ruling has been adopted or a collection proceeding is in progress. There may be scenarios when the consumer had already brought the contract to the Board, but the FAB closed the case with a resolution rejecting the case on its merits. But customers still have the opportunity to lodge an equity petition. This is a “magic spell” of a sort; if it is used correctly, it will open otherwise closed doors.

Equity petitions include all those scenarios where the requests lodged with entities, typically banks and debt management companies, have been rejected and the debtor does not/cannot dispute the legality of the claim. Instead, they cite their living conditions, their financial hardships in order to receive personalised discounts in settling their debt and closing the contract within the foreseeable future at terms they can afford. The representatives of banks and debt management companies are typically authorised to agree to bigger or smaller discounts in the conciliation hearings, but they are not required by the law to do so.

At first sight, this may appear mission impossible; after all, why would a financial institution waive some of their rightful claims when they could demand the full amount? In practice, there are examples of surprisingly positive turnarounds. Experience from thousands of hearings shows that where customers take advantage of the right to lodge an equity petition with the Board and are able to see the proceedings to their conclusion, some positive outcome will be reached in a significant proportion of cases.

There are some characteristic obstacles in terms of approach that could stop customers from wishing to request an equity proceeding. One is the attitude of “but I am in the right”, which tends to be associated with a passionate intensity and thus makes it impossible to get out of a dead end. This is true even if the customer is indeed in the right in a general moral etc. sense, yet is not in the right in a way that could be evidenced vis-a-vis the financial institution on the opposite side of the dispute, and concluded from the contract. Or a case may be at a stage (e.g.: collection) where past events can no longer be disputed (at least not before the Board, in an equity case).

An equity case is not the time and place for "arguing the technical details objectively", and even if you were to arrive at the hearing with the most qualified lawyer, your insistent or even "pushy" arguing would just make matters worse. First and foremost, it is important to understand and accept the situation in which you as a debtor have fallen, often unknowingly and against your will. There are life situations when managing your finances may not be at the top of your priorities out of necessity, for longer or shorter periods. An example would be a health challenge, which makes families fight for the life of their beloved member often beyond their financial means. Such situations also include those caused by the loss of the job, resulting in immense pressure on the family when it comes to trying to "shuffle" the bills coming in every month.

These are typically the allowable and allowed circumstances that the holders of claims are open to considering in most cases. It is precisely the degree and the value of that openness that may be discovered at a personal hearing, but only if the customer is willing and able to attend. There have been instances when the parties said at the end of the proceedings that they were glad of the opportunity to finally meet in person and explain their complaint and grievance to the other party, that they appreciated having someone to listen and even understand them. Often, by the end of such hearings they had let go of their anger and went home with an understanding and acceptance of their situation.

In a significant proportion of cases this attitude serves as a basis for openness and points to a path for jointly considering the options. Once the parties are able to focus on trying to find a solution, they will have won an important battle even though their "war" is not yet over: they have shifted their focus in the right direction. This is the most important thing, and many will reach this point at a hearing before the Board.

The next step is unconditional honesty. The debt management company must be given an explanation of the petitioner's situation. On paper, the petitioner may own a collateral property for instance, but its location or condition might make its sale or auction almost impossible. Or they may have no assets at all or have such low income that the financial institution should not expect significant returns in any case. It is very helpful if debtors consider the debt management company (and especially its representative) not as an enemy but as the bringer of much needed help.

To live and let live: this is in the interest of both parties! It is a precondition for any outcome in equity cases. And settlements satisfying both parties are often reached in the hearings of the Board. This is evidenced by the thank-you letters regularly received by the members of the Board, not to mention the warm words often expressed at the end of the hearings. When settlement is reached in an apparently hopeless case, this is confirmation that you should never give up, that it is possible to snatch victory from the jaws of defeat!

DR. KRISZTINA SZENTE: Methods of Banking for Children and Persons under Guardianship

It is natural for us that we can transact our day-to-day finances such as our banking transactions independently, without help from anyone else. But what happens to those who, due to their age or a health condition, are unable to do so, and need a representative?

The legal capacity of a customer may be restricted only by law or a court ruling; reasons are typically to do with age or health condition. In terms of age, young people below the age of 18 belong to this category; according to the Civil Code, a child has no legal capacity until age 14 and limited capacity thereafter until age 18. Declarations by minors with no legal capacity are null and void; their legal representatives, their parents or a guardian assigned by the guardianship authority can act on their behalf. Minors with limited legal capacity may make legal statements but these will be valid only with the consent of their legal representative.

Persons who fall under this category due to a health condition include persons under guardianship whose legal capacity was excluded or restricted by a court ruling. Persons are placed under guardianship if they have a permanent, total lack of discernment or a permanent or recurrent severe impairment of the capacity to manage their affairs due to a mental disorder.

In the former case, they will be placed under guardianship with incapacity, in the latter case under guardianship with limited capacity. This is decided by the court, taking into account the individual circumstances and family and social relationships of the person; the guardianship authority then appoints a guardian to act as legal representative. In the case of a guardianship order restricting legal capacity, the court will specify the matters in which the guardian's consent

will be required for the validity of statements by the person under guardianship. The National Office for the Judiciary maintains a register of persons under guardianship; information may be requested from this register, typically for a fee and subject to proof of the relevant legal interest.

A significant difference between guardianship for persons with incapacity and guardianship for persons with limited capacity is that legal statements made by persons of legal age with incapacity are null and void, their guardian will act on their behalf; by contrast, persons with limited capacity can make valid legal statements in all matters in which their legal capacity has not been restricted by the courts.

In the cases provided for by the law, consent from the guardianship authority may be a precondition for the validity of legal statements. Examples include if the legal statement of a minor or a person under guardianship concerns the acquisition of real estate not free from encumbrances, or the acceptance of encumbrances on real estate they own, or relates to disposals over their assets handed over to the guardianship authority; or in the resolution assigning the guardian or in the case of minors, where the sum exceeds the amount limit specified in the Civil Code (equal to forty-five times the social projection basis figure, which is currently HUF 28,500).

There are legal statements that will not be valid even with consent from the guardianship authority. In order to protect the interests of persons with limited legal capacity or with incapacity, legal statements by legal representatives will be null and void if, against the assets of the person, they make a gift, undertake a commitment without appropriate consideration, or waive rights without consideration.

What banking transactions may involve minors or persons under guardianship with incapacity or limited capacity? Examples include opening a bank account, which offers an excellent opportunity for the minor to learn about managing finances responsibly. There is no rule regarding the youngest age at which bank accounts may be opened. There are account packages available right after the birth of a child, although most offers are focused on the 14-to-18 age group.

Before a minor reaches age 14, their legal representative may open a bank account for them; between ages 14 and 18, the minor and the representative may act jointly. Different sets of services are offered with these bank accounts, but cash withdrawal, bank cards, internet banking and mobile apps tend to be available; the latter are normally limited until the minor's 14th birthday, available for balance and transaction inquiries only. It is worth comparing the offers of different banks in terms of not only their costs but also the services available in the account package.

For example, bank accounts for limited purposes are available to open for persons under guardianship who can receive their pensions and pay their utility bills there. A special type of account, which requires a resolution by the guardianship authority to be opened, is called the guardianship authority account for minors or persons under guardianship; this account may be combined with savings passbooks.

They may be opened by the legal representative specified in the resolution of the guardianship authority and, in accordance with that resolution, only the representative will have disposal rights over the account. In certain circumstances the guardianship authority may order balances to be placed in a guardianship authority reserve deposit, withdrawals from which are possible only by the resolution of the guardianship authority.

Minors and persons under guardianship may also have a housing savings contract. If the holder of a housing savings contract or its beneficiary does not have legal capacity at the time of disbursement (is a minor or a person under guardianship with limited legal capacity or with incapacity), then their legal representative may, subject to consent from the guardianship authority, dispose over these savings if their balance is higher than the aforementioned amount limit provided for in the Civil Code.

The basic conditions for loan application also include legal capacity and an age of above 18 years. Only in exceptional cases can minors and persons under guardianship become parties to a loan agreement. They cannot validly enter into loan agreements without the consent of their legal representative and the approval of the guardianship authority. Approval from the guardianship authority is always required for the acquisition by a minor or a person under guardianship of real estate that is not unencumbered (e.g. for buying property on a mortgage) or for admitting any encumbrance on the real estate of a minor.

DR. ILDIKÓ ERZSÉBET CSOMORNÉ-LAJKÓ:
Legal Disputes over Collection Orders in Proceedings of the Financial Arbitration Board)

In this day and age, whenever a collection proceeding is launched against a debtor with a bank account, in order to recover the sums quickly, bailiffs tend to submit an instruction for the transfer of funds by court order (a collection order) to the bank servicing the debtor's bank account. The detailed rules on collection orders are defined in Act LIII of 1994 on judicial enforcement (Judicial Enforcement Act). In recent years the Financial Arbitration Board (FAB) has seen several legal disputes concerning mandates for the transfer of funds by court order. This article looks at the most frequently asked questions.

Can the debtor's account servicing bank examine the substance of a collection order? What happens if the balance on the bank account is lower than the amount in the collection order?

As a general rule, banks servicing a debtor's bank account must accept from bailiffs and authorities their instructions for the transfer of funds by court order and execute these. If executing the mandate would contravene Section 79/D of the Judicial Enforcement Act, the bank must immediately notify this to the bailiff. For example, cash balances on a Széchenyi Leisure Card account cannot be included in an execution proceeding. Account servicing banks are not required and are not able to examine the legal grounds for credits received to debtors' bank accounts. If a collection order is received on the bank account and there is sufficient uncommitted balance sheet on the debtor's bank account, then, subject to the exemption rules in the Judicial Enforcement Act, they must transfer the funds to the entity submitting the mandate and do not have right to discretionary assessment.

If the bank does not accept that it is managing amounts payable to the debtor or if it fails to comply with the instruction of the official body carrying out the collection process, the requestor of collection may bring a lawsuit against it for the collection of the claim. The bank will execute the collection order against the balance on the bank account specified in the collection order submitted by the bailiff. If that balance does not cover all the claims in the collection order, the bank must extend the collection order to include other payment accounts of the debtor serviced by it.

The credit institution will follow the law in determining the sequence order of such extension of scope, taking into consideration, first, the debtor's other bank accounts serviced by it, second, the debtor's deposit contracts and, third, their savings deposit contracts. If the balance on a debtor's bank account is not enough to cover a collection order and extension to other accounts is impossible as well, the bank will declare that there is a lack of funds on the account.

In the case of a lack of funds, mandates for the transfer of funds by court order are queued for 35 days in accordance with Act LXXXV of 2009 on Payment Services (Payment Services Act). During this time, the transfer of funds by court order amount is blocked, showing it on the account as a negative balance. Whenever money is received to the bank account during the queuing period, the bank must make the required payments against such sums as well, as is provided for in the Judicial Enforcement Act. Banks must send a letter to the debtor's correspondence address to inform them of the receipt and queuing of the collection order.

What happens if the debtor has an overdraft facility on the bank account and the balance on the account does not cover the amount in the collection order?

Unless otherwise agreed by the bank and the account holder debtor, the collection order must also be paid against the debtor's credit lines, if any, on the payment account specified in the collection order. In that context, the Magyar Nemzeti Bank (MNB) issued a management circular this year in which it called on banks to provide consumers information prior to taking out an overdraft facility contract that, unless otherwise agreed, the bank will make payments against not only their bank account but also the overdraft facility if a transfer of funds by court order were to be received.

The MNB expects the banks to draw up, in clear language, an information notice on the above for consumers and draw the attention of consumers to the explanations in that information notice prior to entering into an overdraft facility agreement, adding that they should publish the notice on their websites as well. An interesting related legal dispute was brought before the Board:at the end of last November, a transfer of funds by court order for the sum of HUF 6 million

was received on the bank account of a debtor. As there were insufficient funds on the account, the financial service provider queued the collection order for 35 days. Before turning to the FAB, the debtor complained to the bank that it had made payments against both the total available balance on the bank account and the overdraft facility. The debtor also claimed that the bank had failed to comply with the provisions in the Judicial Enforcement Act regarding exemption when executing the collection order.

The bank rejected these complaints on the grounds that available balances on bank accounts and overdraft facilities are both to be used for paying out under a transfer of funds by court order and that it had calculated the amount payable with reference to the exemption rules in the Judicial Enforcement Act. When calculating the partial payments, it was required to take into consideration the overdraft facility as well, because payments based on collection orders (including payments against the overdraft facilities on the payment accounts) take precedence over other payment transactions. The customer rejected the bank's answer and lodged a petition with the FAB and, maintaining the position as presented in the complaints procedure, requested an examination of the case, the reconstitution of the overdraft facility and compensation for the loss incurred.

The FAB terminated the proceeding as it found the petition unfounded. The evidence submitted and statements by the parties showed that the parties had not signed an agreement prior to the conclusion of the overdraft facility agreement in which they would have deviated from the relevant provisions of the Payment Services Act. As a result, the bank was under obligation to take into consideration the overdraft facility as well when calculating the amount payable pursuant to the collection order. Besides, the bank had acted lawfully and in accordance with the exemption rules (in force at the time of receiving the collection order) when calculating the amount payable.

Is there any chance to be exempted from the obligation to pay the amount stated in the collection order?

As a general rule, all the money a debtor holds with a bank may be subjected to collection proceedings, regardless of the legal titles for the credits made to the account (e.g. pension benefit). Nevertheless, the law guarantees a certain amount for natural person customers that must be exempted from execution proceedings, and funded from the balance on plus the credits to the account. Exemption rules changed when the Judicial Enforcement Act was amended as of 1 January 2023; the banks have had to apply these new rules for transfers of funds by court order issued after that date.

Under current rules, above a balance of HUF 200,000, there is no limit on the amount that may be included in the execution proceeding, whereas below that level 50 per cent of balances between HUF 60,000 and 200,000 may be included. By default, if the balance is less than HUF 60,000, none may be included. However, if the execution proceeding concerns alimony or costs associated with childbirth, then 50 percent of even that balance may be included in the execution procedure.

When calculating the amount not eligible for inclusion in the procedure, the balances on the bank account as of receiving the mandate for the transfer of funds by court order must be considered together with the funds received during the 35-day queuing of the payment order. During that time, debtors may withdraw the exempted amount on one occasion only; moreover, the various bank charges may reduce that amount.

If a bank is servicing several accounts of a debtor, then the exemption rules should be applied to all the accounts together, not individually for each account. (If the collection order was issued before 1 January 2023, then the earlier exemption rules of the Judicial Enforcement Act should be applied.) According to current practice, the courts and the FAB consistently agree that, when complying with mandates for the transfer of funds by court order, banks servicing the debtors' accounts may apply only the exemption rules in Chapter V of the Judicial Enforcement Act and, with reference to the relevant mandatory, non-modifiable provisions of the Judicial Enforcement Act, they must not examine the sources of the balances on the bank account.

When complying with a transfer of funds by court order, does the account servicing bank have to take into consideration if the bailiff has already imposed a deduction from the debtor's income?

Many legal disputes are focused on the fact that a debtor from whose income deductions have already been made finds afterwards that a mandate for the transfer of funds by court order has been issued against their bank account. In such

cases debtors often complain about the bank complying with that transfer of funds by court order even though the debtor's income received on the bank account was already subject to deduction by the bailiffs.

Well, banks are not in the position to take into consideration the income deduction by the bailiffs, for the following reasons: the collection order and the bailiff's deduction are two different collection acts, the rules applicable to them are found in different places in the Judicial Enforcement Act. Different chapters set out the rules that debtors' account servicing banks must follow versus the rules on income deduction by the bailiffs and the detailed obligations of employers and the entities disbursing retirement benefits.

Deduction from retirement benefits is the responsibility of the Pensions Directorate, while from wages it is the role of the employer (e.g. the debtor may receive only the pension less the amount deducted). However, once the debtor has received their pension minus the deducted amount, the rules on income deductions no longer apply to it. When complying with a collection order, the debtor's account servicing bank is not obligated to check whether the amount credited to the debtor's bank account is the net amount after income deduction.

What happens if the collection order is issued against a bank account with multiple holders?

Balances on a bank account with multiple account holders may be subject to collection orders irrespective of which account holder the claim arises against. The bailiff will inform the account holder who is not the debtor of the fact of debiting the account. In such a case, this account holder has the right to replevin action within 8 days of the amount being blocked, for the reimbursement of the amount debited to the account but rightfully due to the account holder.

The FAB has written in a number of earlier articles of how consumers can also request the Board to proceed if they object to their debt originating from financial consumer contracts, provided that the case meets the relevant legislative conditions. Nevertheless, the current legislative environment does not offer consumers the chance to dispute debt subject to collection proceedings before the FAB (they can dispute them before the courts, in line with the prevailing Judicial Enforcement Act and the Code of Civil Procedure).

But these debtors do have the opportunity to lodge an equity petition and negotiate a settlement with the claimant in the ensuing proceedings. If this happens directly before the collection procedure is started, there is a chance for the parties to negotiate a settlement out-of-court, allowing the debtor to avoid one of the worst acts in a collection process, namely the collection order.

DR. KATALIN KÁNTÁS-BARCSAI: How to Insure Your Movables

It is impossible to even imagine our daily lives without our home, the objects surrounding us. But regrettable damage events may make it necessary to urgently replace them, even to invest large sums. This is where contents insurance and special contents insurance may provide financial help.

When may it be needed?

In the event of unexpected damage, such as burglary, storm damage, fire, water damage, could happen any time and may damage or destroy your objects. Having to replace domestic appliances, furniture and electronic devices all at the same time may be very expensive and buying or having them repaired may take a while.

Contents insurance tends to be included in property insurance but, in certain scenarios, it is possible to take out contents insurance separately. Examples include cases when condominium insurance does not cover contents and the person does not own the property in which they live. In other situations, a tenant may rent an apartment unfurnished and needs insurance for their personal objects and valuables. Contents insurance is also a good option for those who own valuable collections, antique furniture, jewellery, special glass objects or garden furniture.

Normally, the insurer will be on risk regarding household movables owned, rented, leased or received for safekeeping by the insured person. Insurance payments will be paid for objects owned by third parties, such as for instance the valuables of guests or objects received from the employer for work purposes, if this is explicitly stipulated in the definition of the insurer's risk.

With insurance claims, it is the responsibility of the insured to provide evidence; the consumer must prove that the insurance event has taken place and evidence the resulting damage. To this end, it is a good idea to keep a record at all times as to what movables and real estate you have.

Should anything go wrong in your home, you must immediately report to the insurer the event as well as any repairs and recovery. Documentation should be as detailed as possible, including photos and videos, because evidence becomes more difficult as time passes after the occurrence of the claim event. In a fire, both the object and the evidence of its purchase may be destroyed. In such a case, past photos and videos stored on a mobile phone or an online storage drive may prove possession of the object prior to the insurance event, and its estimated value.

If an insurer wants to refuse payment, it must prove the facts and circumstances necessary for its exemption. Arguments include cases when a consumer does not take proper action to prevent or mitigate the damage or is late in reporting the insurance event.

When taking out a property insurance contract, it is important to consider which property category the various movable items belong to. The sums insured of the property categories of valuables, special movable properties and generic household contents cannot be merged.

What is the definition of movables?

Any fixtures and fittings found in the house or garden, which are easily removable, portable and not part of the building.

1. Household movables

These are property items in customary quantities that are necessary for everyday personal usage in an average household and are not excluded from the risk cover. They include all furniture that is not built in (e.g. tables, chairs, shelves, beds, sofas), household appliances (e.g. toasters, kettles, irons, washing machines), electronic equipment (e.g. TV, computer), kitchen equipment (e.g. crockery and cutlery, pots and pans), lighting equipment, toys, clothes, shoes, bags, tools, household textiles (curtains, carpets, cushions) and any other household furnishings and objects (e.g. mirrors, pictures). Garden furniture is also movable property, but it is important to remember that insuring these is only done through supplementary cover.

