



Activities of the Hungarian Financial Arbitration Board in 2013

Annual Report





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1 Chair's foreword

The winding up of the Hungarian Financial Supervisory Authority and the transfer of its responsibilities to the Magyar Nemzeti Bank as of 1 October 2013 were key events in 2013 for the Financial Arbitration Board as well. While this reorganisation did not have a substantive impact on our operations, it was nevertheless significant because the Board has been performing its role within a new organisational framework since 1 October and is now subject to Act CXXXIX of 2013 on the Magyar Nemzeti Bank.

Pursuant to Section 130 of Act CXXXIX of 2013 on the Magyar Nemzeti Bank, as before, the chair of the Financial Arbitration Board is responsible for drawing up an annual information document (Annual Report) summarising the activities of the Board and for submitting it to the Governor of the Magyar Nemzeti Bank by 31 January of the year following the reporting year. After approval, the chair of the Financial Arbitration Board shall publish the Report and forward it to the minister responsible for consumer protection. The Report contains information about the Board's official consumer protection responsibilities and the day-to-day consumer protection practices of financial service providers, offering the minister responsible for consumer protection a snapshot of the situation of financial consumers and providing the industry and the wider public with a clearer understanding of the relationship between financial service providers and financial consumers.

2013 was the second full year of financial arbitration. In 2011, the year it was launched, the Board had already received 1,196 applications, and by the end of 2012 we worked on as many as 3,224 applications. In 2013, there were a total of 4,692 cases, including 4,320 new ones; this continued growth in case volume means that we have acted in a total of 8,740 cases since the formation of the Board. The dynamic increase in the number of cases year after year demonstrates the public's great confidence in the Financial Arbitration Board, which we are genuinely proud of.

Through its operations, the Financial Arbitration Board has demonstrated that it can serve as a valid alternative to the courts for both financial consumers and financial service providers, as was the intention of the legislator. Financial arbitration is free, fast and professional, which has convinced the financial sector consumers to turn to the Board as a professional and impartial entity offering a genuine alternative to the overburdened courts in serving financial consumers and financial service providers. The Board gives due respect to both parties in the particular cases to ensure that the legal dispute is resolved and closed for good in a manner that is fast, efficient and advantageous for both parties. In its public decisions and public appearances, the Board formulates clear messages aimed at preventing future financial disputes and the final, reassuring resolution of existing disputes.

Our key message is one of predictable, stable operation, providing security to everyone. In our practice of the law, the uniformity of decisions, i.e. their adoption with identical content specific to the particular case types, serves as future guidance for all players. The essence of our message to financial consumers is that while the Financial Arbitration Board is an institution with a consumer protection mandate, it is not responsible for representing the interests of consumers, thus financial consumers must themselves prepare for the financial arbitration procedure or rely on the help of legal professionals. It is impossible to make a good decision if the request is not well formulated, and therefore financial consumers unfamiliar with the law are in a difficult situation, but the Board provides help for them as well. We have designed and created document templates and created information brochures and made them available on our website and at the customer service premises of financial service providers. The short information videos on consumer protection made by the Magyar Nemzeti Bank include a film introducing the financial arbitration procedure, which is available on the website. We operate a network of Financial Advisory Offices at the 11 county seats, where consumers can request help with preparing their requests. Our closed cases demonstrate that financial consumers who are well prepared or have relied on professional assistance are able to resolve their disputes with their service providers, and that they can rely on the help of the Financial Arbitration Board in this process.

Our primary message to financial service providers: *“You may lose money, but do not lose trust.”* This implies that a financial service provider should admit responsibility even when this has financial consequences. Our other message concerns *“honest admission”*. Financial service providers often assist financial consumers during the legal disputes; for instance, insurers will repeat the claim settlement procedure or even reimburse the sums paid for a unit-linked insurance if they have caused damage to a financial consumer who acted in good faith. Banks and financial service providers active in the business of granting credit rely on their own and the State’s debtor relief schemes to help reschedule the loans of distressed financial consumers who are willing to pay.

In our message to international organisations, we publicise the *achievements of the Hungarian model*. Since 16 June 2011, the Financial Arbitration Board has been a member of the FIN-Net network, which comprises the organisations responsible for out-of-court settlement for consumer disputes in EEA Member States; it has also been a full member of the International Network of Financial Services Ombudsman Schemes since 1 January 2012.

The Financial Arbitration Board, which also enjoys a good international reputation, facilitates the resolution of cross-border cases in a manner benefiting the financial consumer. It has resolved the legal disputes of several financial consumers who would otherwise have had little chance of enforcing their consumer rights vis-à-vis their foreign financial service providers due to the distances involved, the application of foreign governing law and the language difficulties. The Financial Arbitration Board follows the rulings of the courts – especially the Curia – and will not adopt decisions contrary to, or opposing, judicial practice. The internal procedures of the Board are transparent, well-regulated and audited (Annexes 6-7).

The members of the Financial Arbitration Board exhibit impartiality in their work, an understanding of vulnerable individuals and a desire to keep and sustain a healthy balance, harmony and trust between service providers and the consumers using their services in their effort to contribute to resolving life situations fraught with financial problems. Our objective is to protect the interests of persons using the services of financial organisations and to reinforce public confidence in the financial intermediary system; we also aim to publicise the work of the Board for the wider public: its operations are transparent and its rulings are available on its website (<http://felugyelet.mnb.hu/pbt>), which is updated daily. These are the objectives we are working towards and we trust that our work will be to the satisfaction of all!

Dr Erika Kovács
Chair of the Financial Arbitration Board

2 Financial arbitration

The scope of authority and competence of the Financial Arbitration Board is to settle disputes between consumers and financial service providers regarding the conclusion and performance of contracts for services (financial consumer disputes) in an out-of-court process.

