

Anticipated Consumer Protection Authority activity in 2016

The Hungarian Consumer Protection Authority ("NFH") has recently published a list of actions planned for 2016 (see Annex). There are many "evergreen" subjects in focus. There is currently much speculation that NFH may be merged into the Ministry of National Development. This may cause some disruption to proceedings but we anticipate that, in whatever form the Consumer Protection agenda is pursued, the substantive issues will be unchanged.

Consumer Protection Officers

NFH will monitor compliance with the new obligations on consumer facing businesses to employ consumer protection officers ("CPOs").

Misleading materials

Complaint handling procedures (when handling consumers' warranty and guarantee complaints), the propriety of pricing, labelling and marketing materials, and promotions will be monitored. If false or incomplete information is given, a consumer protection fine is almost inevitable. Activist consumers (or competitors) may make complaints, and since autumn 2015 personal appearance at hearings before the official conciliation forum ("békéltető testület") is compulsory and absence is sanctioned by fines. Any business facing such complaints can also expect some targeted investigations. It is necessary to take the proceedings before these bodies seriously.

Product safety

NFH also intends to maintain its high level (remarkable within an EU context) of market surveillance investigation activity, aimed at removing and recalling unsafe products from the market. Laboratory testing of many products is anticipated. Special attention will be paid to toys (acoustic, projectile, laser, magnetic, plastic and wood). Samples will also be collected for laboratory testing, of carbon monoxide filters, light garlands, playground equipment, children bicycles, building materials, children's clothing, sunglasses and leather goods.

Action

In this context, with our extensive experience in relation to Consumer Protection law and practice, we make various **recommendations to consumer facing businesses:**

- Companies affected by the new legislation should be aware of this impending control and **ensure that their CPO is in place.**
- **Ensure the conformity of warranty booklets and user guides** with the relevant laws – although the legal background consists of EU-directives, the implementation often results in differences at national law levels, to which importers and distributors need to pay attention.
- **Ensure professional internal trainings** on all these topics, especially at small-and medium-sized enterprises where the employment of a CPO is not obligatory, and therefore the knowledge on these issues is often insufficient. Accurate **knowledge of the basic issues and their adequate application in practice** is the key to compliance. Our "webinar" training offers several materials suitable for employees.
- Be prepared for visits and investigations about **product safety**. Are your products (and their component parts) and associated documentation compliant?
- We can assist you to understand the main issues and the detailed regulation, and can assist and **advise on preparation of general contract terms and conditions and PR materials.**
- We can **assist companies facing an investigation or receiving a fine** from NFH or the Hungarian Competition Office.

Please feel free to contact us.

Attention

- **Consumer Protection Officers**
- **toy stores and web-shops targeted for inspections**



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In 2016 the Hungarian Authority for Consumer Protection will perform inspections and investigations in the following areas:

I. HIGH PRIORITY INSPECTIONS AND INVESTIGATIONS

- Inspection of pricing, especially during the period of promotions, price reductions
- Inspection of handling warranty and guarantee claims, with particular focus on misleading commercial practices
- Inspection of marketing activities performed away from business premises (to protect the elderly)
- Inspection of the application of the laws on the repression of smoking and alcohol consumption (to protect the youth)
- Summertime inspections focusing on catering service companies, traders performing sales in public areas, occasional sales and passenger service providers
- Comprehensive inspection of consumer claims within the field of electricity/gas/water utility services, waste management public service

II. MARKET SURVEILLANCE INSPECTIONS AND INVESTIGATIONS

- Search for products notified within RAPEX and offered for consumers online and in shops
- Laboratory inspection of electricity products sold at retail units and online – focusing on electric lamps, travel adapters, hair care devices, electro-heated hand tools, network adapters, toys marketed in traditional and online commerce – focus on laser toys, playing carpets, acoustic toys, projectile toys, hand paintings
- Market surveillance inspection of baby and children clothing and shoes, playground equipment
- Inspection of lighting garlands, carbon monoxide filters, energy efficiency labels of electrical products
- Market surveillance inspection of baby care products
- Market surveillance inspection of building materials (e.g. insulating materials, cement-based building products/glues, tiles, timbers)
- Market surveillance inspection of household chemical products (agents for unblocking pipes, stain removers, toilet cleanser)
- Market surveillance inspection of children cosmetic products (dusting powders, baby creams)
- Inspection of lighters
- Monitoring inspection of the organic compound content in paint and lacquer
- Market surveillance inspection of children's bicycles and cyclists' child seats

III. INSPECTION OF SERVICES

- Inspection of the application of laws when advertising (with special attention to marketing material of gambling)
- Inspection of online marketing – focus on web shops marketing electrical products, digital contents, free trial period
- Inspection of complaint handling within the water utility service providers and in the electronic communication sector,
- Inspection of the websites of water utility, district heating and waste management service providers
- Inspection of the applied general terms and conditions when marketing away from business premises or online
- Inspection of applying laws on compulsory employment of consumer protection officers

IV. LABORATORY TESTS

- Testing masks and costumes for children, magnetic/plastic/wood toys
- Testing ladders
- Testing leather goods
- Testing seasonal products focusing on misleading labelling (Easter products, chocolates, New Year's Eve sausages)
- Testing safety of sunglasses, button cells
- Testing tar, nicotine and carbon monoxide yields of cigarettes

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