2. Valuables, high-value movables

Valuables and high-value movables constitute a special category of property items; these must always be valued on an individual basis. They include jewellery, precious stones, paintings, antiques, hand-woven carpets, real furs, works of art, technical equipment of high value or items in a prized collection.

An important rule is that contents insurance may be taken out for these items only if they are located in a permanently occupied property or if the property or the storage of the assets meets certain security and protection standards. Holiday homes and weekend houses are not considered to be a permanently occupied building; the situation is similar with properties with no permanent occupiers if it can be proven that the insured person was not present in the property at the time of the insurance event.

Valuables and special movable property are not covered if they are damaged in an outbuilding, in a room not used for dwelling purposes or outdoors. Not all jewellery in the everyday sense of the word is considered as a valuable, only the ones satisfying the conditions in the insurance terms. Other jewellery can be covered in the category of general household contents.

Since repurchase value does not apply to most valuables, insurers will use actual value as the starting point in their case. The insured is responsible for ascertaining the value of these items of property and it is important to make sure when agreeing the sum insured that their value should not be included under household contents.

What are supplementary insurance covers?

You can combine your property insurance with supplementary covers, subject to extra premiums, which will provide insurance protection suited to your needs. Examples include insuring garden furniture, a bicycle or special glass.

When it comes to judging legal disputes, it is an important question whether the insurance event is covered by the insurer's risk assumption, and whether the on-site damage picture confirms the reporting of the insurance event, and also whether there are any exclusion criteria preventing a payout.

A good example of the latter is storm damage to property items stored outside in a garden. If you use in your garden furniture manufactured for indoor rather than outdoor use and fail to store or fix these properly, then the insurance company will not be in a position to make a payment under your insurance.

Condominium insurance policies in general do not cover all types of insurance events. For example, the insurance cover taken out for glass in the building does not extend to breakage and fissures in the glass of terraces, balconies and side walls. If, to supplement the condominium insurance policy, the homeowners take out an insurance contract for their household movables only, then they will find that, in the above example, breakage of the terrace glass will not be covered by either insurance.

The same may apply if the glass of an electric hob, shower or aquarium becomes broken or cracked. It is recommended to take out supplementary insurance to cover such special glass types. When carrying out restoration work after an insurance event, it is worth bearing in mind that the insurer will only reimburse glass of the same size and quality as the damaged special glass, not costlier, higher-quality glass produced using more advanced technology.

And finally: what does not classify as movables?

Any fixtures and fittings that are directly attached to the walls of the house and can only be moved by demolition or by damage, and as such, constitute an integral part of the property. Among other things, built-in furniture, alarms, air conditioning and built-in ovens are not movables. These must be protected with the home insurance, not the contents insurance.

Insuring our movables and other assets with due care is particularly important to avoid having to be faced with exclusion clauses, the "small print", only when the damage has already been done.

Financial Arbitration Board: nearly 12 years in the service of peace

Ever since the Financial Arbitration Board was launched in July 2011, there has been much progress in developing financial literacy in this country; nevertheless, there remain a few things that both service providers and customers still need to learn. The former should pay more attention to their customers, while the latter should take more care over their affairs, the Chair of the Board has told *napi.hu*. Dr. Erika Kovács says that, in her experience, the source for disputes between the parties often lies in a lack of understanding and empathy. We have asked her about the newly published Annual Report of the Board and a series of finance industry events launched in 2019, called the Financial Law Academy.

Dr. Erika Kovács, Chair of the Financial Conciliation Board (FAB), attached to the Magyar Nemzeti Bank considers the Board's work of nearly 12 years successful, as is evidenced by the numbers. Each year, the FAB produces an annual report that, among other things, analyses the petitions received and the cases resolved, as well as the recurring or significant problems generating frequent disputes between consumers and financial service providers. Last year, 2493 domestic conciliation, 573 equity and 56 cross-border petitions were lodged by customers, and 3 petitions were filed via the online dispute

resolution platform (ODR). 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. Hearings were held on 2,308 occasions, and the average time needed for closing or ending a case was 62 days, the Chair enumerates.

(*Napi.hu* then goes on to describe the most important information and data from the year 2022. https://www.napi.hu/magyar-gazdasag/penzugy-bekelteto-testulet-fogyasztovedelem.768452.html).

As a result of the IT development implemented in 2022, since 2 January last year the Board has also been able to receive electronic consumer petitions submitted through its website. Due to this, the number of customer 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's annual report says. Moreover, the "FAB Online Dispute Resolution Platform" can be used for filling documents and declarations related to pending cases in addition to submitting new petitions.

Just as important as the developing electronic communication facilities and fast procedures is the fact that the Board provides a forum for petitioners to meet their service providers in person. In the world of finances, it is often difficult for customers to get in touch with their service providers, and they can only meet in person at the Board's hearings. Here, the parties can respond immediately to any suggestions raised, which makes settlements and clarifications of the facts easier, the Chair of the FAB explained.

As regards the handling of complaints by financial institutions prior to the FAB's proceedings, there may be cases when telephone customer services are unavailable for long periods, online customer service is impersonal and even written or oral complaints may not be answered by the legally stipulated deadline. The FAB Chair underlined that a Decree of the Central Bank makes it mandatory to respond by the deadline; a fine may be imposed if it is missed.

The Network of Financial Navigator Advisory Offices and the MNB Customer Service

Many customer problems could be prevented if consumers sought personalised help from the 18 advisor members of the Financial Navigator network attached to the MNB right from the start, before signing a contract. *(There are offices at all county seats; a finder is available here: www.mnb.hu/fogyasztovedelem/tanacsado-irodak.)* The MNB has created this network to give a chance for in-person consultation on financial matters to those living outside the capital.

During the free advice sessions, experts provide consumers with detailed information on the features, benefits and risks of different financial services such as borrowing, personal loans, home insurance, life insurance, car insurance or travel insurance. The advisors provide information on the financial products, review contracts and help write and submit official documents and submissions (e.g. equity petitions or consumer complaint).

The advisors direct consumers with financial complaints to the responsible forums: the service provider, the Magyar Nemzeti Bank (MNB), or the FAB. For those living in Budapest, this service is provided by the MNB's Customer Service at the address Krisztina krt. 6. (contact information: www.mnb.hu/fogyasztovedelem/elerhetosegek/keressen-fel-minket-budapesten). It is important to remember that consumers can turn to the MNB or the FAB only when they have tried but failed to settle their dispute with their financial institution and believe that their complaint was not remedied nor even answered.

Hearings in a customer-friendly way

The FAB's in-person 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. Chair Erika Kovács points out that this service is of course free of charge, unlike litigation, which is a formalised, time consuming process with rather substantial legal representation costs. It is not necessary to have a lawyer in an arbitration proceeding (although of course it is possible); customers can represent themselves.

In the customer service area in front of the FAB's meeting rooms, 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.

Important experience from the conciliation proceedings

Dr. Erika Kovács says that, prior to a conciliation proceeding, it is first examined whether an attempt has been made for conciliation with the service provider, and whether a complaints procedure has been carried out. Customers can turn to the Board (by filling out the appropriate form) only if their complaint has been rejected.

As far as financial service providers are concerned, it appears that they often do not pay enough attention to customers, perhaps due to a lack of money, time or energy. Few employees are able to spend substantive amounts of time on individual problems. Incidentally, this varies across the credit institutions; some banks are mentioned in surprisingly few complaints relative to their size and weight.

As for the text of contracts, the FAB is convinced that they should be made even simpler and clearer.

And as for customers, in spite of growing financial awareness in this country, many would do well to listen to the advice that they should be more careful with their finances. There are still many financial conciliation proceedings in which it becomes clear that the petitioner had not read at all their contract with the bank or insurance company and is therefore not familiar with its terms. Just one example: several customers who took out personal loans, which are now available online too, had no understanding of the terms of the borrowing when they signed the contract.

The Chair of the Board recommends learning as much in-depth detail about the product as possible in advance. Just as in the case of food shopping, for example, it is important to find out which supermarkets offer the best prices and quality before you buy, so too it is important to do this kind of preliminary assessment.

The Financial Law Academy

For four years now, the Central Bank has been offering lawyers and law students, young finance, economics and legal professionals and anyone else interested in finance the opportunity to acquire knowledge through a series of programmes organised with contributions by the Budapest Institute of Banking.

Participants in this training can learn special legal knowledge concerning the financial and capital markets, understand financial market and capital market services, and regulations and practices in the insurance sector. They find out about how these financial services, which they themselves may be users of, work in practice, gain an understanding of financial processes and a comprehensive view of financial sector players and the MNB's operations.

Applications for the 2023/2024 academic year are already open, here: www.bib-edu.hu/kurzusok/1575?categoryId=o-1

Complaints are Mounting against Revolut

Revolut still does not allow Hungarian complainants to bring a dispute resolution proceeding against it in Hungary even as problems around the company continue to rise, Erika Kovács, Chair of the Financial Arbitration Board (FAB) has told *Index*.

While petitions complaining about cross-border financial services are still insignificant in number compared to the overall total, there has been a salient increase in their quantity before the Financial Arbitration Board (FAB) attached to the MNB, Erika Kovács, Chair of the Board has told *Index*. Whereas in 2021 only 1 percent of cases heard by the Board concerned

cross-border services, the rate increased to two percent in 2022. Moreover, the Chair says that the number of cases concerning cross-border services reached a total in the first ten months of the year that was almost fifty percent higher than in 2022 as a whole; in all, 82 cases were brought to the FAB.

Cyber fraud takes the lead

The cross-border cases received this year will not achieve marked growth due to the significant increase in cyber fraud cases this year; there have been more than a thousand so far this year. This suggests that:

THE NUMBER OF COMPLAINTS RECEIVED BY THE FAB THIS YEAR WILL INCREASE BY AT LEAST 30 PERCENT OVER THE CASE COUNT OF 3,125 MEASURED IN 2022.

As for legal disputes on cross-border services, Revolut is the financial institution single-handedly responsible for the largest subset of these. Nearly one fifth of all such cases are now complaints by customers about Revolut; the increase is striking.

The complaints mostly concerned the bank's failure to credit amounts paid into Revolut accounts or payments from those accounts into Hungarian bank accounts, where it is unclear what happened to the amounts paid out of the sender accounts, they never arrived on the payee accounts. It is typical in these cases that Revolut has frozen the customer's account for some reason and the petitioner is unable to access the amount on the account and the company is not providing sufficient help. This correlates with the fact that Revolut still refuses to operate a Hungarian-language customer centre (it is not required by the law to have one), even though similar service providers in other industries (for instance Booking.com) make this available for their Hungarian customers.

She attributes the relatively low number of cases concerning cross-border services to the fact that victims do not assume that they could act against a non-resident service provider within Hungary and, as we shall see, there is some truth to that.

The Chair of the FAB explains that, under EU law, the arbitration body or other alternative dispute resolution forum of a member state may examine a consumer petition against a service provider domiciled in a different member state only if the service provider in question has consented to having the dispute resolution proceeding in that member state, that is to say it accepts the relevant body as acting forum. It must declare this in writing. If it does not do so, then the forum in question is limited to informing the consumer which forum to turn to in the country of registration of the service provider now that legal remedy is not possible locally.

Procedures are standardised in cross-border service cases, as they are regulated by a pan-European agreement of the member states of the European Economic Area (EEA), referred to as the procedures of the Financial Network (FIN-NET), of which the Financial Arbitration Board has been a member since 2012.

Revolut will not give in

Erika Kovács says that, regrettably, Revolut has not given consent even once to a Hungarian consumer to take the legal dispute with it to the Hungarian Financial Arbitration Board.

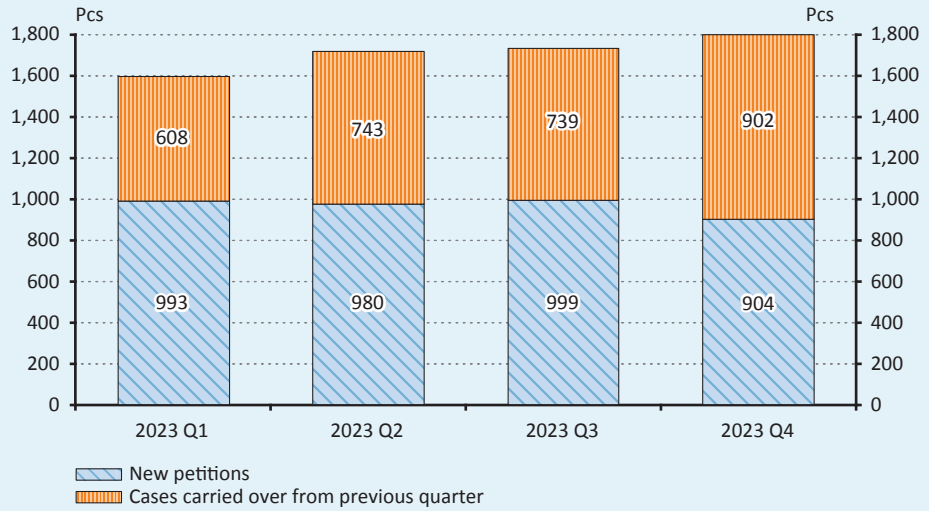
Since both of Revolut's companies are registered in Lithuania, Hungarian consumers will have the definite opportunity to enforce their claim and negotiate a settlement only if they lodge their petition with the alternative conciliation forum with the relevant competence, operating in Lithuania. Similarly to the arrangement in Hungarian, this is a financial arbitration body attached to the National Bank of Lithuania. There contract information is now available in Hungarian on the FIN-NET website Members of FIN-NET by country – European Commission (europa.eu) website.

II. Proceedings, outcomes

1. NEW PETITIONS

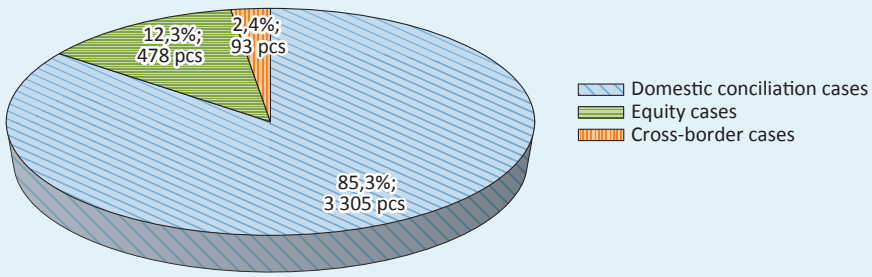
As of 1 January 2023, 608 domestic conciliation, equity and cross-border cases were in progress; 3,876 new petitions were received during the year, thus the total number of cases handled was 4,484.

Chart 3
Number of new petitions and cases handled per quarter



In new petitions, domestic conciliation cases represented the highest number and proportion; their distribution by case type was as follows:

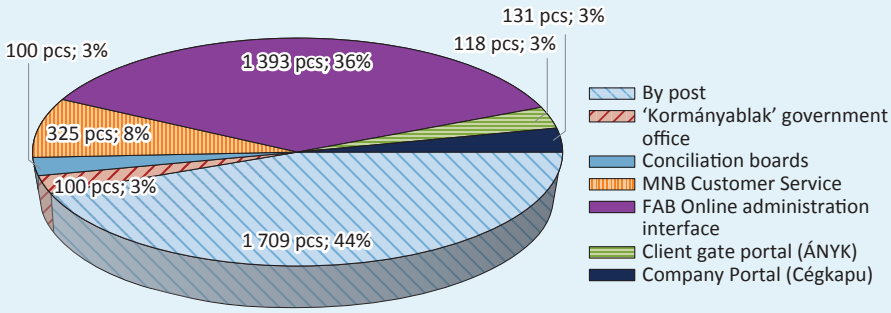
Chart 4
Number of new petitions by case type



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 continued to increase, 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.

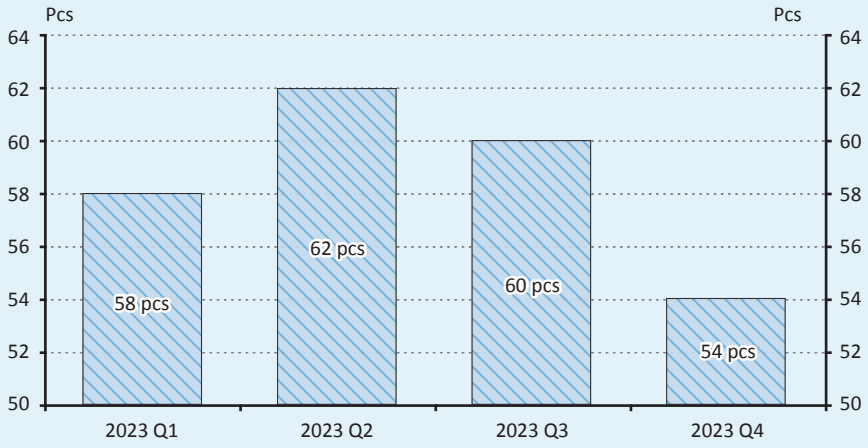
Chart 5
Methods of submitting new petitions



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, communication was conducted electronically already with 52 percent of the petitioners.

The number of petitions compiled with the help of the Financial Navigator Advisory Offices increased; 234 petitions were received through them.

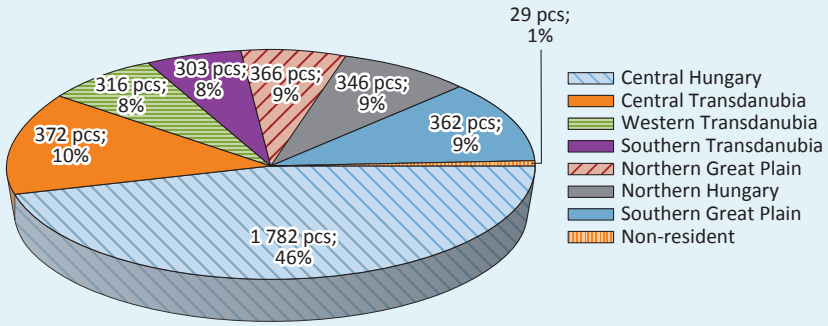
Chart 6
New petitions prepared by the Network of Financial Navigator Advisory Offices



3. BREAKDOWN OF PETITIONERS BY PLACE OF RESIDENCE

The residents of the Central Hungary region continued to represent the highest proportion of petitioners who turned to the Board for the resolution of their financial consumer disputes. They accounted for 46 percent of all petitioners.

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; there were no material changes in other counties.