The Board will, first and foremost, seek to facilitate agreement between the parties. If this fails, it will pass a decision regarding the case in order to ensure that consumer rights are enforced in a simple, fast, efficient and cost-effective manner.

Rules concerning requests

The Board launches its procedure upon the consumer's request. The Board is an alternative forum for the resolution of disputes and therefore financial service providers do not have the right to initiate procedures.

As a precondition for launching a procedure before the Board, consumers must have attempted to resolve their dispute directly with their financial service providers. They shall confirm compliance with this condition when submitting their request, which will otherwise be rejected. Another condition is that no other procedure regarding the particular case shall be in progress. Consumers shall therefore declare in their requests that they have not brought an intermediary procedure or civil suit in the case.

The written requests shall be addressed to the Financial Arbitration Board and sent to the address Budapest 1013 Krisztina krt. 39. or submitted electronically via the Ügyfélkapu website (www.magyarorszag.hu).

The requests shall contain the consumer's name, permanent or temporary place of residence, the name and registered seat of the financial service provider involved in the consumer dispute, a brief description of the consumer's position, the facts supporting it and any evidence for the same, the consumer's declaration of having attempted to resolve the dispute, the rejected complaint, the consumer's declaration of not having brought an intermediary procedure or civil suit in the case, and a proposed decision. The consumers shall also attach the documents they cite as evidence, or copies or extracts thereof, thus especially any written statements by the financial service provider that they reject the complaint or, in the absence of such a document, any other written evidence available to the consumers regarding the attempt for resolution.

Requests shall be submitted in writing; the format is not prescribed but the mandatory items of content required by law shall be included. The document template available to download from the website of the Financial Arbitration Board provides assistance in preparing the request (Annex 1).

Rules concerning representation

It is not obligatory for the parties (the consumer and the financial service provider) to act in person: they may rely on proxies to represent them. Any natural person or legal entity or organisation without legal entity may act as proxy. However, if the consumer relies on a representative, it is important to submit with the request a proxy document in a private deed with full evidentiary force (Annex 2).

Rules concerning cooperation

Both parties shall be subject to the obligation to cooperate. This obligation implies that consumers shall submit complete requests that comply with the legal requirements, attach the documents and other evidence necessary and requested by

the Financial Arbitration Board and attend the hearings (in person or via their representatives). If a consumer breaches their obligation to cooperate, the Board shall reject the request, terminate the procedure or adopt its decision on the basis of the documents available at the time.

Pursuant to their obligation to cooperate, financial service providers shall prepare a response document compliant with the requirements provided for by law, supply documents and attend hearings. If they fail to do so, the Financial Arbitration Board shall have the right to publish the names and registered seats of the financial service providers and their activities involved in the procedure, stating that they have failed to make substantive declarations on the case in spite of the request for the same and failed to attend the hearings, thus making it impossible to reach an agreement. If a financial service provider breaches the laws governing the resolution of financial consumer disputes, the Magyar Nemzeti Bank shall have the right to take consumer protection measures against it.

The Board shall draw the attention of the parties to their obligation to cooperate and it shall do so in the notification to the financial service provider and, in the case of the consumer, as part of the information on rights and obligations given by the chair of the council in charge to the consumer.

Beyond cooperating with the Board, the parties may also cooperate with one another in the procedure. The best example of such mutual cooperation is when a service provider offers a settlement, which the requestor accepts and declares this acceptance in writing (Annex 3). This allows the demands specified in the request to be satisfied at once and the procedure can be completed quickly and easily.

Rules concerning submission

The primary task of the Financial Arbitration Board is to facilitate agreement between the parties. If the agreement complies with the law, the Financial Arbitration Board shall approve it in a ruling. If agreement is not reached, the procedure shall continue and its result may be twofold in terms of whether the financial service provider submits to the decision of the Financial Arbitration Board or not. If it submits to the decision, then the Board's council in charge shall have the right to adopt a binding ruling if it has found the request to be substantiated; in the absence of submission, it shall issue a recommendation.

Submission is defined as a written declaration by the financial service provider in which it declares that it shall submit to the procedure of the Financial Arbitration Board and to its ruling in the procedure if agreement is otherwise not reached. The declaration of submission may be case-specific or general, i.e. concerning all cases; it may also be limited or unlimited. Financial service providers shall have the right to limit the extent and scope of their commitments either as a specific value of the subject of the legal dispute or in any other manner. The Board shall keep records of the declarations of submission and shall publish the list of financial service providers that have declared general submission (Annex 4). The absence of submission shall not exempt financial service providers from the obligation to cooperate. Submission is not mandatory, but cooperation is.

Rules concerning costs

The procedure of the Financial Arbitration Board is free of charge; neither consumers nor the financial service provider shall be liable to pay procedural fees or duties. However, the parties may incur costs during the procedure. The costs of the procedure are defined as any and all proven costs incurred by the parties in connection with the procedure of the Financial Arbitration Board, with due reference to the requirement for expedient and bona fide procedure (e.g. the costs of gathering information in advance, meetings and correspondence, travel costs and/or loss of earnings connected to personal attendance by the parties, etc.). Binding rulings shall include instructions regarding the amounts of, and liability for, such costs. The costs of the procedure shall be borne by the party against whom the competent council of the Board decides in the case (Annex 5).

Rules on resorting to the courts

If a consumer is dissatisfied with the decision of the Financial Arbitration Board, they may petition the courts to seek a review of their request. Accordingly, the alternative dispute resolution process does not remove the possibility for resorting to the courts and the ruling or recommendation of the council acting in the case shall not impinge on the right of the consumer to

seek judicial redress for their claim at a later point in time. If the ruling or recommendation of the council in charge contains a decision that the consumer objects to, the consumer shall have the right to request the court to annul such decision. Financial service providers may request the court to annul a binding ruling or a recommendation.