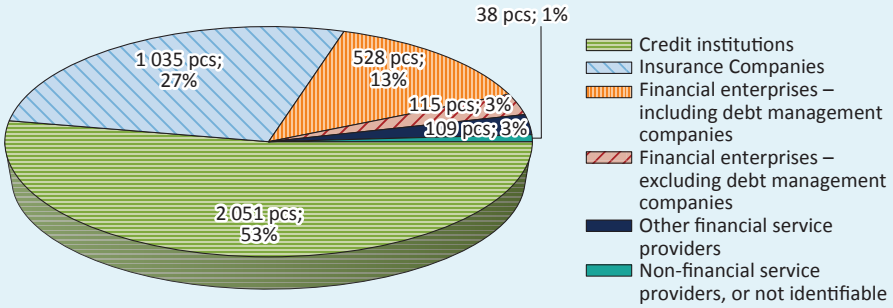
Chart 8
New petitions by petitioners' residence

Distribution of new petitions by county of residence of petitioners	2023		As a ratio of the total population HCSO data
	Number of cases (number)	As a ratio of the total number of cases	
Bács-Kiskun	124	**3.20%**	**5.14%**
Baranya	124	**3.20%**	**3.67%**
Békés	88	**2.27%**	**3.36%**
Borsod-Abaúj-Zemplén	187	**4.82%**	**6.50%**
Budapest	1148	**29.62%**	**17.72%**
Csongrád-Csanád	150	**3.87%**	**4.07%**
Fejér	137	**3.53%**	**4.30%**
Győr-Moson-Sopron	130	**3.35%**	**4.92%**
Hajdú-Bihar	155	**4.00%**	**5.41%**
Heves	96	**2.48%**	**3.00%**
Jász-Nagykun-Szolnok	101	**2.61%**	**3.74%**
Komárom-Esztergom	101	**2.61%**	**3.08%**
Nógrád	63	**1.63%**	**1.93%**
Pest	634	**16.36%**	**13.46%**
Somogy	102	**2.63%**	**3.09%**
Szabolcs-Szatmár-Bereg	110	**2.84%**	**5.60%**
Tolna	77	**1.99%**	**2.19%**
Vas	90	**2.32%**	**2.61%**
Veszprém	134	**3.46%**	**3.51%**
Zala	96	**2.48%**	**2.72%**
Non-resident	29	**0.75%**	
Total cases	**3,876**	**100.00%**	**100.00%**

4. SERVICE PROVIDERS INVOLVED IN CONSUMER DISPUTES

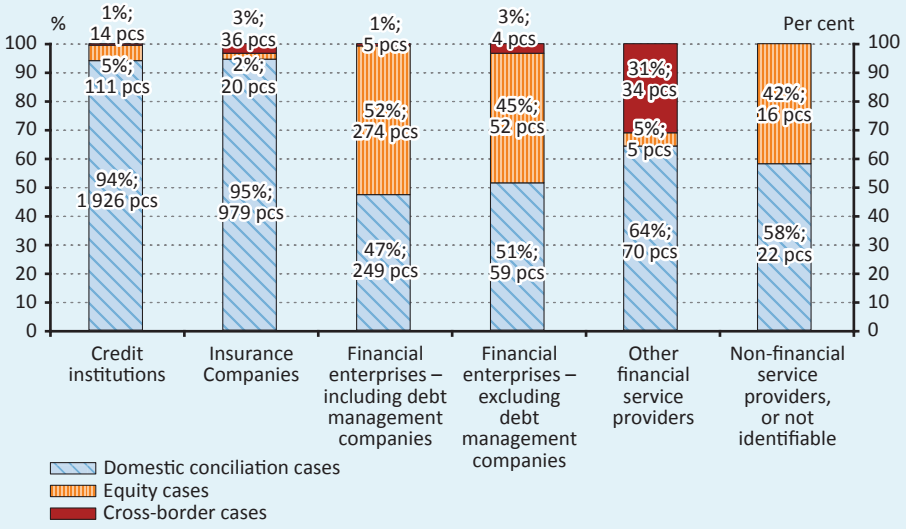
The Board was contacted by the customers of credit institutions and insurance companies the most often. The 54% ratio of cases against credit institutions was attributable to petitions concerning cyber fraud; this also meant a significant increase in the number of cases concerning payment services.

Chart 9
Types of financial service providers in new petitions



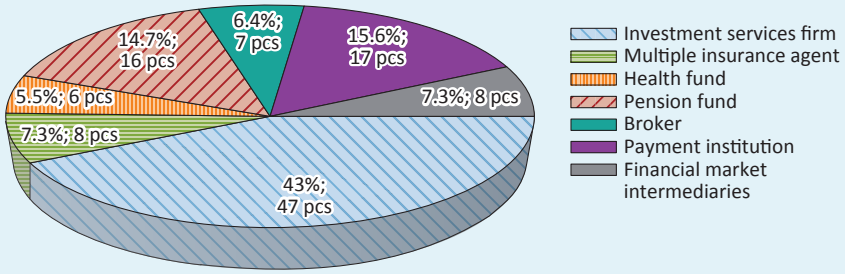
Each service provider was affected by certain case types as follows:

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 financial market products (2,615 cases) and insurance market products (1,079 cases); fewer new petitions concerned the fund and insurance markets than in the year before.

Chart 12
Products involved in petitions by sectors

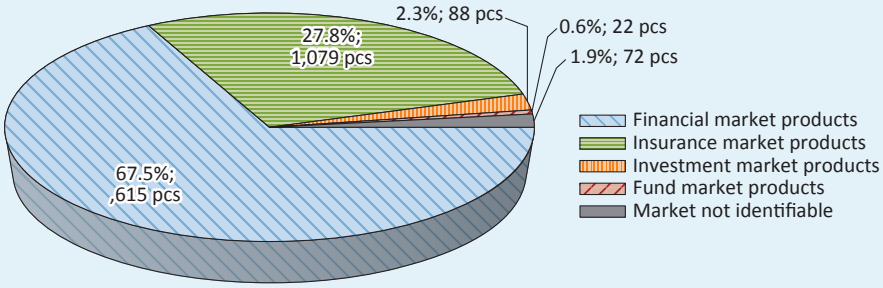
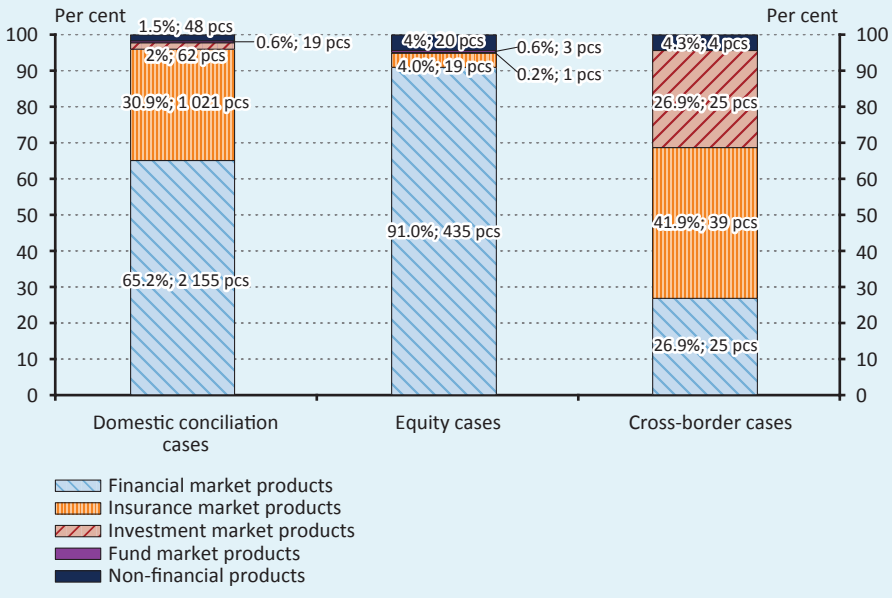


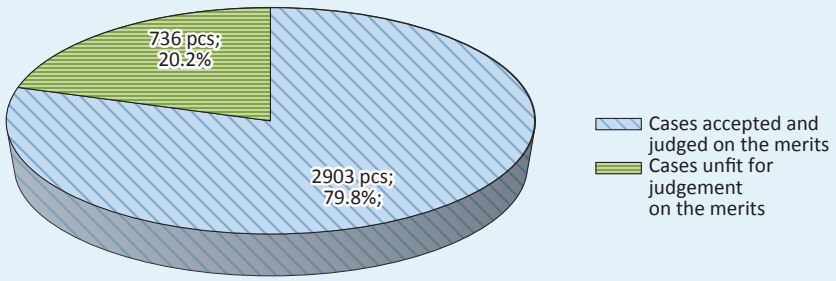
Chart 13
Products involved in petitions by case type



6. EVOLUTION OF THE ACCEPTANCE RATIO

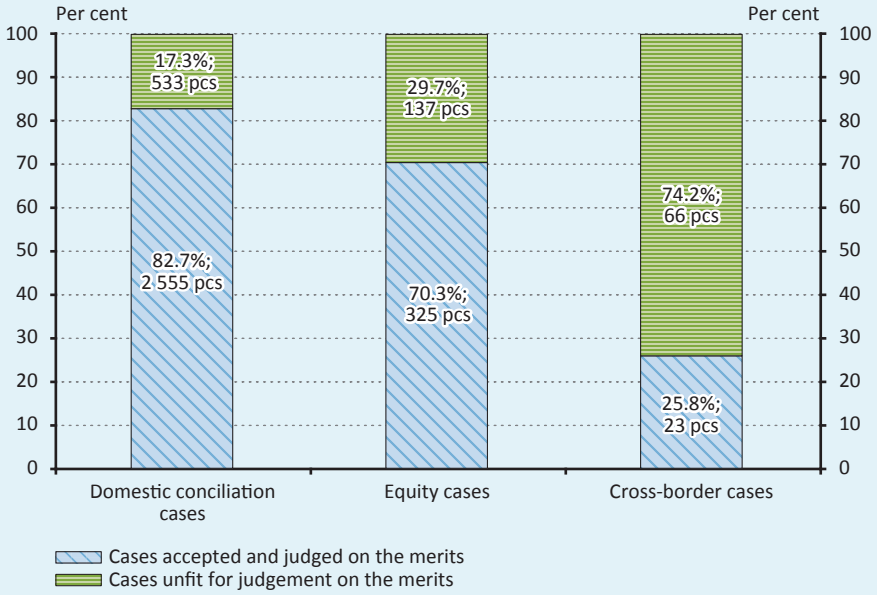
79.8 percent of the new petitions were suitable for proceedings on the merits.

Chart 14
Acceptance ratio



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

Chart 15
Acceptance ratio in general cases by case type

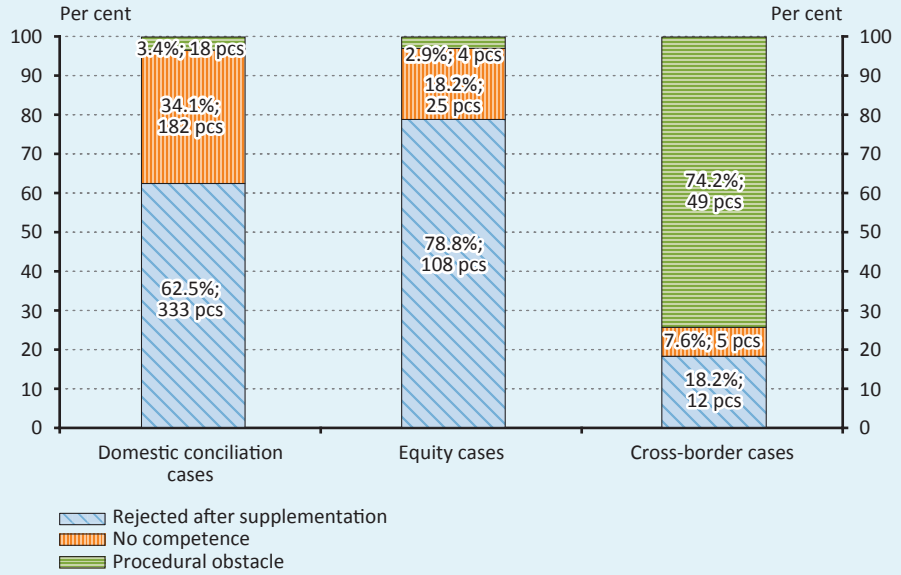


7. CASES UNFIT FOR JUDGEMENT ON THE MERITS

3,639 cases were closed, of which 736 cases were not accepted and therefore no hearing was scheduled. 453 cases were rejected because petitioners failed to comply with the requests set out in the call for supplementation; in a further 212 cases the Board had no competence in the case. 71 cases were terminated due to procedural obstacles.

The reasons for rejection by case type are illustrated in the following chart:

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



No response was received for 357 calls for supplementation, and thus these proceedings were terminated. In a further 96 cases, the proceedings were terminated without investigation on the merits, because the response to the call for supplementation was missing or 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	2023
Cases closed during the period without acceptance	736
– of which rejected after the call for supplementation	453
Reasons for rejection:	
Answered to the call for supplementation, of which	144
– agreed with the service provider	6
– unfit for acceptance	90
– complaint was not confirmed	48
No answer to the call for supplementation, of which	309
– agreed with the service provider	2
– no complaint procedure	40
– other reason	9
– reason unknown	258

Numbers of 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:**	**71**	**9.65%**
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))	4	0.54%
1.2	for the same right arising from the same factual basis		
1.2.1	a) the parties commenced proceedings at the Financial Arbitration Board (Section 107 point aa)), or	11	1.49%
1.2.2	b) the parties commenced a mediation procedure (Section 107 point ab)), or	1	0.14%
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))	0	0.00%
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))	6	0.82%
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))	49	6.66%
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))	**212**	**28.80%**
3.	the petitioner failed to comply with the call for supplementation as specified in Section 104 (5), within the deadline (Section 107 point e))	**453**	**61.55%**
	Total	**736**	**100.00%**

8. OUTCOME OF CASES CLOSED AFTER ACCEPTANCE

The number of cases accepted and judged on the merits was 2,903; 677 of those were closed with a settlement agreement, 9 binding resolutions and 19 recommendations were issued.

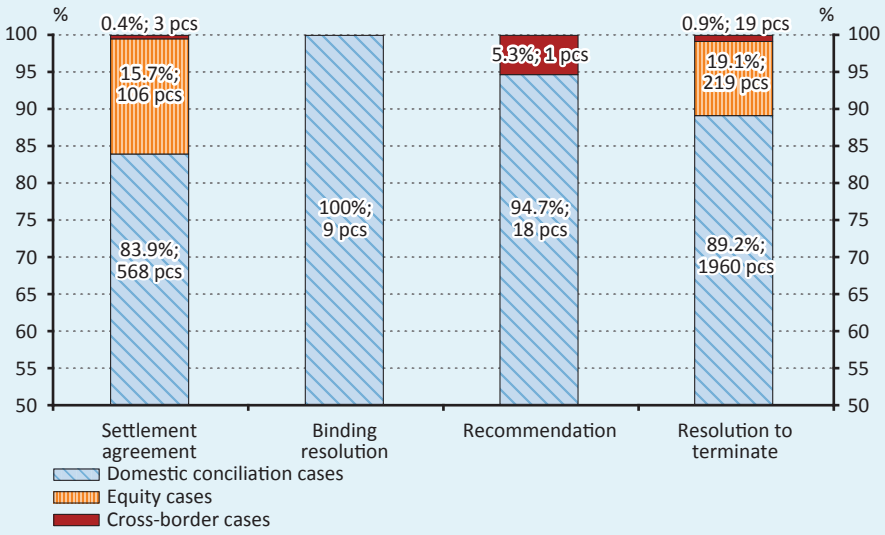
Chart 19
Outcome of cases closed following acceptance

Outcome of closed general cases following acceptance

Outcome of closed cases	Number of cases (number)	Ratio
Settlement agreement	677	**23.32%**
Binding resolution	9	**0.31%**
Recommendation	19	**0.65%**
Resolution to terminate	2,198	**75.71%**
Total	**2,903**	**100.00%**

With the exception of a single cross-border case, binding resolutions and recommendations were adopted only in domestic conciliation cases; the Board did not handle any online platform cases, there were no such cases received during the year. 106 equity cases ended with a settlement.

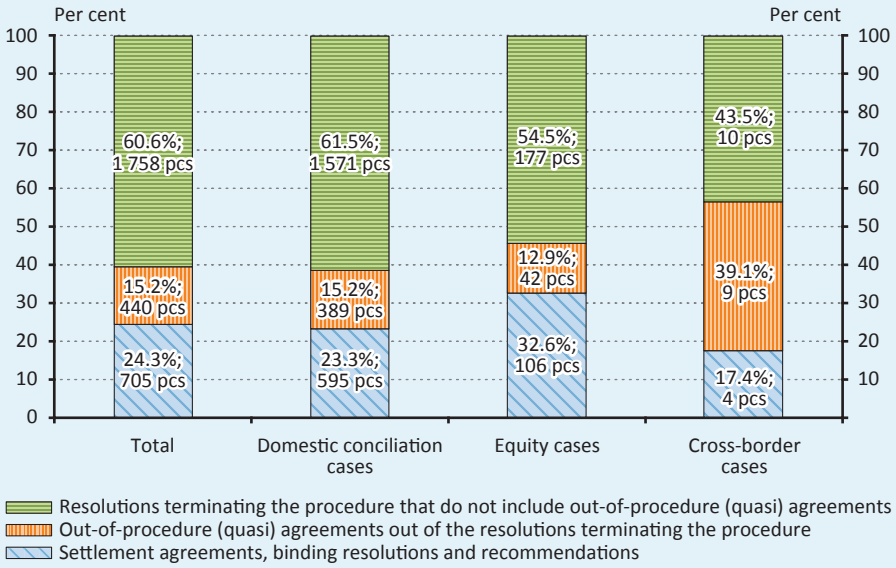
Chart 20
Case type ratios in resolutions on the merits



Settlements approved with a resolution and out-of-court (quasi) settlements

The proportion of settlement agreements approved 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 out-of-court (quasi settlement) – was 38.5 percent in domestic conciliation and online (ODR) cases, 45.5 percent in equity cases and 56.5 percent in cross-border cases.

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



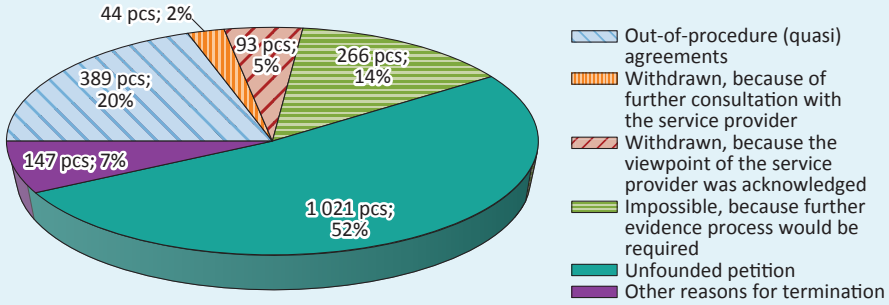
The statutory obligation of financial service providers to provide the MNB with feedback on the fulfilment or non-fulfilment of the provisions of the settlement agreement has become due in 655 cases. The fulfilment of the settlement agreement was confirmed – upon or without a call – in 649 cases. Based on the feedback, 99 of the settlement agreements had been fulfilled.

Resolutions to terminate

2,198 cases were closed with a resolution to terminate. Quasi settlement was reached in 440 cases, of which 389 were domestic conciliation cases, 42 equity cases and 9 concerned cross-border services.

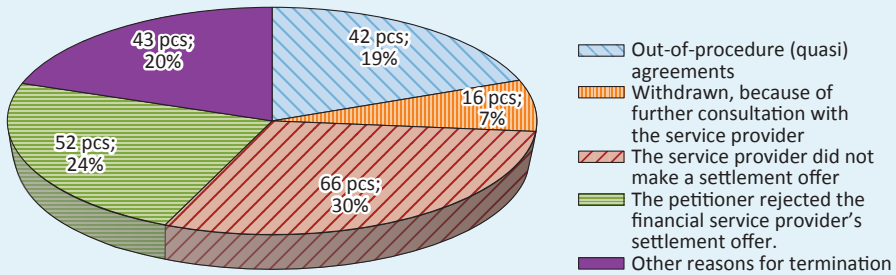
The reasons for termination in the domestic conciliation cases were the following:

Chart 22
Reasons for termination in domestic conciliation cases



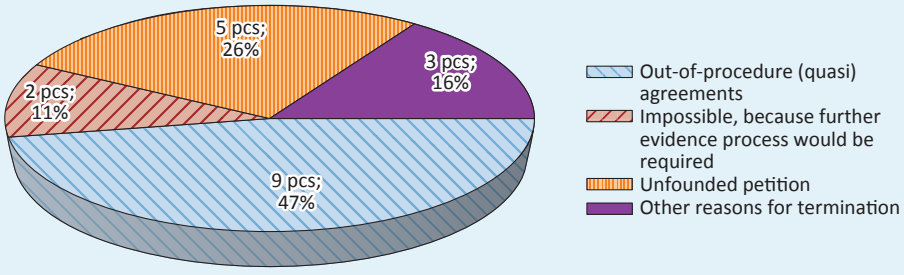
As a result of the proceedings in equity cases, 19 percent of the termination resolutions were closed with an out-of-court (quasi) agreement, while in 7 percent of the proceedings the parties started consultations in order to find a solution. In 30 percent of the terminated proceedings the service provider made no proposal in response to the petitioner's equity petition, while in 24 percent the petitioner did not accept the service provider's settlement offer.