Within 15 days of the binding ruling or recommendation being delivered to them, the parties shall have the right to submit a petition to the Metropolitan Court, if the composition of, or the procedures by, the council did not comply with the law, if the Financial Arbitration Board did not have the competence to act or if the request should have been rejected without a hearing. Regarding recommendations, the law offers financial service providers a special opportunity to request annulment if the content of the recommendation is not compliant with the law.

The court shall not have the right to change the decision of the Financial Arbitration Board; the ruling of the court shall be limited to annulling the binding ruling or the recommendation.

The lawsuit shall be brought against the Financial Arbitration Board at the Metropolitan Court. In such a lawsuit, the Board shall have legal capacity and the capacity to exercise rights. The court may suspend the execution of the ruling upon the request of either party.

There is no need to go to court over minor errors in the ruling or the recommendation, as both parties shall have the right to request the Board, within 15 days of delivery, to correct any confusion in, or mistyping of, names, any errors in numbers or calculations or similar mistakes. If the council in charge deems the request justified, it shall apply the corrections within eight days of receiving the request. If the council in charge itself detects an error, it may correct it within thirty days of the promulgation of the ruling or recommendation even in the absence of a request for the same.

Rules concerning enforcement of the Board's decisions

If a financial service provider fails to implement the council's binding ruling or an agreement approved by its ruling within the deadline stated for implementation, the consumer shall have the right to request the courts to append an enforcement clause to the council's ruling. Pursuant to the Act on Judicial Enforcement, the court competent in the consumer's place of residence shall append an enforcement clause to the Financial Arbitration Board's binding ruling or the agreement approved by a ruling. The court shall have the right to refuse ordering enforcement of the ruling only if the Financial Arbitration Board did not have the competence to act. The consumer shall be responsible for notifying the Board if the financial service provider fails to implement an agreement approved by a ruling or a binding ruling or if it fails to observe a recommendation.

While it is not mandatory for a financial service provider to implement the recommendation of the Board, the same may be enforced via a consumer protection sanction. Financial arbitration procedures are not public and binding rulings are not put in the public domain. However, the Board publishes the names of financial service providers not observing recommendations after a period of 60 days, giving the wider public insight into what decisions the Board has made regarding the particular cases involving different financial service providers. Public awareness can act as a force encouraging the implementation of recommendations.

Operating principles

The Financial Arbitration Board performs its role pursuant to legal provisions compliant with Commission Recommendation 98/257/EC. The Recommendation formulates seven principles that serve as guidance for the Board's operations.

1. The principle of the independence of the dispute resolution forum

In the course of its operations, the Financial Arbitration Board shall comply with the laws and ensure that it adopts its decisions impartially, free of influences and by judging only the evidence pertaining to the specific case. The impartiality of the Financial Arbitration Board shall apply not only to the relationship between financial service providers and consumers, but also to the relationships among financial service providers; the impartiality of the Board shall also mean neutrality in terms of competition and sectors.

2. The principle of the transparency of the system

In the course of its operations, the Board seeks to ensure that it keeps the consumers, the financial service providers and the wider public informed of its own operations and procedures. To this end, it operates a website, where it regularly publishes its order of procedures and other information pertaining to the Board and its operation.

3. Adversarial principle

The procedural regulation of the Financial Arbitration Board allows the parties to present their viewpoint before the Board and to hear and respond to the arguments of the other party.

4. The principle of the effectiveness of the procedure

The laws governing financial arbitration make it advantageous for the consumer to resort to this alternative forum for dispute resolution. Advantages for the consumer:

- a) no obligation to use a legal representative,
- b) free of charge,
- c) short deadlines in the procedure,
- d) the Financial Arbitration Board takes an active role to ensure the success of the procedure.

The Financial Arbitration Board shall use all the available means against parties jeopardising the success of the procedure and thereby the principle of effectiveness.

5. The principle of legality

Decisions taken by the Financial Arbitration Board shall not result in the consumer being deprived of other rights available to them. Accordingly, in the course of the procedure, the Financial Arbitration Board shall inform consumers of the fact that they may also resort to the courts to seek a decision in the financial dispute.

6. The principle of liberty

The decision of the Financial Arbitration Board shall be binding on the financial service provider only if it has received information on the same and accepted it (submission). If a consumer is not satisfied with a decision of the Financial Arbitration Board, they shall have recourse to the courts, where they may seek legal remedy within the limits provided for by law and they may also go to court directly to seek resolution of the financial dispute.

7. The principle of representation

In line with the principle of effectiveness, it is not obligatory for consumers to use a representative. If, however, a consumer wishes to use a representative, they shall not be prevented from doing so. It follows from the principle of representation therefore that the consumer may ask anyone (another natural person, a consumer protection organisation, a lawyer, etc.) to represent them in the financial arbitration procedure before the Financial Arbitration Board, provided that they comply with the formal requirements governing representation.

The relationship between the Financial Arbitration Board and the Network of Financial Advisory Offices

The Network of Financial Advisory Offices, a network of offices established jointly by the non-governmental organisations FOME (the Hungarian Consumer Protection Association), OFE (the National Association for Consumer Protection in Hungary) and INDRA (the National Association for the Protection of the Interests of Clients of Insurance Companies and Financial Institution), has been in operation since the spring of 2011; the objective of the Network is to make free, professional financial consumer protection advice available to consumers in cities across the country. Formerly comprising 8 offices, the Network

was expanded to 11 locations in the middle of April 2012. While the Network of Financial Advisory Offices is not part of the organisation of either the Magyar Nemzeti Bank or the Financial Arbitration Board, it enjoys in its operation considerable financial and professional help from the Magyar Nemzeti Bank, which considers this important and necessary for the purposes of its consumer protection role and for supporting the operation of the Financial Arbitration Board.