Chart 23
Reasons for termination in equity cases



In 19 cross-border cases a resolution to terminate was issued; of these, 9 cases were settled by an out-of-court agreement. Further reasons for termination are shown in the chart below:

Chart 24
Reasons for termination in cross-border cases

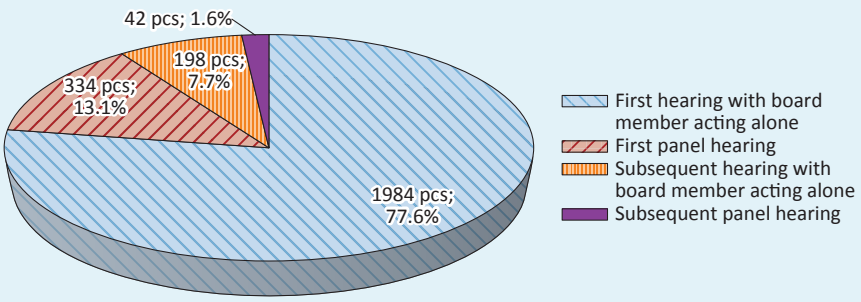


9. NUMBER OF HEARINGS AND LENGTH OF PROCEEDING

Number of hearings held

Due to the rise in the number of petitions received, there were 2,558 hearings held, 10.8 percent more than in the year before. It has been a long-standing practice of the Board to hold only one hearing in each case, with subsequent hearings (two or three in total) scheduled only rarely. Subsequent hearings were held in 240 cases, which was equal to 9.3 percent of the total number of hearings (2,558). Subsequent hearings tend to take place in cyber fraud cases, in part due to the complexity of such cases and in part to allow the parties to consider the option of settlement.

Chart 25
Distribution of hearings by type



Pursuant to the MNB Act, the Board may act in a panel or represented by a single member; the terms for acting in a panel are established by the Chair. Accordingly, the Board acted in a panel in cases concerning amounts of over HUF 3 million and whenever necessary due to the complexity of the case, otherwise hearings were attended by one member and one registrar. There were 376 cases necessitating proceeding in a panel, 1,758 cases in which one member and one office registrar attended, 53 cases when another member served as registrar and 377 cases when the proceeding member also served as registrar.

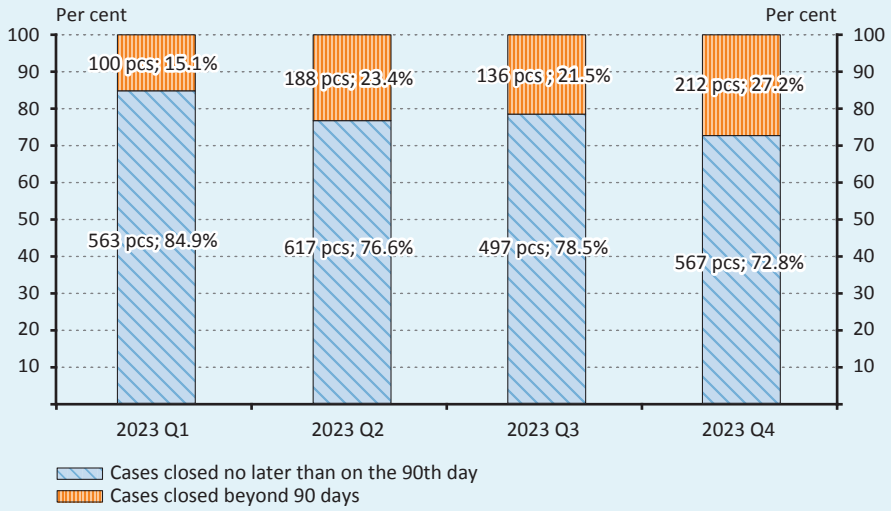
Length and speed of the proceedings

Year after year, the Board has worked hard on ensuring that it can hear and complete every case as quickly as possible, always adhering to the 90-day deadline for proceeding. The MNB Act requires that a decision must be made within 8 days of receiving a petition (this is the first mandatory deadline imposed by the law) regarding whether the Board has competence in the case and whether the petition is complete, i.e. suitable for a hearing on the merits. If it is clear that there is no competence, the only task is to reject the case and provide justification. If a petition is incomplete or it is not clear whether the Board has competence, it will request corrections/supplementation. Once the corrections/missing information have been provided or if the petition has been complete to start with, the case will be accepted, examined on the merits and then a hearing will be held.

The MNB Act stipulates that the first hearing must be scheduled for a date within 75 days of accepting the petition (this is the second mandatory deadline imposed by the law). In 2023 there were 429 cases in which the first hearing was held after 66 or more days. Proceedings took a longer time due to the combined effect of a smaller staff and increased case volumes, and the fact that financial service providers also regularly requested the extension of the deadlines for their responses, especially in cyber fraud cases; the members of the Board also needed more time than in other cases to guarantee the requisite level of professionalism.

The third important deadline the MNB Act stipulates as mandatory along with the other two mentioned above is the final deadline for proceeding; this is set at 90 days in the Act, which allows one extension by 30 days, so that the final deadline may be 120 days (which starts, as all the deadlines, on the day of acceptance). 22 percent of domestic conciliation and equity cases were closed beyond the 90-day deadline, mostly near or on the 120-day mark.

Chart 26
Domestic conciliation and equity cases closed in 90 days and within the 30-day extended deadline, per quarter



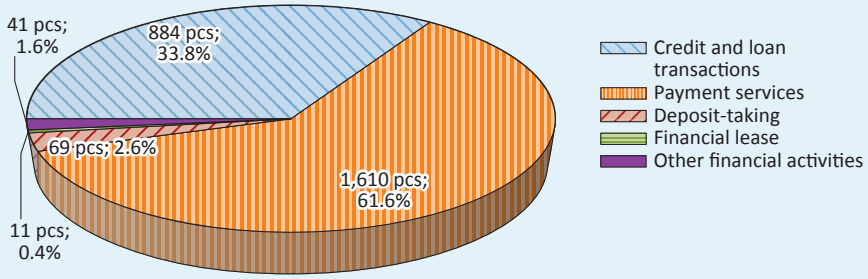
Across all the cases closed in the year, the average length of proceedings was 69 days, including 68 days in domestic conciliation cases and 74 days in equity and cross-border cases.

III. Analysis by sectors

A) LEGAL DISPUTES RELATED TO FINANCIAL MARKET SERVICES

Nearly two thirds of all new petitions (2,615 cases) concerned legal disputes over the services of a financial market operator. 95.4 percent of petitions in financial market cases concerned payment services (especially cybersecurity acts) and the granting of credit and loans.

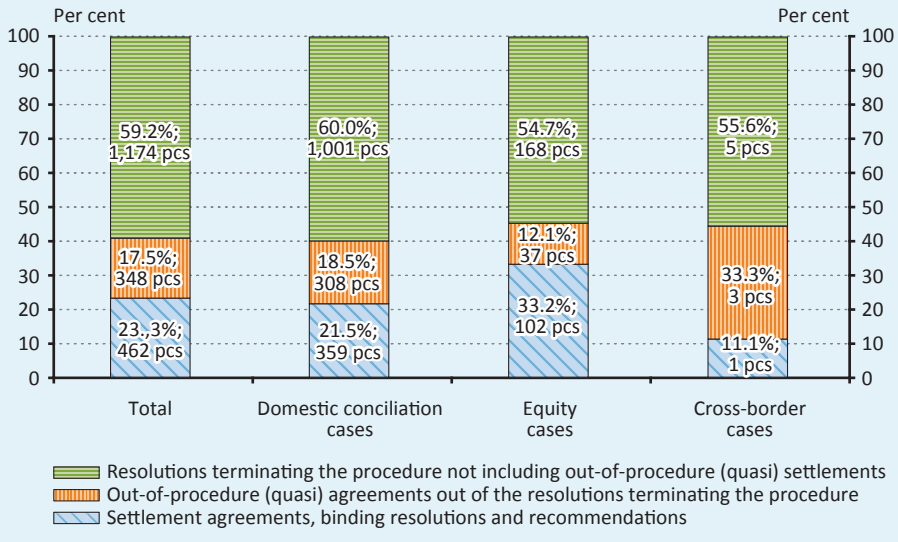
Chart 27
New petitions concerning the financial market



Of the 2,615 newly received and 390 carried-over financial market cases, the Board closed 2,419 cases, of which 435 petitions 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 22 percent of the 1,984 petitions judged on the merits, i.e. in 435 cases, the parties concluded a settlement agreement, while in 9 cases a binding resolution and in 18 cases a recommendation was issued. In an additional 348 cases the parties made a settlement agreement out of proceedings, or the financial service providers, revising their former positions, voluntarily fulfilled the petitioner's request (quasi settlement). Overall, 41 percent of the cases concerning the financial market ended with a positive result for the petitioners.

The chart below shows the distribution of cases closed after acceptance per decision type, showing both the financial market cases overall and the individual case types.

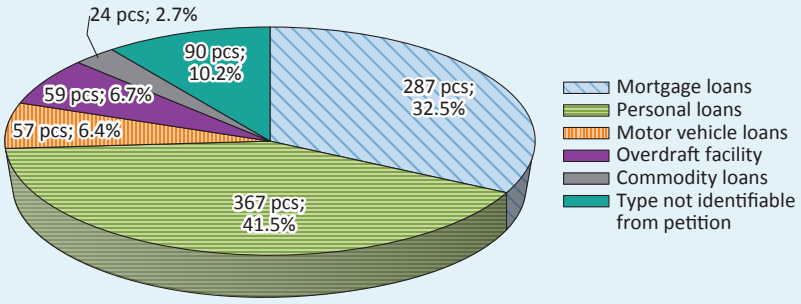
Chart 28
Financial market cases closed after acceptance, in total and by case type



1. THE GRANTING OF CREDIT AND LOANS

A third of new financial market petitions concerned the granting of credit and loans. Two thirds of these 884 new petitions were on the subject of mortgage loans and personal loans.

Chart 29
New petitions concerning credit and loan transactions



Of the 884 newly received petitions and the 165 cases carried over from the previous year, the Board closed 895 cases concerning the granting of credit and loans. Among the 689 cases judged on the merits, there were 166 settlement agreements approved in a resolution, which means 24 percent. No recommendations or binding resolutions were issued. In a further 218 cases, the parties reached an agreement out of the proceeding (quasi settlement). The proportion of cases that were favourable to petitioners totalled 56 percent.

1.1. Mortgage loans

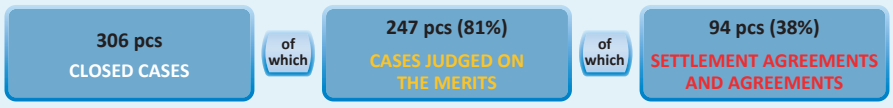
In a significant part of proceedings brought concerning mortgage loans, petitioners disputed mostly the amount of their outstanding debt or a constituent of that debt, such as the overdue debt amount, the interest charged, or a fee charged. Some consumers requested a proceeding not on account of their specific debt but to induce the financial service provider to send them some official or other documents such as statement(s), a mortgage cancellation consent or other such documents that they might need.

As in prior years, there were legal disputes on the prepayment of loans this year as well. These tended to criticise the prepayment charges as well as the protracted prepayment process and incomplete information provision by the banks. The latter complaint was not limited to prepayments; petitioners usually based their claims for damages on the grounds of incomplete or incorrect banking information from their service providers.

Albeit in a small number, there remained cases concerning the moratorium; as in prior years, consumers turned to the Board mainly concerning the extension of tenors and debts accumulated during the term.

Petitions submitted by consumers concerning mortgage loans with government subsidy were again mainly focused on the disbursement of loans, subsidised interest and its repayment, and negotiations regarding the debt.

Chart 30
Outcome of closed mortgage cases

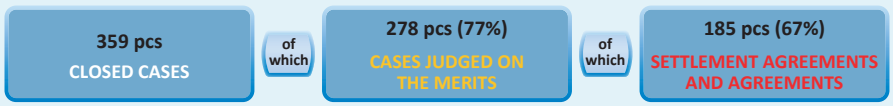


1.2. Personal loans

Conciliation proceedings on personal loan agreements were brought against the lending banks and financial enterprises, or, where debt had been assigned, against the debt management companies. The overwhelming majority of equity proceedings concerning personal loans were brought against debt management companies, and a smaller proportion against the original disbursing credit institutions. The petitions were highly varied and multi-faceted, difficult to typify. In a significant proportion of their conciliation proceedings brought against debt management companies, the consumers cited expiry of the limitation period of their debt, whereas petitions disputing the legality of cancellation of contracts tended to relate to transfers of contract portfolios. There were many cases of consumers disputing the claim amount calculated by the service provider or requested waiver or reimbursement of interest, fees or charges.

A special product in the category of personal loans is the general purpose prenatal baby support loan, which is available at the terms provided for in Government Decree No 44/2019. (III. 12.) and was subject to a cap of HUF 10 million in 2023. A large number of petitions concerned the prenatal baby support loan. Customers most often complained about the banks' procedures in relation to the suspension of instalments.

Chart 31
Outcome of personal loan cases closed

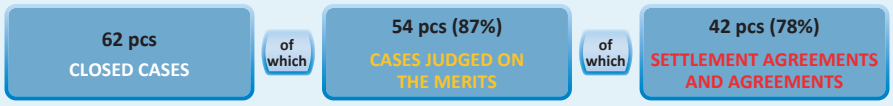


1.3. Motor vehicle loans

In proceedings concerning vehicle purchase finance contracts, the relevant receivables had already been assigned, thus these proceedings were brought against the assignee debt management companies and not the original lenders. The assignment was always preceded by the cancellation of the contracts. The debt management companies were typically willing to cooperate in settling the consumers' demands, so that a large number of these cases ended with a result positive for the petitioners.

In their petitions concerning motor vehicle loans, consumers disputed the amount of the receivable, the forgiving of the debt in full or in part, the closing of the transaction and the granting of payment by instalment, or requested the releasing of the registration certificate of the financed vehicle. In a significant proportion of their petitions concerning the closing of transactions, consumers cited the expiry of the limitation period of their debt, requesting the closing of their contract on account of limitation; the overwhelming majority of the cases brought under such petitions were closed by the service providers satisfying the requests.

Chart 32
Outcome of closed motor vehicle loan cases

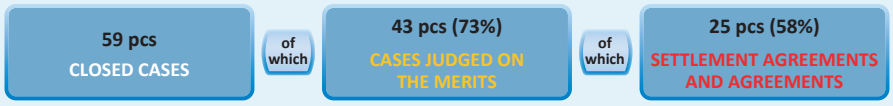


1.4. Overdraft facility

Consumers filed two thirds of their petitions concerning overdraft facility products against debt management companies and approximately one third of the cases were filed against the original lenders, that is their account servicing banks. In half of all cases against debt management companies, the petitioners presented equity requests, in which they cited their personal, financial and health issues or changes in their living conditions to request the forgiving of the debt in full or in part, the granting of payment by instalment and also the termination of court foreclosures already ordered. In other cases, including most cases brought against banks, they disputed substantively the existence or the amount of the debt outstanding as principal and/or interest. There were several cases of heirs of deceased account holders objecting to an interest being charged, on the grounds of illegality of doing so since the heir was not aware of the debt and was not able to make a payment until the final grant of probate.

The Board reminds consumers that the overdraft facility is a loan product of revolving nature and will work to its intended purpose that is to say in the manner most advantageous for the consumer only if payments are regularly credited to the underlying account.

Chart 33
Outcome of closed overdraft facility cases

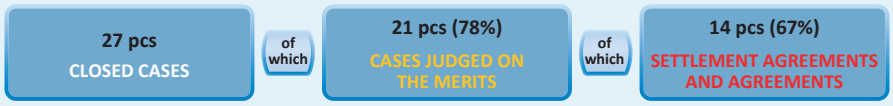


1.5. Commodity loan

There was a negligible number of legal disputes concerning commodity loans. These petitions concerned the refunding of overpayments, or a request for forgiving interest and charges. In other cases, heirs of a late debtor disputed the existence of the debt and requested confirmation of the origin and the amount of the receivable; often, they requested closing the transaction citing limitation period. The parties showed willingness to cooperate during the proceedings, the outcome was positive for the petitioner in the overwhelming majority of cases, the service providers settled with their clients and/or satisfied their needs as presented in their petitions.

In this category of cases, too, some proceedings had to be terminated as the petition was unfounded or further evidence was necessary.

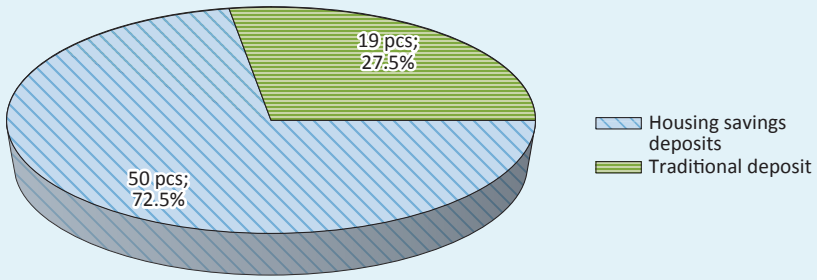
Chart 34
Outcome of commodity loan cases closed



2. DEPOSIT-TAKING AND PAYMENT SERVICES

In only 2.6 percent of financial market cases did the petitioners complain about the service providers' **deposit-taking** activities. 72.5 percent of new petitions on deposit-taking concerned the housing savings deposit.

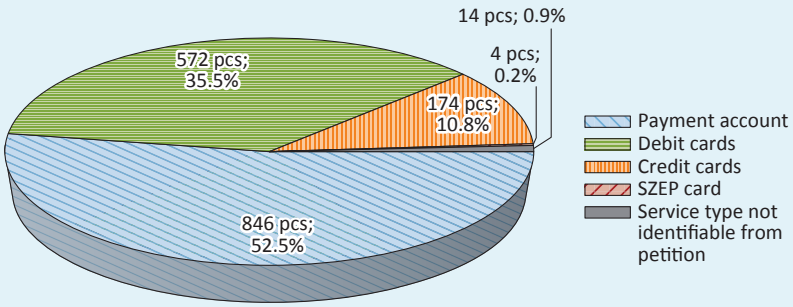
Chart 35
New petitions concerning deposit-taking



Of the 69 newly received petitions and the 14 cases carried over from the previous year, the Board closed 71 cases concerning the deposit-taking. Among the cases judged on the merits, there were 11 settlement agreements approved in a resolution, and one binding resolution was also adopted. In 8 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 33 percent.

61.6 percent of all new petitions concerning the financial market related to **payment services** due to a steep rise in the number of petitions regarding infringements of cybersecurity. 88 percent of the 1,610 new petitions concerned payment accounts and debit cards.