The Network of Financial Advisory Offices is an important player in the financial arbitration process: while the Financial Arbitration Board is impartial and will therefore not give advice to financial consumers who seek help from it, but file inadequately completed requests, the Office Network will in fact provide such advice. Accordingly, the advisory role is distinct from the financial arbitration process and helps financial consumers prepare their requests accurately and obtain the necessary documents, thus ultimately supporting the Financial Arbitration Board as well. If the Board encounters an incomplete request, it suggests to the financial consumer that they should visit the nearest advisory office and supplies them with contact and opening hours information.

The relationship of the Financial Arbitration Board and other arbitration bodies

The Financial Arbitration Board considers the different arbitration bodies operating under the various chambers as partners and cooperates with them primarily in the prompt and accurate forwarding, to the appropriate destination, of any requests submitted to the wrong place initially.

3 The Board's work in 2013

In the period 1 January to 31 December 2013, the Board again completed its procedures on average in 60 days, instead of by the 90-day deadline stipulated by law. In 2013, it processed 4,692 requests for the resolution of consumer disputes and worked on this many cases. The number of requests received is rising constantly; it is higher year after year and has been increasing steadily since 2011. The number of requests processed in 2013 includes 385 requests carried over from 2012 and the total number of 4,320 new cases received between 1 January and 31 December 2013, of which 13 have been classified as "management" and their details are therefore excluded from our analysis below. We closed 85% of the requests (i.e. 3,966 cases) and held 2,656 hearings in the process.

In 2013:

Total number of cases:	4,692	100.0%
In progress on 31 December:	696	14.8%
Number of closed cases:	3,996	85.2%

Of the closed cases:

Closed after hearing:	2,235
Closed without hearing:	1,761

The Board also processed 3,059 administrative cases, including:

- 2,304 cases of publishing rulings;
- 732 cases of providing information;
- 23 cases of correspondence on declarations of submission and other matters.

Requests received per week



Requests received per week

13

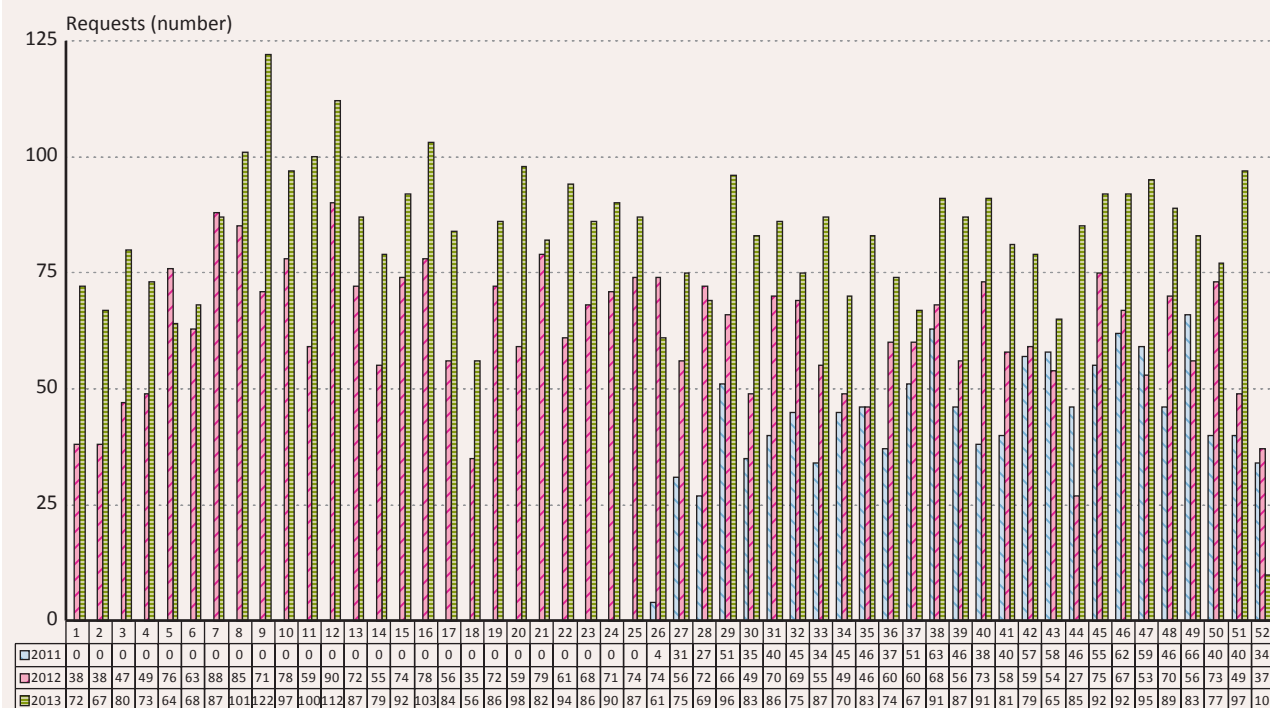


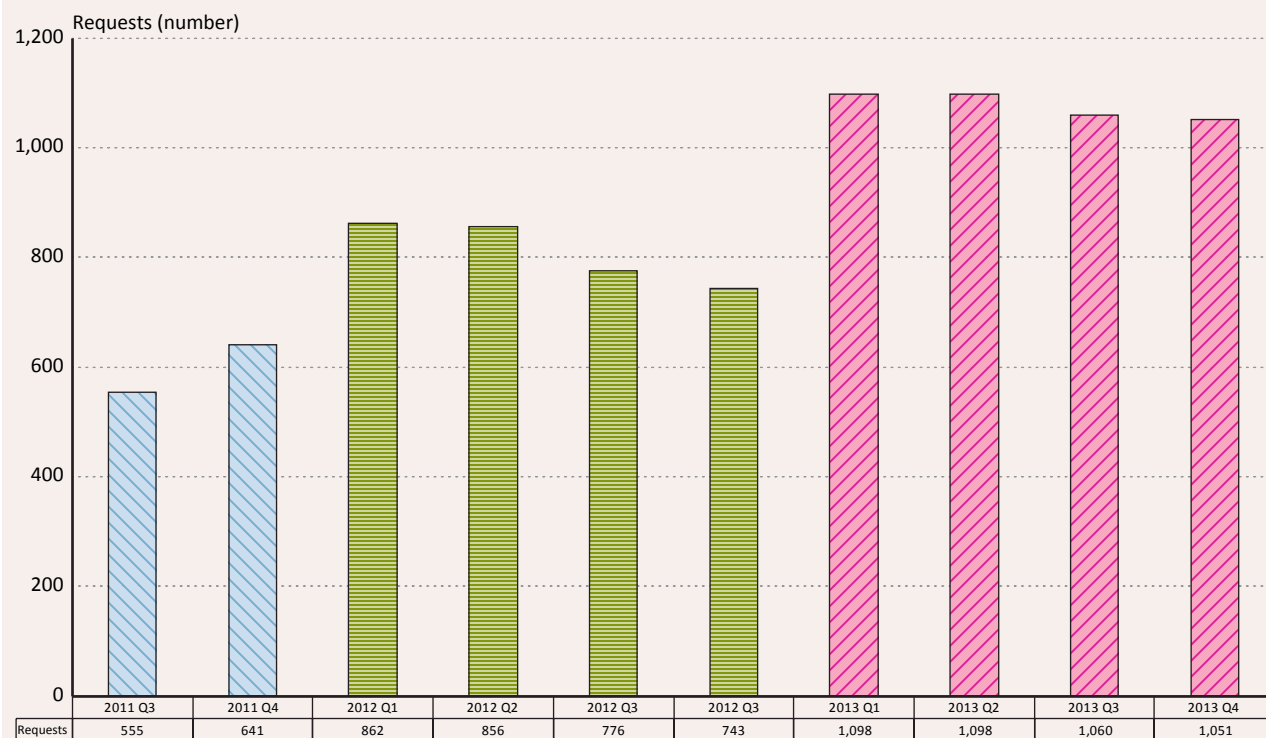
Chart 3**Requests received per month***(a comparison with figures from the same periods in 2011, 2012 and 2013)***Chart 4****Requests received per quarter**