Chart 36
New petitions concerning payment services



Of the 1,610 newly received petitions and the 207 cases carried over from the previous year, 1,411 cases concerning payment services were closed. Out of the 1,222 cases judged on the merits the number of settlement agreements approved with a resolution was 255, 8 binding resolutions and 18 recommendations were adopted, and in a further 119 cases the procedure was terminated due to the parties' agreement out of procedure (quasi settlement). The proportion of cases that were favourable to petitioners totalled 32.7 percent.

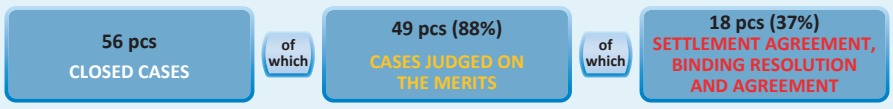
2.1. Deposit-taking

Regarding traditional deposits, a number of cases disputed the legality of the termination of deposits, on the grounds of which the petitioners presented claims for damages. In other cases, they requested the refunding of interest, the reimbursement of their additional costs incurred due to disputed actions by the bank, or the payment of the deposit

balance on the account. In the majority of the proceedings the parties were unable to settle their legal dispute and turned to the Board for a decision. On the basis of the representations by the parties and the available evidence, most of the requests proved unfounded, the petitioners were unable to prove their claims in the proceedings.

Fewer consumers brought proceedings concerning housing savings contracts than in prior years. A significant proportion of the petitions concerned spending the savings on housing purposes and compliance with the legally stipulated obligation to provide evidence, the willingness of their service provider to accept such evidence. The petitioners complained about service providers not accepting invoices they submitted as proof of compliance. There were instances where petitioners failed to comply with their obligation to evidence that they spent their savings balance on housing purposes, as a result of which the service provider first served a payment notice and then issued an order for payment to collect the government subsidy, which had been paid but not evidenced. The Board could accept such petitions only as petitions of equity. Several petitioners requested a refunding of account opening fees, mostly on the grounds that the information they had been given at the time of contracting was incomplete or misleading and that therefore they did not wish to maintain their contracts. In some cases the petitioners presented to the Board a claim for damages, to cover their additional costs incurred due typically to delays in the disbursement process or incorrect information received from employees of the service provider.

Chart 37
Outcome of housing savings deposits cases closed



2.2. Payment accounts

A large number of petitions concerned payment accounts, specifically the account management fees, the discounts applied to the fees, the termination of accounts, the 'dormant accounts', transfers of funds by court order, account switches, and the needs of beneficiaries and heirs in the event of the account holder's death; these legal disputes showed the same characteristics as in the past.

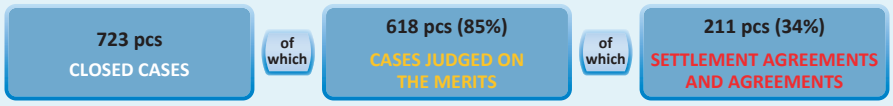
The cases concerning account switches included several instances in which the consumer had initiated the account switch and the transfer of account balances not in the manner other than what is defined in Government Decree No 263/2016. (VIII. 31.) by contacting the new account servicing payment service provider and therefore the former account servicing payment service provider charged a transfer fee for making the payments.

As in prior years, there were several petitions concerning foreign currency payments. These petitioners claimed that the data in their payment orders were not checked properly and their payment was therefore executed for an incorrect amount or in the wrong currency. A specific subset of cases involved lower amounts being credited to the petitioners' accounts than were stated in the original payment order for the currency transfer; this was due to the need for the involvement of a correspondent bank and the resulting two-fold currency conversion.

A new type of problem was represented by cases in which the legal dispute concerned the execution of payment orders to or from a PayPal account. In most of these cases the Board's proceedings yielded a result, the reason for failure to credit the amount was clarified and, if this was due to an error on the bank's side, the service provider would correct the balance on the PayPal account or payment account.

Cybersecurity cases represented the highest proportion of payment account cases; this subject is presented in detail in Section 2.5. The number of these cases had risen 2.5-fold year-on-year.

Chart 38
Outcome of payment account cases closed



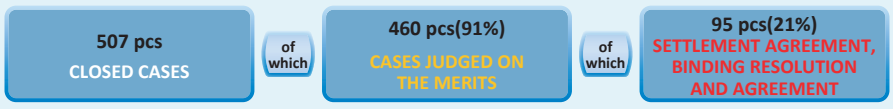
2.3. Debit and credit cards, ATM use

As in prior years, the legal disputes concerning bank cards, typically debit cards, related mostly to circumstances preventing the use of the card, such as suspension and blocking of card use, an operational problem with the card etc., mistaken or repeated debiting of bank cards, card fraud, and fees charged for card usage. As a result, the number of new petitions concerning debit cards doubled year-on-year.

Disputes concerning cash withdrawals from ATMs, i.e.: automated teller machines, showed the characteristics of previous years. In most cases, petitioners claimed that the requested amount was not dispensed by the ATM or the full amount was not dispensed, or the account-keeping bank debited the account with a different amount than actually withdrawn, the banknote issued was damaged etc.

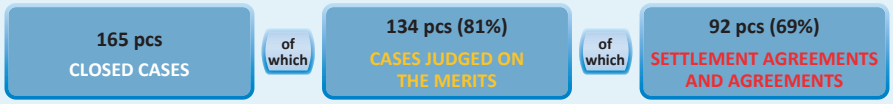
There is an increasing number of touch card (NFC) ATMs in the country; at these machines, the card is not inserted in order to enter the PIN, it is enough to tap the sensor on the ATM, which will automatically sense this and add the PIN code. At traditional ATMs, when the transaction is finished and the card removed from the machine, this means exiting the machine and also the option to access the account. By contrast, if NFC is used for logging in, the exit button must be pressed at the end, but this is not known or clear to everyone. It is therefore not the technical solution that is the problem but the information provided to clients, the knowledge of clients, regarding the fact that they must carry out the exit step at such ATMs, otherwise third parties may access their accounts for one or two minutes after they leave the ATM without using the exit function. A newly emerging problem associated with this type of ATMs arises when a client uses NFC for logging in and does not know that their bank account may be accessed and transactions may be submitted via the ATM until such time as they choose the exit menu item or the security timeout period expires. In one such case it was possible to prove that cash was withdrawn from the account of a client but not by themselves but the person using the ATM after them. The Board adopted a binding resolution in this case, ordering the financial service provider to compensate the client for their loss incurred as a result of the payment transaction not approved by them; the service provider complied with the resolution.

Chart 39
Outcome of debit card cases closed



In *cases concerning credit cards*, petitioners disputed mainly the interest on their credit card debt, the late fees, and the monitoring fee on this service. There continued to be legal disputes concerning commodity loans combined with credit card application; in most cases, the petitioners disputed why the bank would charge the same fees and interest on unpaid instalments under such credit as for credit card debt. The disputes often concerned the justification for certain fees for the payment protection insurance taken out with the commodity loan and also various problems occurring during the process of applying for the insurance cover.

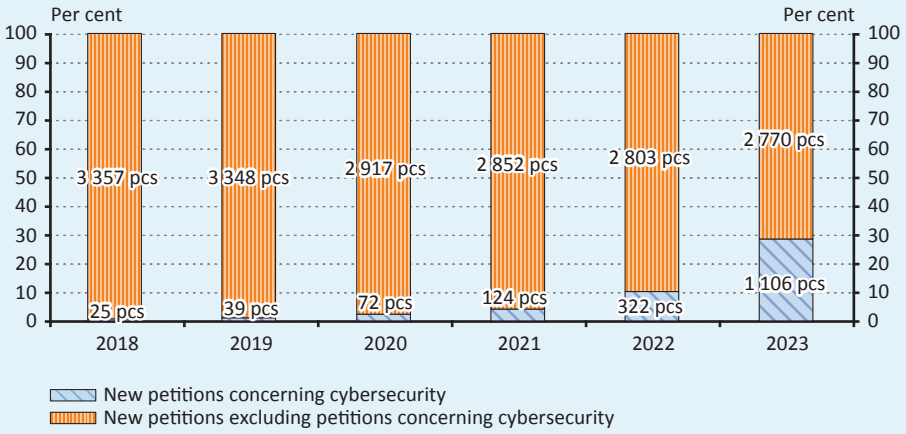
Chart 40
Outcome of credit card cases closed



2.4. Cybersecurity cases

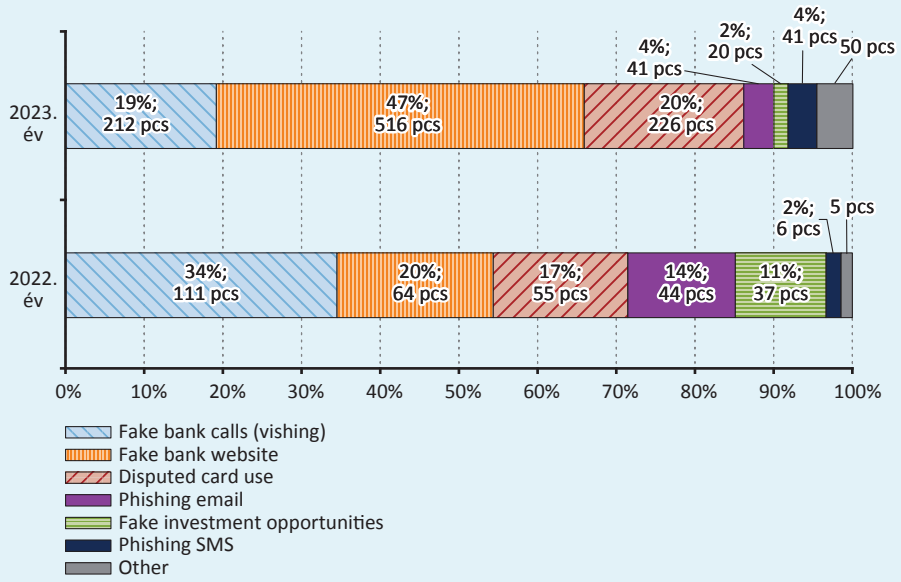
It was in 2018 that the Board first encountered petitions concerning payment accounts and cashless payment instruments brought by petitioners against their banks because one or more unauthorised persons had obtained their personal data and tapped into their accounts, taking some or all their money. Unfortunately, the number of these cases has continued to rise year after year (cf. chart below); as many as 322 such petitions were received in 2022. Not all of these concerned payment accounts or bank cards as investment fraud has also started to emerge; all of these caused significant financial damage to the unsuspecting consumers in question. 1,106 new petitions concerning cybersecurity were received in 2023, which represents a 3.5-fold increase year-on-year.

Chart 41
New petitions concerning cybersecurity between 2018 and 2023



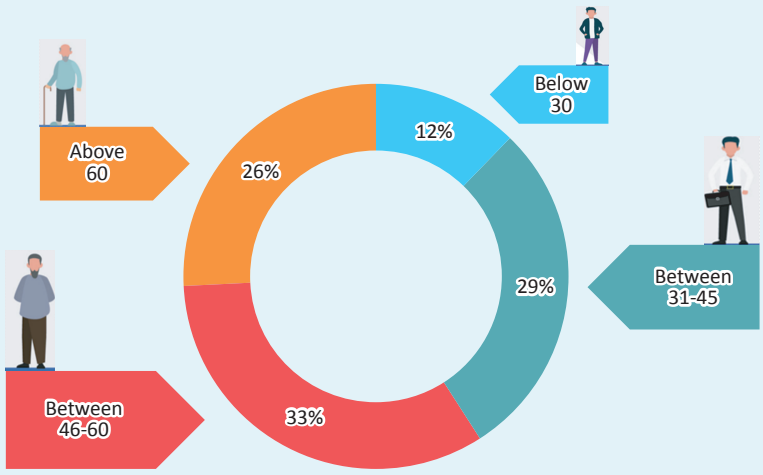
Deception and social engineering are still common methods of fraud. In 2022 frauds committed by fraudulent phone calls (vishing) was the most common type of fraud, where fraudsters pretending that they were bank employees persuaded customers to disclose their relevant payment and personal authentication details and confirmation codes needed to complete payment transactions. In 2023 fraud involving fake banking websites, disputed card usage and the delivery of products sold on the web dominated; most of these cases included the use of fake banking websites.

Chart 42
Distribution by method of perpetration in new petitions concerning cybersecurity in 2022 and 2023



Age, educational qualifications and other criteria played no role in which consumers became a victim of cyber fraud, the perpetrators were not selective along any of those criteria. In the cases seen by the Board, the most at-risk age group was between 46 and 60 years of age.

Chart 43
Age groups concerned in new petitions on cybersecurity



Almost all possible perpetration methods emerged in the petitions, and are also warned about by the KiberPajzs (CyberShield) Program on its website: Ön felismerné az összes csalástípust? | KiberPajzs (Would you recognise all fraud types? CyberShield)

Chart 44
Perpetration methods in new petitions concerning cybersecurity

Online product sales

This type of fraud affected all the popular online advertising platforms. This fraud is characterised by the following: once a product has been put up for sale, interest is forthcoming almost immediately, sometimes from multiple potential buyers, who tend to have foreign names. The potential buyers offer to use a courier service (Foxpost, GLS etc.) so they can pay the purchase price of the product and have it delivered, and exercise pressure on the seller by claiming that they have already paid the purchase price to the courier company. Then they send the unsuspecting seller a link, via chat or by e-mail, purportedly to confirm receipt of the money and to conclude the purchase. When clicking on the link, the seller finds a platform that is deceptively similar to the courier company website in terms of design and imagery, and from there they get to the bank selector page where the logos of several Hungarian banks are displayed. After selecting the logo of their account servicing bank, the seller sees a page similar to their bank's internet banking page appear. On these pages the clients attempted to log on to their internet banking; in fact, they did so multiple times if it did not work for the first time. They entered the user names and passwords used for logging in to their internet banking, along with the codes received by text message, which is necessary for confirming various operations, such as the registration of a mobile application, modifying a limit etc.; unfortunately, they mostly did so without reading the text of the SMS message. These sites often asked for their bank card information as well.

A number of petitions described fraudsters sending the seller multiple QR codes purportedly for receiving the purchase price and paying the courier's fee, asking the seller to use their banking app to read the code. These were of course QR codes generated by the fraudsters, who, by using these codes, first of all accessed the seller's internet banking and then obtained confirmation for a payment transaction entered by them, for which another QR code was used.

In a specific case the fraudsters managed to successfully install a mobile application with the data harvested in the above manner. They then used this new mobile app to log in to the client's internet bank and used the code received in the text message revealed to them by the client to raise the payment limit. They then used this increased limit to execute a payment for nearly eight million forints. The payment order was then confirmed not with a code received by text message but in the mobile app registered by the fraudsters.

Fraudulent bank calls (Vishing)

In 2022 there were more and in 2023 fewer cases of consumers seeking solution to their legal disputes concerning cyber fraud cases involving fraudulent bank calls. In these cases the fraudsters always tell the clients that they are calling them

on account of some fraud taking place, often on behalf of banks with whom the client does not even have an account. During the call, they cite various reasons (virus removal, 'cleansing' etc.) to convince them to install remote access software (most frequently the AnyDesk app) on their phone or computer, or both. The remote access software allow fraudsters to execute on the devices any and all the operations available to the client. They therefore have the client log in to their internet bank or mobile bank and with that they have gained access to the client's account. The software also allows the fraudsters to view and even delete any messages arriving on the phone. These fake calls are characteristically long and press a sense of urgency on the misled client, who often needs to speak to more than one persons. During the call the fraudsters pressurise the victim for instance by saying that this is the police hotline, there is an investigation in progress and therefore a few payments must be made so the perpetrators can be caught. With this, the fraudsters make unsuspecting people transfer their money temporarily to a 'safe' account.

In a specific case the petitioner was rung as if on behalf of their account servicing bank, saying that their bank account has been breached and a payment for a large sum has been sent but that the client has not received notification because the payment was with the 'payments control authority', which is already aware of this fraud. The caller then said that, to prevent the fraud, the client would have to log in to their internet banking and download the AnyDesk app on their computer and phone. Having accessed the client's computer and phone with the help of the software, the fraudster kept giving instructions to the client, who followed this. The client did not suspect anything because text messages with the codes necessary for logging in and for payments kept arriving to their mobile. During this telephone call several payments for a total of nearly HUF 9 million were made.

Fake investments

There were several cases of apparently attractive investments being advertised in social media, often with celebrities, but leading to fraud. After registering for an advert, clients receive a telephone call, usually from a foreign person who speaks a broken Hungarian. To make communication easier and to handle the investments and the new accounts, they immediately ask the clients to download on their phones or computers software needed for remote access. After some initial investments of smaller sums, they ask for more personal data, often including copies of personal identification documents. When the first, initial 'investment' is sent, the remote access is already live and the fraudsters can see the person's banking details. In some instances the fraudsters entered the details necessary for transferring the initial investment, while the client first watched the process of entering the payment and confirmed it themselves. The fraudsters maintain continuous contact and later they also offer to take over the task of arranging everything, all the client needs to do is switch on the remote access software. With this software, the fraudsters start to transact with significant sums of money on the account of the client, who does not see this, is not aware of this. Initially, they pay smaller or greater amounts into this account so that the victim, seeing these credits to the account, immediately believes that the investment has been successful, they may in indeed achieve high returns on it. But the amounts arriving on the account remain there only temporarily; they are removed by the fraudsters within a short timeframe; in many cases, they are not satisfied with this and, as we have seen in a not small number of cases, they successfully apply for personal loans online, thus increasing the loss incurred by the person.

Investments may take many forms, one of the most frequent being the buying of cryptocurrency. This is what, in one of the cases, the eventual victim wished to buy, did some searching online and found a company that appeared suitable. After registering on their website, the person was contacted almost immediately and asked right away to download on their phone the remote access software AnyDesk. The client invested hundred thousand forints as an initial sum; incidentally, this amount had to be transferred to a Hungarian private individual. A month later a more favourable investment opportunity was offered by the company. To arrange this, they requested the client to switch on the AnyDesk app on their phone. While the client was working, the fraudsters used the client's banking data and the AnyDesk app to successfully apply online for a personal loan of ten million forints. The fraudsters transferred out of the client's account the loan amount and all the client's money on that account.

In addition to the above, there was a large number of fraud events relating to Apple Pay/Google Pay registrations. These registrations were mostly connected to phishing text messages or e-mails sent on behalf of utilities, postal, logistics or media service providers. The actual purpose of the messages sent on behalf of the above service providers for confirmation of account or payment of postage or delivery were in fact aimed at obtaining bank card details and the Apple Pay/Google

Pay registration codes arriving by text message. On a fake platform opening when they clicked on the links in the messages, the clients revealed their bank card data and the registration code received from the bank by text message; they did so without checking what the text actually said. Using these details, unknown persons successfully registered for Apple Pay/ Google Pay and then carried out large numbers of transactions against the client's account.

Fake bank websites

In other cases, clients revealed their internet banking login details and the codes received by text message on banking websites that appeared genuine but were in fact fake. Rather than accessing their bank's official internet banking platform, these clients ran a Google search typing in the name of their bank. The search results then displayed included a phishing page, moreover, it was the first hit, as a result of which the details typed in on the fake website reached the fraudsters. This type of fraud operates similarly to the solution experienced with online product sales. The purpose of such fraud is to access data and personal authentication details that allow the fraudsters to register a mobile app in the client's name and make payments.

In one of the cases heard by the Board, a client selected a website from those returned by the Google search engine to log in to their internet banking platform. The client entered their personal bank details and the login code received after changing their password; the phishing site then asked for additional identification with a QR code, which the client did using their own mobile app. After scanning this QR code, the client found that all their money on their payment account had been paid out. Using the internet banking login details revealed on the phishing website, the fraudsters logged into the client's internet banking platform, entered a payment there, and then the payment was confirmed by the scanning of the QR code.