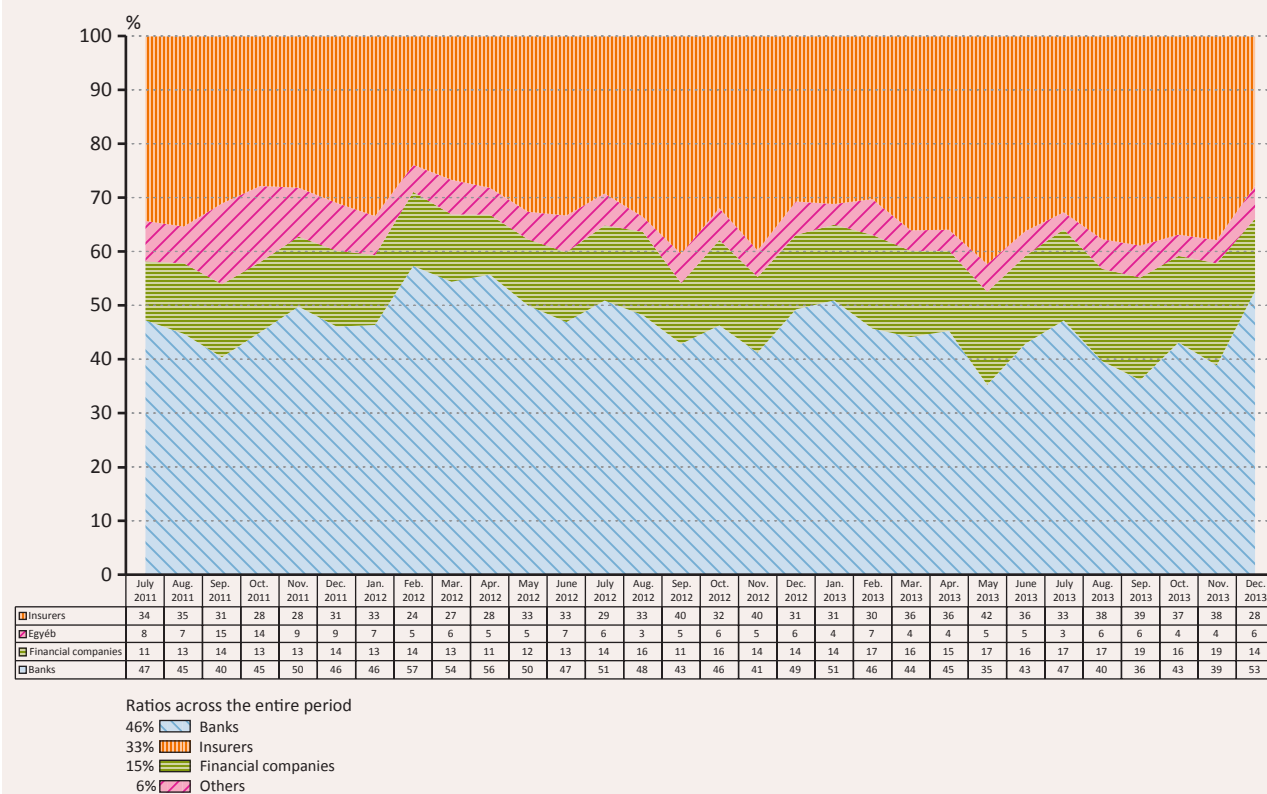
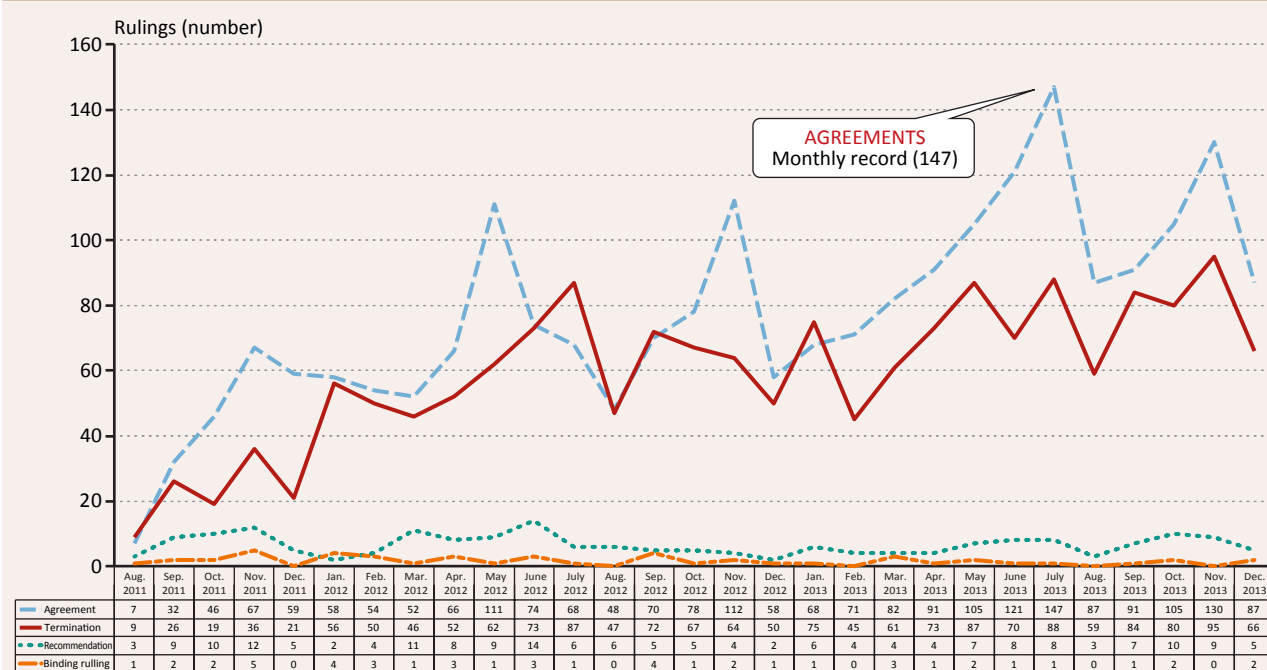
Chart 5**Ratios of different provider types in terms of the cases received in each month***(figures given as percentage ratios within the given month)***Chart 6****Cases decided with definitive rulings by month**

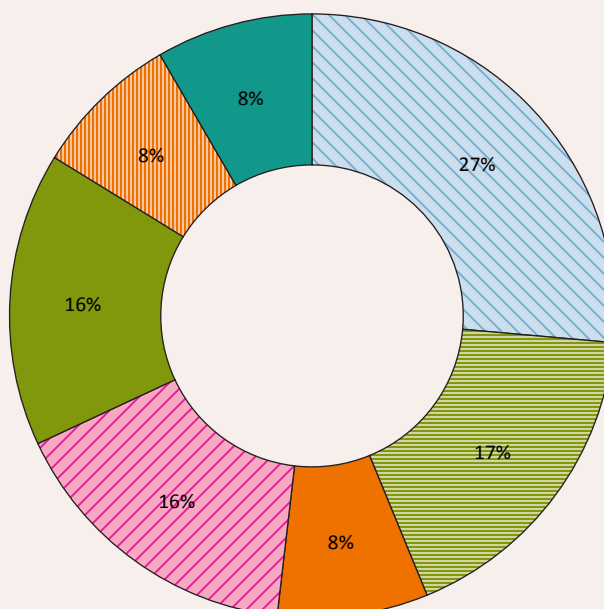
Chart 7**Number of hearings per month with figure for comparison from the same periods in 2011, 2012 and 2013***(including first and subsequent hearings)*

RECTIFICATION

A procedure shall not be launched if a request does not comply with the legal requirements. Rectification was needed in 58% of the requests, for the following reasons:

Requestor did not declare having made a direct attempt to resolve the legal dispute	725
Requestor did not attach the complaint submitted to the financial service provider and the rejection note	477
Absence of evidence to substantiate the request	221
Requestor did not state that no civil suit or intermediary procedure had been brought in the case	445
Requestor did not explain their position or present the supporting facts and evidence	432
Proposal for decision missing	215
Other missing items	230
Total:	2,745