Let your action be protection – some good advice for all

Experience suggests that fraud could often be prevented by the individuals concerned; the problem is mostly due to the fact that clients transact their banking out of habit, as a matter of routine. Unfortunately this lulls their attention: clients do not invest enough time in checking the text of the message they receive, instead, they focus on the code only. Yet the importance of this is obviously great: if you do not notice that you are on a phishing website but check the text of a message you receive, you will see that your approval is requested for operations such as limit changes, mobile app registration, Apple Pay or Google Pay.

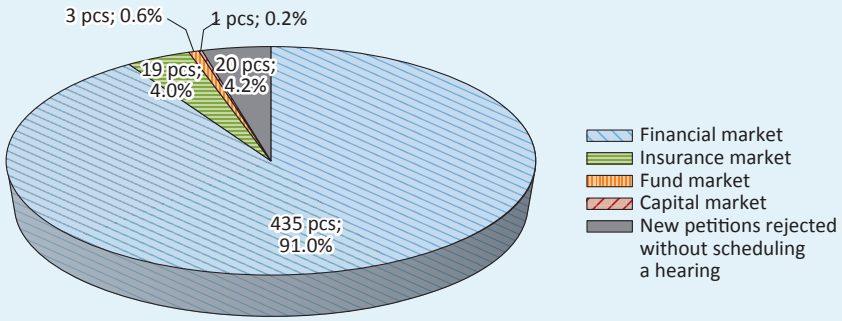
Another purpose of fraud, in which different methods are used, is to allow unauthorised persons to obtain sensitive data and personal authentication details from clients. Passwords and codes of numbers and letters are *personal* items provided by banks to their clients to use for *authentication* purposes. These personal items enable the execution of payment transactions, internet banking logins and mobile banking registrations. It is therefore very important to prevent third parties from accessing these valuable data. In order to protect your data, it is important that you always act with circumspection and care, and adhere to a few basic rules:

1. ***open your internet banking only on the official page specified by your bank, never from a link received from an unknown person by text message or e-mail;***
2. ***always consider carefully whether it is justified that a website or a third party is asking for your bank login details, codes or bank card data (e.g. if you are selling a product, you do not need to give them anything other than your bank account number); these data are your valuable possessions, you should protect them;***
3. ***always read carefully any message you receive from your bank;***
4. ***use or disclose your codes only if you are convinced that this is genuinely necessary for carrying out the transaction on hand;***
5. ***when asked over the phone, do not download any software and do not transfer any money to an unknown account, especially to so-called 'security' accounts, which do not exist; banks will never ask you for your internet banking login details, card data or the codes you receive by text message.***

3. EQUITY CASES

12.3 percent of new petitions were equity petition. Of these 478 petitions, 91 percent concerned financial market products. Petitions were rejected without a hearing if it was unclear from them what contract the debt was based on for which the petitioners were requesting equitable treatment and failed to supply this information even when requested to do so; these petitions were not suitable for acceptance.

Chart 45
New equity petitions by sector



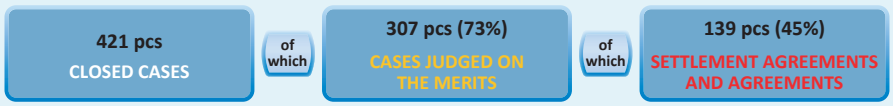
Financial market equity cases included 318 petitions (73%) that concerned the granting of credit and loans, therein personal loans and mortgage loans.

Neither petitioners nor service providers showed changes compared to prior years in their equity cases concerning the forgiving of loan debt or the granting of easier repayment conditions.

In connection with cyber fraud, and therefore in the area of payment services, applicants asked for equitable treatment from their financial service providers in 24 cases; there had been no such petitions in the past. Although the petitions that the consumers originally presented in these cases were not in an equity basis, during the proceedings they understood what actually happened, recognised and even admitted their own mistakes, so that at the hearing they requested compensation for all or part of their losses on equity ground. If a representative of the financial service provider did not immediately reject this, the proceeding was continued in written form. In rare cases, petitioners withdrew their petitions to allow further discussions between the parties or in the hope of some result from actions by the police in response to the petitioner's report of the case. It was rarer for these cases to result in settlement than in other types of equity cases.

The Board reminds consumers to be extra vigilant to avoid falling victim to phishing attacks and not rely on the hope that, in critical situations, the service provider will exercise equity where it can be proven, or is admitted by the person, that they had contributed to the success of the fraud by their gross negligence.

Chart 46
Outcomes of financial market equity cases closed



4. CASES AGAINST DEBT MANAGEMENT COMPANIES

13.6 percent of new petitions (528 cases) involved financial enterprises engaged in debt purchase and debt management and concerned financial market products. 52 percent of the petitions were equity cases and 47 percent were domestic conciliation cases; there were only 5 cross-border cases.

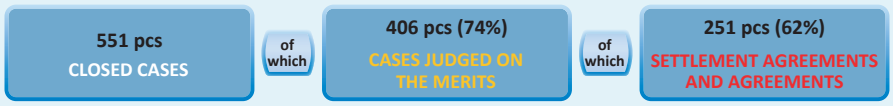
The focus of petitions submitted against debt management companies did not change to a significant extent. Most petitions either disputed the debt amount or concerned a settlement of outstanding debt. There was a significant number of petitions in which petitioners cited limitation or even disputed the debt itself; in equity petitions, they cited payment difficulties and asked for easier payment terms or the forgiving of debt.

As before, the overwhelming majority of debt management companies exhibited a willingness to cooperate in these proceedings. After the submittal of the petition or discussions before the Board, cases were often terminated either by withdrawal by the petitioners or on the joint request of the parties because the service provider satisfied the request and the parties continued their talks out-of-court.

It is notable that personal talks between the parties and active contribution by the petitioner remains an important factor in the proceedings.

The Board recommends that consumers 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.

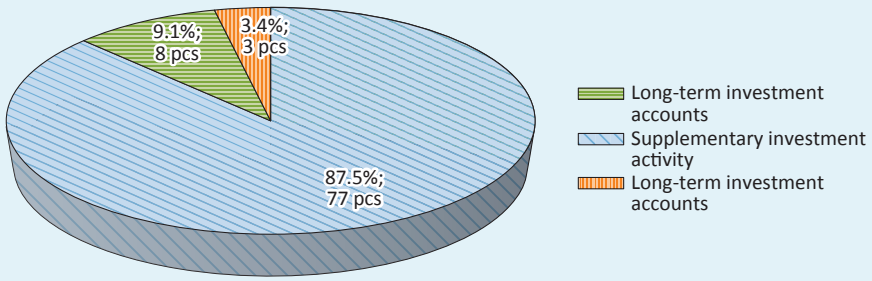
Chart 47
Outcome of closed financial market cases against debt management companies



B) LEGAL DISPUTES RELATED TO CAPITAL MARKET SERVICES

88 new 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. While the number of new petitions received decreased by 16 percent year-on-year, there was an increase in the ratio of new petitions concerning investment activities versus new petitions concerning supplementary investment services.

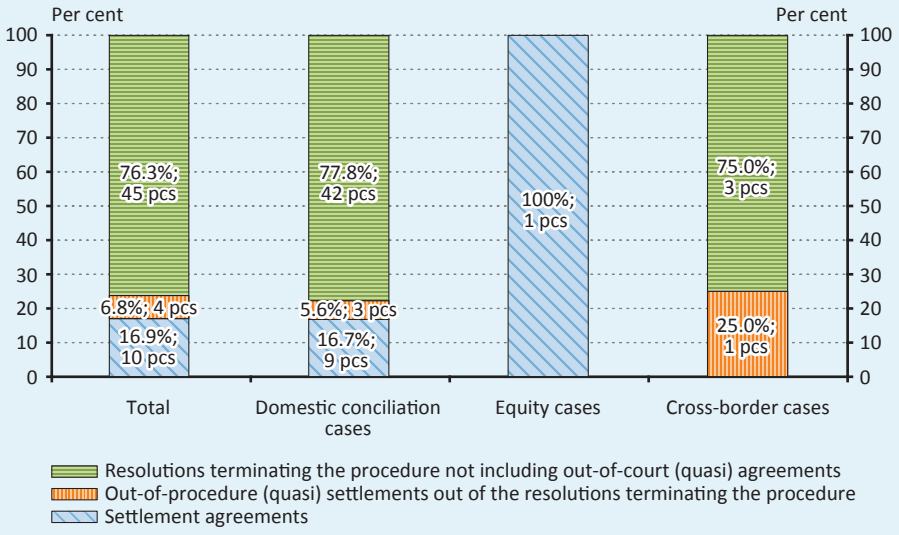
Chart 48
New petitions concerning the capital market



Of the newly received capital market cases plus 17 cases carried over from the previous year, the Board closed 92 cases, of which 33 petitions 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 17 percent of the 59 petitions judged on the merits, i.e. in 10 cases, the parties concluded a settlement agreement, no binding resolutions or recommendations were issued. In an additional 4 cases the parties made a settlement agreement out of proceedings, or the financial service providers, revising their former positions, voluntarily fulfilled the petitioner's request. Overall, 24 percent of the cases concerning the capital market ended with a positive result for the petitioners.

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

Chart 49
Capital market cases closed after acceptance, in total and by case type



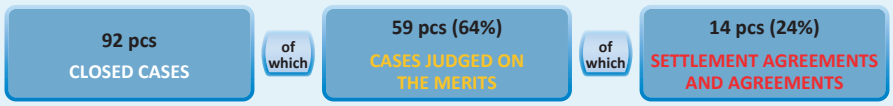
In the area of *investment activities*, legal disputes brought concerning the execution of orders were predicated on the petitioners' view that the financial service providers had acted not in accordance with their orders and that they therefore incurred a loss or missed out on profits.

The legal disputes on *investment advisory services* were often based on the petitioners claiming that employees of their investment service providers had not provided them with comprehensive information and descriptions that would have allowed the clients to properly understand the risks of the investment instruments and that they incurred losses as a result of their investment decisions made in such a context. Often, the consumers and the financial service providers did not have in place an investment advisory agreement in respect of the acceptance of the particular orders, yet the consumers assume that the employee of the service provider was giving investment advice or that the financial service provider was accepting liability for the quality of investment advice. It was possible in most of the cases to clarify the facts of the case, the details of the orders and the fact and content of investment advice; there were several cases, however, when it was impossible to reconstruct the conversations between the employee of the financial service provider and the consumer prior to the investment decision and, as a result, the Board was limited in the proceeding to admitting only the documentary evidence (as nothing else was available) and these mostly showed that the consumers had been given the necessary information.

The cases on *supplementary investment activities* concerned disputes between the parties over the management or termination of securities accounts or the costs of these.

In the cases concerning *long-term investment accounts (TBSZ accounts),* the disputed matters continued to be, as before, the eligibility conditions for the tax relief, the definition of base year, and the information provided on these.

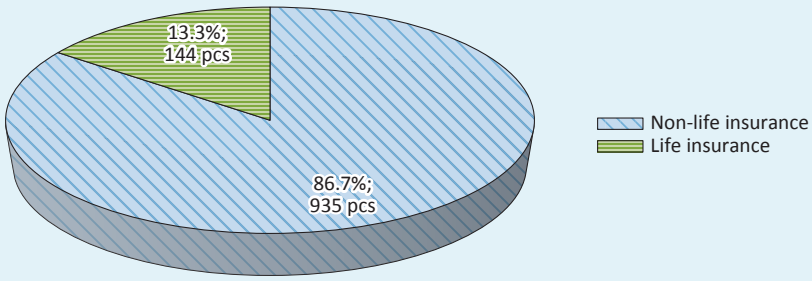
Chart 50
Outcome of capital market cases closed



C) LEGAL DISPUTES RELATED TO INSURANCE SERVICES

27.8 percent of all new petitions (1,079 cases) concerned legal disputes over the services of an insurance market operator. Non-life insurance products represented 86.7 percent of insurance market cases.

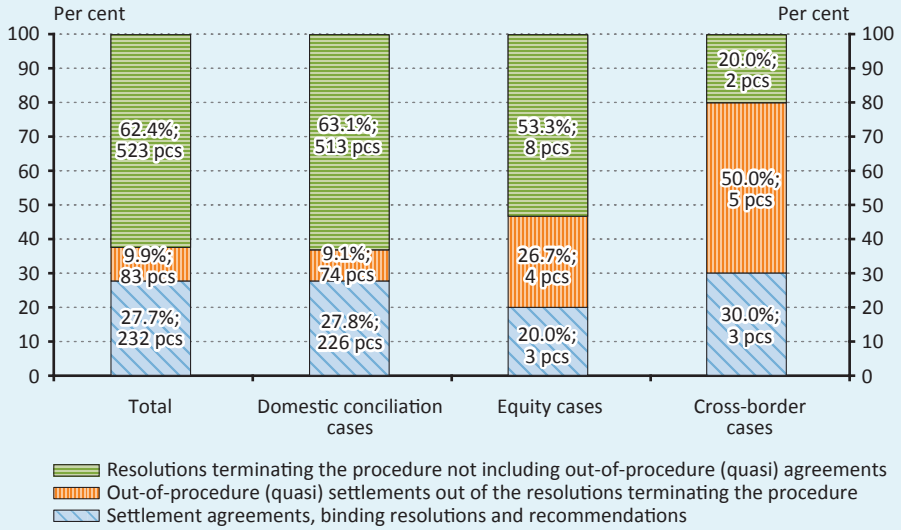
Chart 51
New cases concerning the insurance market



Of the newly received 1,079 insurance market cases plus the 193 cases carried over from the previous year, the Board closed 1.029 cases, of which 191 petitions were rejected without a hearing, due to the lack of competence, procedural obstacle or failure to comply with the request for supplying missing information. The parties settled in 27.6 percent of the 838 cases judged on the merits (231 cases), and one recommendation was made. In an additional 83 cases settlement was agreed out-of-court, or the financial service provider, revising its former position, voluntarily decided to fulfil the petitioner's overall request. 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. 38 percent of the proceedings based on petitions accepted were closed with a positive outcome for the petitioner.

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

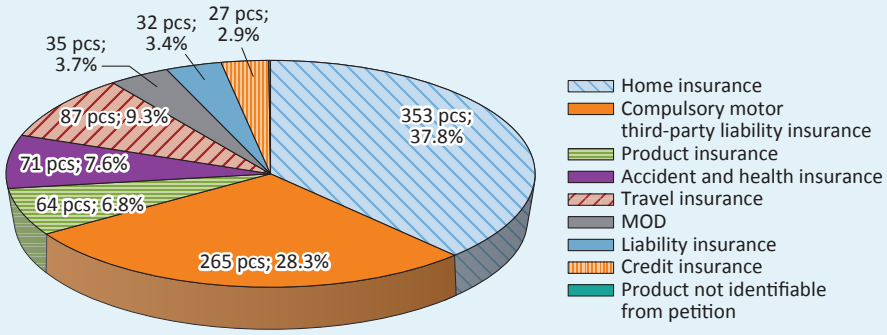
Chart 52
Insurance cases closed after acceptance, in total and by case type



1. CASES RELATED TO THE NON-LIFE INSURANCE BRANCH

Two thirds of the 935 petitions received in cases related to the non-life insurance branch continued to be petitions related to fire and other damage to property (home insurance) and compulsory motor third party liability insurance.

Chart 53
New petitions concerning non-life insurance



882 non-life insurance cases were closed, including 165 cases where the petitions had been received in 2022. Among the 716 cases judged on the merits, there were 213 settlement agreements approved in a resolution; no recommendations or binding resolutions were issued. In 73 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 40 percent.

1.1. Home insurance

Legal disputes between home insurance consumers and insurers concerned storm, tempest, hail and other natural (elemental) damage as well as fire and explosion damage, and burglary. In these proceedings, 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,

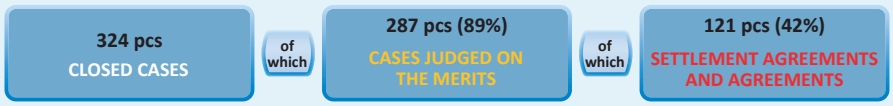
whether such conditions prevail that exclude performance by the insurer in case the insurance event occurs, whether the damage amount is verified.

Underinsurance was a frequent problem, even in cases when the petitioner had correctly defined the sum insured when he concluded the contract, and had also complied with the indexation proposed by the insurer from year to year, because, often, 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. In these cases, the insurer covered the damage in proportion of the insurance amount compared to the value of the property item.

In proceedings concerning home insurance cases, reconciliation through a 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.

A large number of the petitions received concerned the consumer-friendly home insurances introduced by Magyar Nemzeti Bank, which guarantee that products satisfying the quality criteria will provide a higher standard of service quality and ease of comparison with other products; in respect of these products the insurance companies submitted to the Board's proceedings without any amount limits.

Chart 54
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 the Act on compulsory motor third-party liability insurance, 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. 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 or the selection of electronic communication; given the strict legislative environment, few settlements were achieved in these cases.

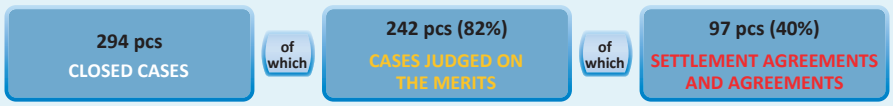
In a new type of problem, under electronic communication arrangements the insurers upload contract documentation to the client box, which is an electronic account of the client, whereas clients claim that they are not aware of these, that they received no e-mail or the e-mails landed in their spam folders.

In cases concerning changes to insurance premiums the Board made the financial service providers provide detailed information on how they calculated the insurance premium pursuant to the prevailing premium tariff scheme and, as a result, petitioners gained a better understanding of the tariff provisions applicable to them.

In petitions on claims for damages by victims of damage caused by vehicles, 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 in these cases, a settlement agreement was reached in those cases where the damage and the scene of the damage were accurately recorded.

In cases concerning MOD contracts, the petitioners complained mostly 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 it had a cooperation agreement.

Chart 55
Outcome of motor vehicle insurance cases closed



1.3. Accident and health insurance

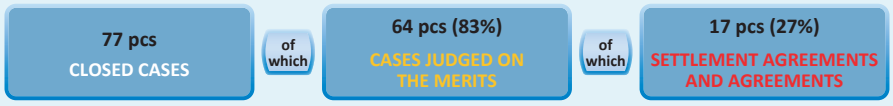
The petitions concerning accident and health insurances displayed the same characteristics as in prior years; in these cases, the subject of the dispute included the accident nature of the death or disability, the extent of disability (decreased capacity to work) or the existence or absence of the causal link between disability and pre-existing diseases.

In accident insurance cases, the petitioners often needed to prove properly in the proceedings that the injury was in fact due to the accident or that some specific external impact existed, because contractual terms and conditions usually exclude injuries caused by a common sprain or lost footing.

In health insurances, a common problem is that while high blood pressure due to aging is prevalent in society, the insurance contract is signed even if this disease is diagnosed at risk inception, yet the insurers then cite this existing condition as a reason for rejecting to pay out for treatment in the event of further complications or consequential diseases.

Medical terms (e.g. arthroscopy etc.) are still frequently used in some health and medical insurance products without proper definitions, which can lead to disputes over interpretation, especially when it comes to payments for certain surgical procedures. 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 and expert testimony on medical matters makes it impossible to continue the proceedings, resulting in having to terminate the proceedings.

Chart 56
Outcome of accident and health insurance cases closed



1.4. Other non-life insurances

In *travel insurance*, where these products provide coverage for unexpected illness, accident, loss of luggage suffered during travels abroad, and other risks specified in the insurance policy, there were several instances in which the problem was due to a failure to properly document with the police the theft of luggage abroad, the criminal charges did not state that the movables had been taken from the locked boot, protected from view, of a vehicle, or the person of the victim was not specified, the movable property items were not listed. Several cases showed that it was important for insured persons to submit to their insurer's documentation of their illness or accident sustained during foreign travel and that such documentation should record the circumstances of the insurance event, it not being enough to submit the medical documents of treatment received after returning to Hungary when applying for payout.

Payment protection insurance includes group payment protection insurance on various types of credit, loans and credit cards, where the insurer undertakes to assume the payment of the instalments from the debtor in the event of the debtor's death or incapacity for work or unemployment. A number of payment protection 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.

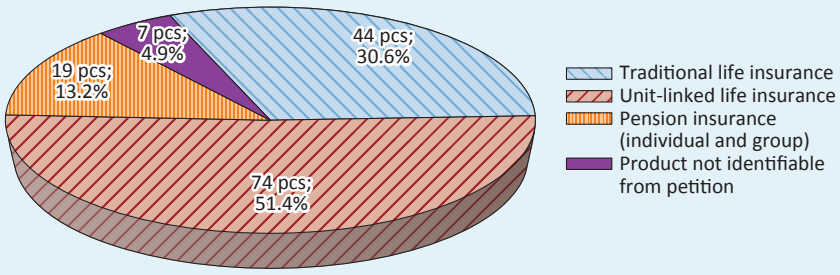
Equipment insurances reimburse unforeseen damage suddenly occurring during the use of technical devices, equipment and mobile telecommunication equipment, as a result of loss events impacting the equipment externally, not falling within the manufacturer's warranty repair obligations (damage, breakage or destruction), in cases stipulated in the insurance contract; in certain cases theft damage is also covered. In product insurances, extended warranty insurance policies provide coverage for internal failures in devices/appliances beyond the manufacturer's warranty, and cases on this matter included a specific subset in which 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.

2. LIFE INSURANCE

Petitions related to life insurance made up 13.3 percent of the petitions concerning the insurance sector. 82 percent of petitions concerned unit-linked life insurances and traditional life insurances.

147 life insurance cases were closed, including 28 cases where the petitions had been received in 2022. Among the 122 cases judged on the merits, there were 18 settlement agreements approved in a resolution; one recommendation was issued. In 10 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 24 percent.

Chart 57
New petitions concerning life insurance

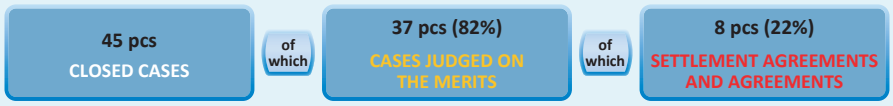


2.1. Traditional life insurance

As regards traditional *risk life insurance*, again, the vast majority of disputes related to the rejection of the legal basis of the death benefit, mostly whether the reason for the death had a causal relationship with an illness or health condition that had existed before risk inception. The decision on the cogency of the petition is therefore 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, 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, which providing both risk and endowment benefits, constitute the second largest group of cases; most petitioners disputed the endowment benefit amounts. A typical problem in these cases was 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 is not known to the contracting parties in advance.

Chart 58
Outcome of traditional life insurance cases closed

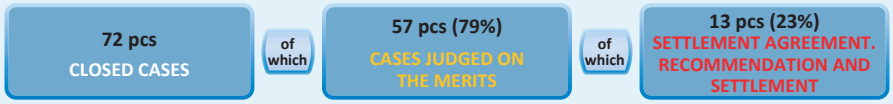


2.2. Unit-linked life insurance

In their petitions concerning unit-linked life insurances, 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. The petitioners 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. 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 assumption of risk in respect of the investment.

In these cases, the financial service providers concluded a settlement agreement with the petitioners 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, especially where contracts were redeemed within a few years.

Chart 59
Outcome of unit-linked life insurance cases closed

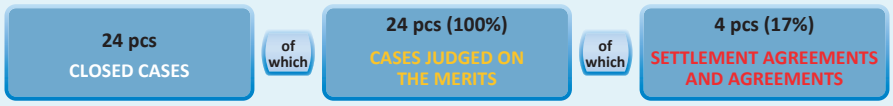


2.3. Pension insurance

Pension insurance cases may 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 was 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; by contrast, the insurer decided that annuity benefits would be payable.

The other group included disputes relating to pension insurances showing the characteristics of *unit-linked pension insurances*; in these, the disputes concerned the amount of the maturity benefit, the charges deducted, the tax reliefs applied and the calculation of the redemption value.

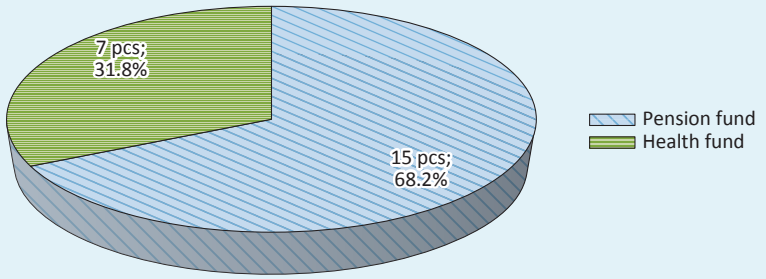
Chart 60
Outcome of pension insurance cases closed



D) LEGAL DISPUTES RELATED TO FUNDS SERVICES

7 new petitions concerned health funds and 15 new petitions pension funds.

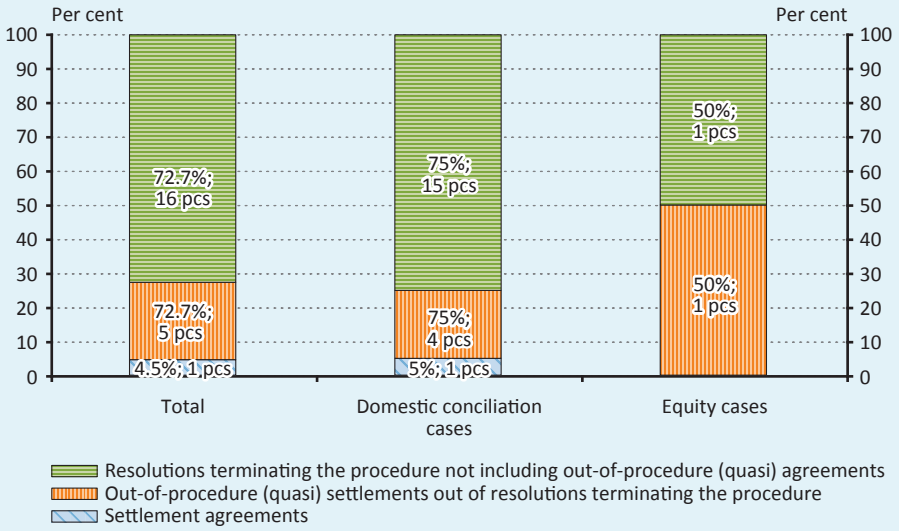
Chart 61
New cases concerning the fund market



Of the newly received 22 fund cases plus the 6 cases carried over from the previous year, the Board closed 27 cases, of which 5 petitions were rejected without a hearing, due to the lack of competence or failure to comply with the request for supplying missing information. Of the 22 cases judged on the merits, the parties settled in one case, whereas in a further 5 cases settlement was agreed out-of-court, or the financial service provider, revising its former position, voluntarily decided to fulfil the petitioner's overall request. 27 percent of the proceedings based on petitions accepted were closed with a positive outcome for the petitioner.

The chart below shows the distribution of the cases closed following judgement on the merits per decision type.

Chart 62
Funds market cases closed following acceptance, by case type

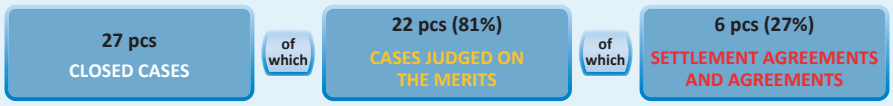


The number of proceedings brought against *health and pension funds* was miniscule compared to the overall total. Three quarters of these petitions concerned *pension funds*. Petitioners objected to their savings and return amounts in the overwhelming majority of the cases. They objected to the service provider's financial management or investment policy. In several cases, the legal dispute concerned the rejection of their request to terminate their membership or a delay in complying with a payment request. Petitions against *health funds* concerned typically the rejection of the invoices submitted to the service providers.

There were several cases in which the petitioner accepted and/or acknowledged the position of the fund based on the information and explanations received during the Board's proceeding and/or their personal discussions with the representative of the financial service provider at the hearing.

The Board reminds consumers that fund products are special forms of savings, whose primary objective is saving mainly for the long term or for a specific purpose, and that redemption requests will be satisfied only if certain conditions are met.

Chart 63
Outcome of fund market cases closed

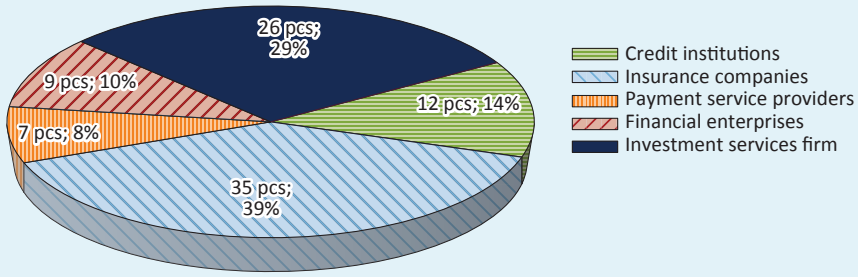


IV. Cross-border financial legal disputes

As in prior years, there were few new petitions on cross-border cases compared to the total; however, a steep rise was observed following gradual increases in earlier years. 34 new petitions were received in 2021, 56 in 2022, and 93 in 2023. As of 1 January 2023, there were 12 cases in progress, and as a further 93 new petitions were then received, the Board dealt with a total of 105 cases during the year. 89 cases were closed, and 16 cases have been carried over to 2024.

Of the 89 closed cases, petitions were submitted by consumers resident in Hungary in 69 cases, and by non-residents in 20 cases. The chart below shows the distribution of these cases by service provider:

Chart 64
Financial service providers in cross-border cases closed



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, but this year there was an increase in the number of petitions from residents of Hungary against financial service providers domiciled in other EU Member States. The service providers involved in the petitions and the nature of the complaints did not significantly differ from those in the general proceedings as the petitions we dealt with concerned mainly transactions related to credit and loan contracts, bankcard transactions, unit-linked life insurance schemes, travel insurance, money transfers, transaction fees and cyber fraud. There was an increase in cases concerning investments and travel insurance.

In 5 cases, the Board had no competence 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, the legal dispute in the petition concerned something other than a financial service; there were also cases in which both the petitioner and the petitioned financial service provider were non-residents. Procedural obstacles occurred in 49 cases, in which the petitioner 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 12 cases, the petitioners had 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 23 cases, of which the proceedings were terminated in 19 cases. In four 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 9 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 5 cases the petitioner's petition proved to be unsubstantiated, thus the closure of the proceedings was also justified.

Settlement was agreed in three cases; in one such case the petitioner was a non-resident filing a petition against a Hungarian financial service provider, while in two cases the petitioners were residents and the financial service providers non-residents. Two of the three cases concerned unit-linked life insurance, and in one case the petitioner requested compensation for the blocking of their banking ID while speaking to the telephone customer service.

Unfortunately in most cases non-resident service providers continued not to submit to the proceedings by the Board. Although there has been a consistent positive trend in this since 2018, as an increasing number of the petitioned non-resident financial service providers send the Board their declaration of submission, enabling us to adopt a decision on the merits, sadly this is not yet the case with all non-resident service providers.

In recent years, financial service providers with a registered office in Hungary also made settlement offers to their foreign national clients or those living abroad in such proceedings, and thus some cases involving cross-border financial consumer disputes initiated mainly by Hungarian citizens living in the EEA ended with resolution approving the settlement agreement. In one cross-border cases a financial service provider with a registered office in Hungary made a settlement offer, which was accepted by the petitioner, 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 financial service providers in the course of the proceedings did not admit the legitimacy of the petitioners' claim, however, in order to settle the case amicably, they made proposals for a settlement agreement in such 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 providers' settlement offers.

Legal disputes over travel insurance were mostly based on claims 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 may have been 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, while the insurer did not pay out at all or did not pay the amount the petitioners had expected. 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.

Petitioners often submitted petitions against non-resident financial service providers from which they had purchased an investment that was similar to profit participation rights but whose meaning was impossible to ascertain during the proceeding; this investment had just expired in the preceding year or two. In these cases the consumers reported that they were unable to access their money and, not only that, the non-resident financial service provider also failed to respond to their queries, so that the consumers did not even get their invested capital back, not to mention any returns. None of the financial service providers domiciled in the EEA submitted to the proceedings of the Board, which was therefore unable to judge on the merits. There were also cases in which consumers resident in other EEA member states filed petitions against investment service providers domiciled in Hungary; in these petitions, the consumers argued that the financial service provider had not complied with the contract terms and conditions in their performance. In these cases the Board examined the terms and conditions in the contracts between the parties and found in the majority of the cases that the petitioners' claims were not robust, since the financial service providers had acted in accordance with the contract terms and conditions when executing the orders.

There were some equity cases as well. A Hungarian consumer living abroad submitted a petition against a debt management company domiciled in Hungary, requesting waiver of their outstanding debt on the grounds of limitation.

In all these cases the debt management companies said that the debts had been closed, the petitioners had nothing to pay and, as a result, the petitioners withdrew their petitions and the proceedings ended with a positive outcome for them.

In cases concerning mobile devices, Hungarian petitioners submitted petitions against non-resident financial service providers because they believed that the replacement devices given to them under their extended warranty insurance covers were not suitable, or if a financial service provider did not satisfy their claim for damages at all or not adequately. In these cases the parties settled out-of-court, so the petitioners withdrew their petitions in all the cases, which therefore also ended positively for the petitioners.

In some cases brought against payment service providers with a registered seat in another EEA member state, the petitioners complained about the freezing of their accounts, inability to access these and a lack of substantive help from the financial service provider in question. In other cases they also complained that once they had made a payment to their accounts from their bank accounts in Hungary, the payment amount was not booked to their accounts with the payment service providers domiciled in another EEA member state, or vice versa, when they made a payment from their accounts with the payment service providers domiciled in another EEA member state to their bank accounts in Hungary, the amount was not booked to their Hungarian bank accounts.

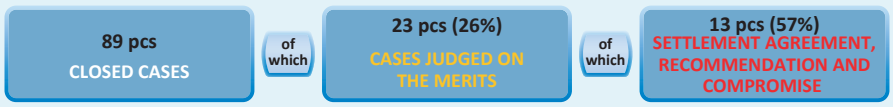
A petition against a non-resident payment service provider concerned bank card fraud, in which the fraudsters misused a card issued by a payment service provider domiciled in another EEA member state, using it several times abroad without the petitioner consenting to this or even being aware of this. In none of these cases did the payment service providers domiciled in another EEA member state submit themselves to the Board's proceedings; as a result, the Board was unable to act on the merits and was limited to informing the consumers about which FIN-NET member is the alternative dispute resolution forum that they can turn to for appropriate legal redress.

This was the first year that the Board issued a recommendation in a cross-border case, in which the petitioner was a citizen of Slovakia and the financial service provider has its registered office in Hungary. The petitioner turned to the Board on the grounds that the financial service provider did not comply with their contract during the redemption of a unit-linked life insurance. The petitioner had notified the financial service provider of their intention to redeem the policy and enclosed the appropriate documents on the basis of which the service provider should have calculated the redemption amount as of the predefined valuation date and should have paid that sum to the petitioner within 8 days. This did not happen due to some administrative error. The petitioner contacted the financial service provider several times, and eventually resubmitted the redemption request. The service provider paid out a sum which it calculated for a value date of its own choice; this sum was much lower than what the payee had expected and even lower than what the service provider would have had to pay if it had done so right the first time. The service provider argued that such smaller amount was paid out because some of the petitioner's portfolio was invested in Russian funds, which were suspended and therefore unsellable, with value that was impossible to ascertain. The service provider subsequently paid out another sum, which was still below the amount demanded by the petitioner. The petitioner asked the Board to determine that the service provider had not acted in compliance with their contract and requested payment of the variance between the amount calculated and the amount actually paid, plus late interest. In the end the Board issued a recommendation in English, in which it recommended that the service provider calculate the price of the investment units on record in the petitioner's unit-linked life insurance as of the original valuation date and pay out the total redemption value of the life insurance, calculated at that price, less the redemption amount already paid out to the petitioner, plus any late interest provided for in Section 6:48 of the Civil Code. This was the only recommendation adopted in a cross-border case.

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 relationships with a Hungarian financial institutions. Upon leaving the European Union, the United Kingdom ceased to be a member of FIN-NET. Since 1 January 2021, Hungarian consumers have been able to initiate complaints and alternative dispute resolution procedures only in the United Kingdom against financial service providers with registered office in the United Kingdom. The same applies in the opposite case: 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 from the Board or from the UK Financial Ombudsman Service. Mindful of the interests of their overseas clients as well, 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 mainly one of two ways to retain their customers. One was to set up a new company, they moved their headquarters to the territory of the EU and transferred consumers to these companies. This meant that 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. Following Brexit 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 our Board against subsidiaries and branches established in Hungary in the same way as against any other service provider established in Hungary.

Chart 65
Outcome of cross-border cases closed



V. 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.

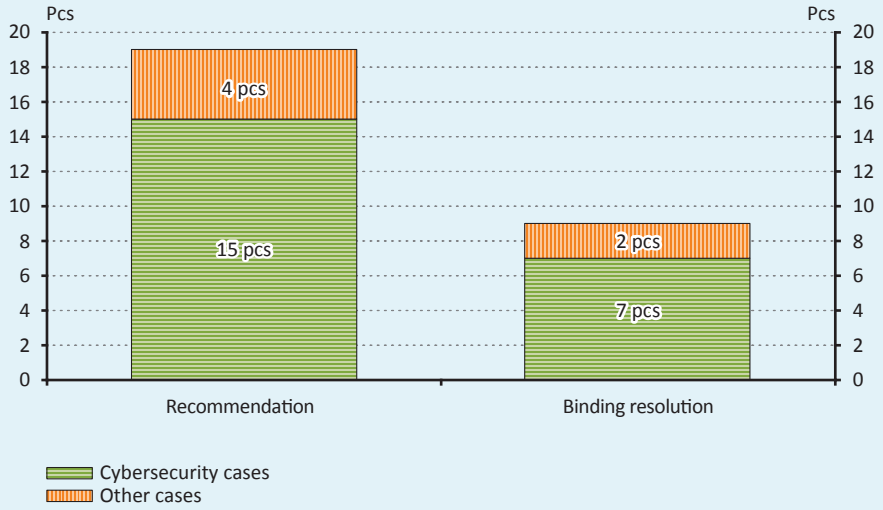
In the financial sector online contracting affect the insurance area the most, and this is where an increase in the number of petitions submitted through the ODR Platform could be expected. However, experiences over the past 7 years showed that petitioners usually did not utilise the benefits offered by the ODR Platform, preferring to submit their petitions in the traditional forms or used the client gate portal or the FAB Online website. The European Commission also recognised that the ODR Platform did not generate the expected popularity and has therefore added the repealing of Regulation (EU) 524/2013 and the closure of the ODR Platform to the existing package of proposals on alternative dispute resolution.

The Board did not receive petition via the ODR Platform in 2023.

VI. Recommendations and binding resolutions

The Board issued 9 binding resolutions and 19 recommendations during the year, which is a total of 28 resolutions on the merits. In one proceeding the financial service provider had made a declaration of submission, while in the other cases the binding resolution was based on statutory submission as provided for in Section 113 (2) of the MNB Act. In 22 cases the Board issued recommendations or binding resolutions in legal disputes concerning cybersecurity fraud to the detriment of the clients; most of these concerned the same service provider.