Chart 8
Requests returned for rectification



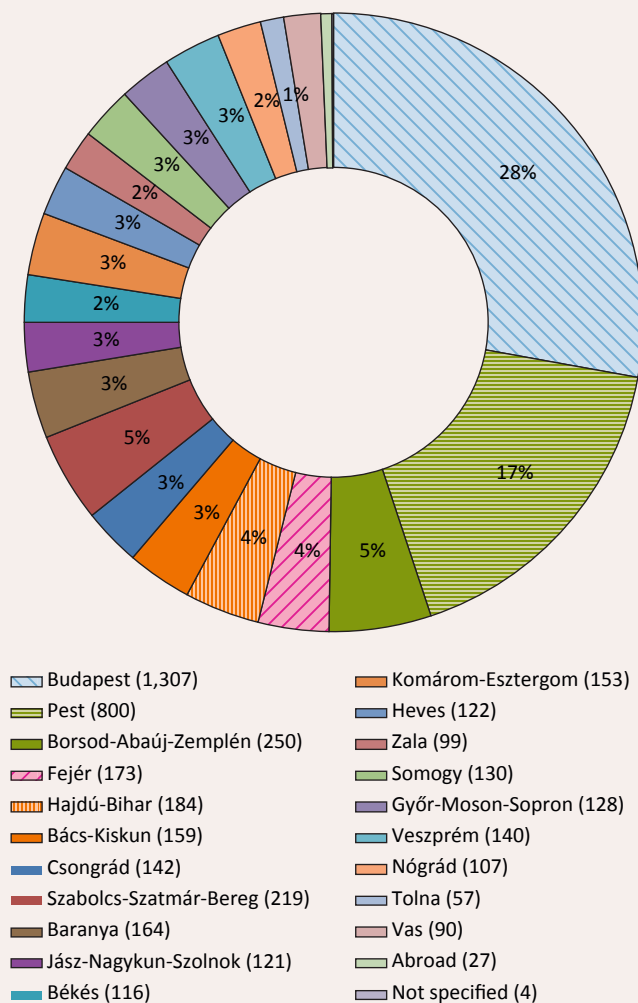
- ▬ Requestor did not declare having made a direct attempt to resolve the legal dispute (725)
- ▬ Requestor did not attach the complaint submitted to the financial service provider and the rejection note (477)
- ▬ Absence of evidence to substantiate the request (221)
- ▬ Requestor did not state that no civil suit or intermediary procedure had been brought in the case (445)
- ▬ Requestor did not explain their position or present the supporting facts and evidence (432)
- ▬ Proposal for decision missing (215)
- ▬ Other missing items (230)

The geographical distribution of the requests

County	Requests	Ratio	Domestic ratio
Budapest	1,307	27.86%	17.29%
Pest	800	17.05%	12.27%
Borsod-Abaúj-Zemplén	250	5.33%	6.91%
Szabolcs-Szatmár-Bereg	173	3.69%	5.59%
Hajdú-Bihar	184	3.92%	5.40%
Baranya	159	3.39%	3.93%
Fejér	142	3.03%	4.26%
Bács-Kiskun	219	4.67%	5.27%
Komárom-Esztergom	164	3.50%	3.12%
Csongrád	121	2.58%	4.22%
Veszprém	116	2.47%	3.58%
Somogy	153	3.26%	3.20%
Győr-Moson-Sopron	122	2.60%	4.47%
Heves	99	2.11%	3.11%
Jász-Nagykun-Szolnok	130	2.77%	3.90%
Békés	128	2.73%	3.66%
Nógrád	140	2.98%	2.04%
Zala	107	2.28%	2.88%
Vas	57	1.21%	2.59%
Tolna	90	1.92%	2.33%
Abroad	27	0.58%	–
No information	4	0.09%	–
Total	4,692	100.00%	100.00%

Chart 9

The geographical distribution of the requests



Requests received and their current status

Procedures were launched in 65% of the cases received. 35% of the requests involved matters in which the Financial Arbitration Board did not have competence or the request did not comply with the legal requirements.

Cases received and their current status of processing	4,692	100.00%
Rejected requests	1,655	35.27%
Accepted requests, of which:	3,037	64.73%
Cases closed with agreements	1,185	25.26%
Binding rulings	14	0.30%
Recommendations	75	1.60%
Cases closed with a ruling to terminate	883	18.82%
Withdrawn	66	1.41%
Parties agreed outside the procedure	80	1.71%
Request for information	38	0.81%
Ongoing procedures	696	14.83%

Chart 10

Total result of financial arbitration procedures

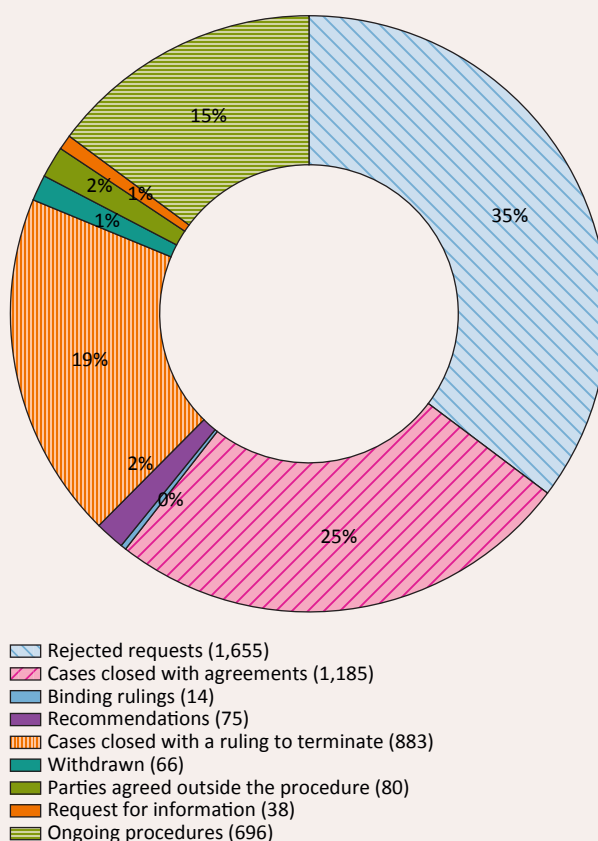
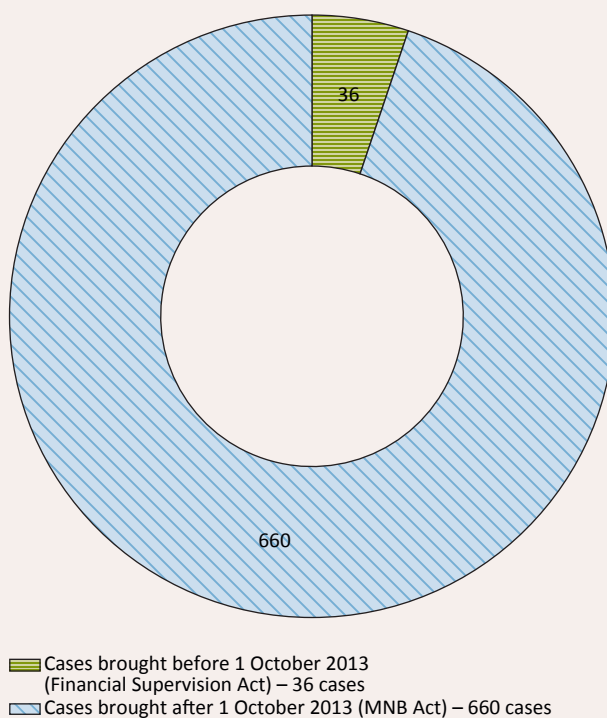