Chart 66
Number of recommendations and binding resolutions



Seven binding resolutions concerned legal disputes over cybersecurity fraud, one binding resolution applied to a problem with cash withdrawal from an ATM, and a further binding resolution was issued in a proceeding concerning a dispute over settlement of accounts due to the documentary evidence of housing purpose. In two cases feedback was received that the binding resolutions were fulfilled; these included the case when the binding resolution was based on the service provider's submittal and another when the binding resolution concerned cybersecurity fraud. Six binding resolutions on cybersecurity fraud were contested by the same financial service provider pursuant to Sections 121-122 of the MNB Act, thus, in accordance with the applicable rules, the Board forwarded the documents of these cases to the competent courts acting in these cases. In four cases, feedback was received from the courts whereby the lawsuits were terminated as the petitioners failed to file the necessary petitions or pay the court fees.

Of these recommendations issued by the Board, 15 recommendations concerned legal disputes over cybersecurity fraud to the detriment of clients classifying as consumers. An additional recommendation was adopted in a FIN-NET proceeding in relation to cross-border services, and concerned insurance services. In three other proceedings the recommendation concerned the payment of cash balances on the account of deceased account holders and the interpretation of grants of probate in probate procedures. In seven out of the 19 recommendations, feedback was received by 31 December 2023 regarding compliance with the recommendation, notified to us by the financial service provider and/or the petitioner; in four of these cases the Board was told that the financial service provider had appealed to the Budapest-Capital Regional Court against the recommendation. No feedback was received on compliance with the recommendation or otherwise in eight cases.

VII. Fines and judicial reviews of decisions

No fines were imposed on the financial service providers. The service providers exhibited a willingness to cooperate, they sent their submissions mostly by the deadline, with the exception of a few service providers who, presumably due to large caseloads and staffing bottlenecks, often requested extensions to deadlines or told us in advance by what date they would be able to send their submissions.

As of 1 January 2023 there were no lawsuits in progress against the Board.

Between 1 January and 31 December, the Board received notifications of petitions submitted to the Budapest-Capital Regional Court in four cases, in which the financial service provider concerned (the same provider in all four cases) requested that the recommendations of the Board be repealed.

The court's decision was received by 31 December in one of these cases; this was a non-final court ruling that rejected the claimant's request and thus ruled in favour of the Board. Nevertheless, the Board appealed by the relevant deadline due to a specific finding in the justification section of the ruling. The claimant also appealed against the decision. The proceedings are still before the courts of first instance in two other cases.

In all four of its litigated recommendations, the Board told the financial service provider, which was involved in all four cases and acted as claimant in the lawsuits, to pay out to the relevant petitioners, within 15 days, certain amounts relating to payment transactions they had not approved and restore the petitioners' payment accounts to their condition prior to the debits, with the proviso that the value dates of the credit items must not be later than the date on which the unapproved payment transactions were executed. In its request for the repealing of the recommendations the claimant service provider did not dispute that the payment transactions had been initiated by parties other than the petitioners but argued, firstly, that the Board was incorrect to claim that strong customer authentication was necessary for the payment transactions of the amounts in question. It said that strong customer authentication regarding the payment account was indeed performed prior to the payment transactions, again, not by the petitioners, for purposes of what is referred to 'reliable payee registration' (in other words, to save a counterparty), which is sufficient for later payments to such beneficiaries; the funds transfers in question were such subsequent payments. The claimant also maintained that the petitioners had acted with gross negligence when they became the victims of phishing as they themselves released to third parties the data necessary for debiting the accounts.

According to Sections 121-122 of the MNB Act, service providers who are subject to a binding resolution adopted pursuant to statutory submission have the right to contest such resolutions, and the consumers need to petition the courts to continue the proceedings there. In such cases resolutions are automatically repealed, the consumer becomes the claimant and the financial service provider the respondent, while the Board does not participate in the lawsuit in any manner whatsoever. Six binding resolutions adopted on cybersecurity fraud were contested by the same financial service provider, thus, in accordance with the applicable rules, the documents of these cases were forwarded to the competent courts acting in these cases, as is provided for in the MNB Act. In four cases, feedback was received from the courts whereby the lawsuits were terminated as the petitioners failed to file the necessary petitions or pay the court fees.

List of charts

Annexes

ANNEX 1

Financial service providers involved in procedures

	Financial service providers in new petitions	Number of petitions
1	4Life Direct Kft.	3
2	Agria Portfólió Pénzügyi Tanácsadó és Szolgáltató Zrt.	1
3	Alfa Önkéntes Nyugdíjpénztár (AEGON Magyarország Önkéntes Nyugdíjpénztár)	4
4	Alfa Vienna Insurance Group Biztosító Zrt. (AEGON Magyarország Általános Biztosító Zrt.)	148
5	Allianz Elementar Versicherungs-Aktiengesellschaft	1
6	Allianz Hungária Biztosító Zrt.	98
7	Allianz Hungária Önkéntes Nyugdíjpénztár	3
8	Aranykor Országos Önkéntes Nyugdíjpénztár	1
9	ARGENTA FAKTOR Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	6
10	AXA Assistance	2
11	AXA Assistance CZ s.r.o.	9
12	AxFina Hungary Zrt.	4
13	Bankmonitor Partner Kft.	1
14	BÁV FAKTOR Zrt.	2
15	BNP Paribas Cardif Biztosító Zrt.	2
16	Bond Zrt.	1
17	BRT Faktor Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	1
18	Budapest Magánnyugdíjpénztár	1
19	CARDIF Biztosító Zrt.	1
20	Central Finance Zártkörűen működő Részvénytársaság	1
21	Central Workout Pénzügyi ZRt.	1
22	CESSIO Követeléskezelő Zrt.	1
23	CherryHUB Scale 55150 Kft.	1
24	Chubb European Group Limited Magyarországi Fióktelepe	1
25	CIB Bank Zrt.	108
26	CIB Biztosítási Alkusz Kft.	2
27	CIB Lízing Zrt.	1
28	CIG Pannónia Életbiztosító Nyrt.	12
29	CIG Pannónia Első Magyar Általános Biztosító Zrt.	3
30	CLB Független Biztosítási Alkusz Kft.	2
31	Cofidis Magyarországi Fióktelepe	28
32	Colonnade Insurance S.A. Magyarországi Fióktelepe	29
33	Concorde Értékpapír Zrt.	1
34	D.A.S Jogvédelmi Biztosító Zrt.	2
35	DEBT-INVEST Pénzügyi Szolgáltató és Befektetési Zártkörű Részvénytársaság	4
36	DEFACTORING Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	7

	Financial service providers in new petitions	Number of petitions
37	DELTA FAKTOR Pénzügyi Zártkörűen Működő Részvénytársaság	1
38	Determin Hitelcentrum Zártkörűen Működő Részvénytársaság	2
39	DHK Hátralékkezelő és Pénzügyi Szolgáltató Zrt.	1
40	Díjbeszedő Faktorház Zrt.	2
41	DUNA TAKARÉK BANK Zrt.	1
42	Dunacorp Faktorház Zrt.	28
43	Econoserve Management Tanácsadó Zártkörűen Működő Rt.	1
44	Element Investments Zrt.	1
45	ELEMENTOR Faktor Zártkörűen Működő Részvénytársaság	1
46	EOS Faktor Magyarország Zrt.	54
47	Equilor Befektetési Zrt.	2
48	Erinum Capital Pénzügyi Szolgáltató Zrt.	2
49	Erste Bank Hungary Zrt.	202
50	Erste Befektetési Zrt.	16
51	Erste Lakástakarék Zrt.	18
52	Europ Assistance Magyarország Befektetési és Tanácsadó Kft.	1
53	Európai Utazási Biztosító Zrt.	4
54	EXCLUSIVE BEST Change Pénzügyi Kft.	1
55	EXPERT-FACTOR Pénzügyi Zártkörűen Működő Részvénytársaság	1
56	Extreme Digital Zrt.	1
57	Faktor-Ring Pénzügyi és Tanácsadó Zrt.	1
58	Fundamenta Lakáskassza Zrt.	22
59	FWU Life Insurance Austria AG	2
60	GEMINI Pénzügyi Zártkörűen Működő Részvénytársaság	3
61	Generali Biztosító Zrt.	214
62	Generali Deutschland Versicherung AG	1
63	Generali Italia s.p.a.	1
64	Generali Poistovna, a.s.	1
65	GENERTEL Biztosító Zrt.	46
66	GRÁNIT Bank Zrt.	43
67	Groupama Biztosító Zrt.	104
68	HKB FAKTOR Zrt.	1
69	HUNGÁRIA-FAKTOR Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	1
70	Hypotheca Financing Zrt.	1
71	InHold Pénzügyi Zrt.	15
72	Inter Partner Assistance S.A.	14
73	Interactive Brokers Central Europe Zrt.	3
74	INTI Független Biztosítási Alkusz Kft.	1
75	Intrum Zrt.	201
76	IZYS Egészség- és Önsegélyező Pénztár	1
77	K&H Bank Zrt.	90
78	K&H Biztosító Zrt.	73
79	KBC Securities Magyarországi Fióktelepe	1
80	KDB Bank Európa Zrt.	1
81	KÖBE Közép-európai Kölcsönös Biztosító Egyesület	11

	Financial service providers in new petitions	Number of petitions
82	Legal Rest Pénzügyi Szolgáltató Zrt.	1
83	Lombard Zala Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	1
84	MagNet Magyar Közösségi Bank Zrt.	30
85	Magyar Államkincstár	2
86	Magyar Biztosítók Szövetsége	8
87	Magyar Cetelem Bank Zrt.	32
88	Magyar Posta Biztosító Zrt.	23
89	Magyar Posta Életbiztosító Zrt.	12
90	Magyar Posta Zrt.	7
91	Magyar Ügyvédek Kölcsönös Biztosító Egyesülete	4
92	MAPFRE ASISTENCIA S.A. Magyarországi Fióktelepe	5
93	MBH Bank Nyrt. (jogelődökkel)	522
94	MBH Befektetési Bank Zrt.	2
95	MBH Gondoskodás Nyugdíjpénztár (MKB Nyugdíjpénztár)	2
96	MediCredit Pénzügyi Szolgáltató Zrt.	3
97	Merkantil Bank Zrt.	6
98	MetLife Europe d.a.c. Magyarországi Fióktelepe	8
99	MKK Magyar Követeléskezelő Zrt.	78
100	Momentum Credit Pénzügyi Zrt.	4
101	MORGAN Hitel és Faktor Pénzügyi Szolgáltató Zrt.	1
102	Netrisk Magyarország Első Online Biztosítási Alkusz Kft.	2
103	NN Biztosító Zrt.	6
104	O.F.SZ. Országos Fizetési Szolgáltató Zrt.	1
105	O2 Financial Services s.r.o.	3
106	Oberbank AG Magyarországi Fióktelepe	1
107	OC Finance Biztosításközvetítő Kft.	1
108	Oney Magyarország Pénzügyi Szolgáltató Zrt.	1
109	OTP Bank Nyrt.	748
110	OTP Faktoring Zrt.	99
111	OTP Jelzálogbank Zrt.	13
112	OTP Lakástakarékpénztár Zrt.	18
113	OTP Önkéntes Kiegészítő Nyugdíjpénztár	3
114	OTP Pénztárszolgáltató és Tanácsadó Zártkörűen Működő Részvénytársaság	1
115	OVB Vermögensberatung Általános Biztosítási és Pénzügyi Szolgáltató Kft.	1
116	OVER CAPITAL Pénzügyi Zártkörűen Működő Részvénytársaság	1
117	Overdraft Hungary Kereskedelmi és Szolgáltató Zártkörűen Működő Rt.	2
118	Pannon 2005 Faktor és Hitel Zrt.	3
119	Pannónia Nyugdíjpénztár	1
120	Patika Önkéntes Kölcsönös Kiegészítő Egészség- és Önsegélyező Pénztár	1
121	PayPal (Europe) S.á r.l. et Cie, S.C.A.	5
122	PESTI HITEL Zártkörűen Működő Részvénytársaság	2
123	PK Követeléskezelő Zártkörűen Működő Részvénytársaság	1
124	Plus500CY Limited	2
125	Porsche Finance Zrt.	1
126	PRÉMIUM Önkéntes Egészség- és Önsegélyező Pénztár	4

	Financial service providers in new petitions	Number of petitions
127	Prémium Önkéntes Nyugdíjpénztár	1
128	PRIVATE Finance Zrt.	1
129	Provident Pénzügyi Zrt.	29
130	Pure Life Hungária Kft.	1
131	Q13 Pénzügyi Zártkörűen Működő Részvénytársaság	4
132	QOVER SA	1
133	QUANTIS Consulting Zrt.	2
134	Raiffeisen Bank Zrt.	83
135	Reg-Finance Pénzügyi és Szolgáltató Zrt.	4
136	Revolut Bank UAB	7
137	Revolut Payments UAB	2
138	Sberbank Magyarország Zrt. "v.a."	1
139	SIGMA Faktoring Zrt.	3
140	SIGNAL IDUNA Biztosító Zrt.	27
141	Skandia Lebensversicherung AG	2
142	SPB Befektetési Zrt.	1
143	Statosfera Bankszámlainformációs Szolgáltató Kft.	1
144	Takarékfaktor Zrt.	1
145	Timberland Capital AG	12
146	Timberland Capital Management GmbH	5
147	Timberland Invest Ltd	1
148	TITÁN FAKTOR Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság	3
149	TKK Talentis Központi Követeléskezelő Zrt.	19
150	UniCredit Bank Hungary Zrt.	103
151	UNION Vienna Insurance Group Biztosító Zrt.	111
152	UNIQA Biztosító Zrt.	44
153	UNIQA Versicherung Aktiengesellschaft	1
154	Wáberer Hungária Biztosító Zrt.	6
155	Wise Europe SA	3
156	Woman Gold 2019 Kft.	1
157	WONDERINTEREST TRADING LTD.	1
	Financial service providers in total	**3 838**
	Magyar Államkincstár – the Hungarian Treasury	2
	Non-financial service providers	24
	Non-identifiable service provider	14
	Sum total	**3 876**

ANNEX 2

Contact details of the Network of Financial Navigator Advisory Offices			
ADVISORY OFFICE	**HOURS OF OPERATION**	**TELEPHONE NUMBER / EMAIL ADDRESS**	**ADDRESS OF FRONT OFFICE SERVICE**
Békéscsaba Financial Navigator Advisory Office	Monday: 8:00-14:00 Tuesday: 10:00-16:00 Thursday: 8:00-14:00	+36 70/243-2840 bekescsaba@penzugyifogyaszto.hu	5600 Békéscsaba, Árpád sor 2/6. Ground floor (in the Job Centre's customer area)
Debrecen Financial Navigator Advisory Office	Monday: 9:00-15:00 Wednesday: 10:30-16:30 Thursday: 9:00-15:00	+36 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	+36 70/607-2191 eger@penzugyitanacsadoiroda.hu	3300 Eger, Hadnagy utca 6. 2nd Floor, Door No 34
Győr Financial Navigator Advisory Office	Monday: 8:00-14:00 Wednesday: 8:00-14:00 Thursday: 11:00-17:00	+36 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	+36 30/812-4149 pntikaposvar@gmail.com	7400 Kaposvár, Ady Endre u. 3. Ground floor
Kecskemét Financial Navigator Advisory Office	Monday: 11:30-17:30 Wednesday: 8:30-14:30 Friday: 8:30-14:30	+36 30/958-8210 fogyasztovedelem.merkating@gmail.com	6000 Kecskemét, Csányi János krt. 14. 1st Floor, Door No 123
Miskolc Financial Navigator Advisory Office	Monday: 8:00-14:00 Wednesday: 10:00-16:00 Thursday: 8:00-14:00	+36 30/487-3609 miskolc@penzugyifogyaszto.hu	3530 Miskolc, Szemere Bertalan u. 2. 1st Floor, Door No 10
Nyíregyháza Financial Navigator Advisory Office	Monday: 8:00-14:00 Wednesday: 8:00-14:00 Thursday: 8:00-14:00	+36 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	+36 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	+36 32/780-845 salgotarjan@penzugyitanacsadoiroda.hu	3100 Salgótarján, Főtér 1., 2nd Floor, Door No 4 (former SZMT headquarters)
Szeged Financial Navigator Advisory Office	Monday: 9:00-15:00 Tuesday: 8:00-14:00 Thursday: 10:00-16:00	+36 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	+36 20/402-9669 fogyasztovedelem.merkating@gmail.com	8000 Székesfehérvár, Móricz Zsigmond utca 18. 1st Floor, Door No 202
Szekszárd Financial Navigator Advisory Office	Tuesday: 9:00-15:00 Wednesday: 8:00-14:00 Thursday: 9:00-15:00	+36 30/274-0828 pti@maltai.hu	7100 Szekszárd, Augusz Imre utca 9. 2nd Floor, Office No 214
Szolnok Financial Navigator Advisory Office	Monday: 9:00-15:00 Wednesday: 9:00-15:00 Thursday: 9:00-15:00	+36 70/607-2186 szolnok@penzugyitanacsadoiroda.hu	5000 Szolnok, Szapáry út 19. Ground floor, Door No 8
Szombathely Financial Navigator Advisory Office	Monday: 12:00-18:00 Tuesday: 10:00-16:00 Wednesday: 8:00-14:00	30/013-7411 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; 30/217-3310 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	+36 70/502-7967 pti@maltai.hu	8200 Veszprém, Óváros tér 10. 2nd Floor
Zalaegerszeg Financial Navigator Advisory Office	Monday: 8:00-14:00 Wednesday: 11:00-17:00 Friday: 8:00-14:00	+36 30/699-0056 zalaegerszeg@penzugyifogyaszto.hu	8900 Zalaegerszeg, Tompa M. utca 1-3. 1st Floor, Door 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 Chair deliberates and decides whether the Board should act in panel or through a single member in the cases within its competence. Deliberation is based on the complexity of the case, the necessary expertise and the amount of the claim. If the Chair decides for proceedings to be conducted in a panel, the Heads of Department will select the chair and the two members of the acting panel from their members in the cases assigned to their departments. If at the scheduled hearing a member of the designated panel is unable to attend, the Heads of Department will arrange for a substitute. The Head of Department will change appointments in acting panels if any of the members must be excluded, if their employment with Magyar Nemzeti Bank is terminated prior to the hearing or if they have been exempted from their job obligations, or if a designated member is permanently absent or unavailable and a modification of the appointment is therefore necessary. The Chair may decide at any point of the proceeding that it should be switched from proceeding by panel to proceeding by a single member of the Board. In such a case the Head of Department will appoint the acting member.

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. Subject to the Chair's decision adopted following deliberation, a single member of the Board will act alone typically in cases that contain a petition containing no more than one million forints and/or easy to judge, and in general in financial consumer disputes that contain an equitable petition. Modification of the petition will not have an impact on this; nevertheless, the Chair may alter this decision during the proceeding and refer the case to a panel.

   Cases easy to judge: the petition and the enclosed documents suggest that judgement of the case on the merits and by the law does not demand professional consultations or extra preparations, the case is typical and relates to mass services common in everyday life and/or case types generating high numbers of legal 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)

	150. GENERAL CONSUMER PETITION	place of bar code
CASE NUMBER:	*To be submitted in 1 copy to the Financial Arbitration Board*	

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 <u>did not respond</u> 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

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**

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):

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.)*	

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.

Annex 1 b)

	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
CASE NUMBER:		
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**

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):

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.

Annex 1 c)

200. SUBMISSION FILING IN PENDING PROCEEDINGS

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 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 6

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 7

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

2023

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