Chart 11
Cases in progress by date of receipt

(As on 31 December 2013)



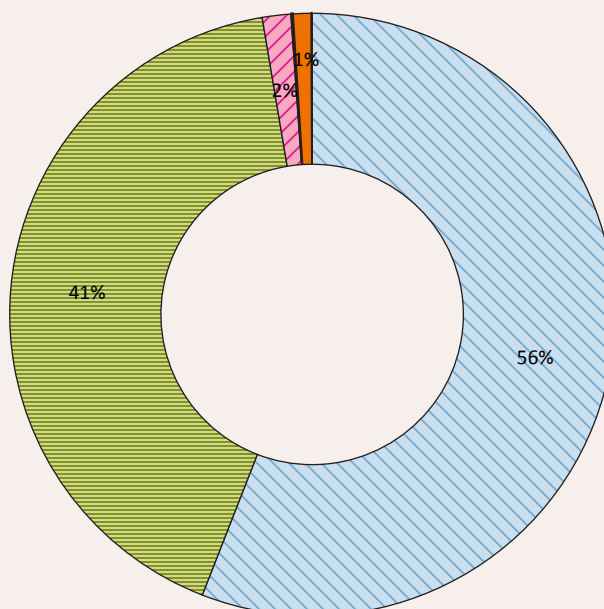
Hearings

The Board held hearings in 56% of the closed cases. Several meetings were necessary in a large number of the cases in order to clarify the facts and reach an agreement.

Cases closed after hearings	2,235
Requests rejected (not accepted for processing) without calling a hearing	1,655
Parties agreed outside the procedure prior to first hearing being called	61
Requests withdrawn prior to first hearing being called	3
Requests closed without a hearing, with a termination order	2
Request for information	38
Agreements reached without a hearing	2
Total	3,996

Chart 12

Total figures concerning closes cases



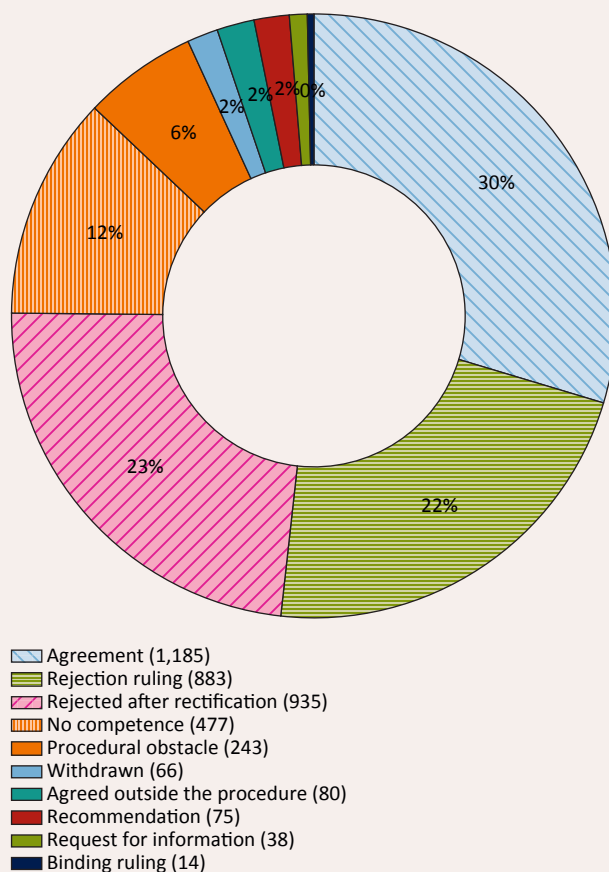
- ▬ Cases closed after hearings (2,235)
- ▬ Requests rejected (not accepted for processing) without calling a hearing (1,655)
- ▬ Parties agreed outside the procedure prior to first hearing being called (61)
- ▬ Requests withdrawn prior to first hearing being called (3)
- ▬ Requests closed without a hearing, with a termination order (2)
- ▬ Request for information (38)
- ▬ Agreements reached without a hearing (2)

Rulings

As far as the results of the procedures and the substance of the rulings are concerned, procedures were mostly closed by reaching an agreement, which is the most advantageous result for all concerned.

Agreement	1,185
Termination order	883
Rejected due to failure to rectify	935
No competence	477
Procedural obstacle	243
Withdrawn	66
Agreed outside the procedure	80
Recommendation	75
Request for information	38
Binding ruling	14
Total	3,996

Chart 13
Rulings



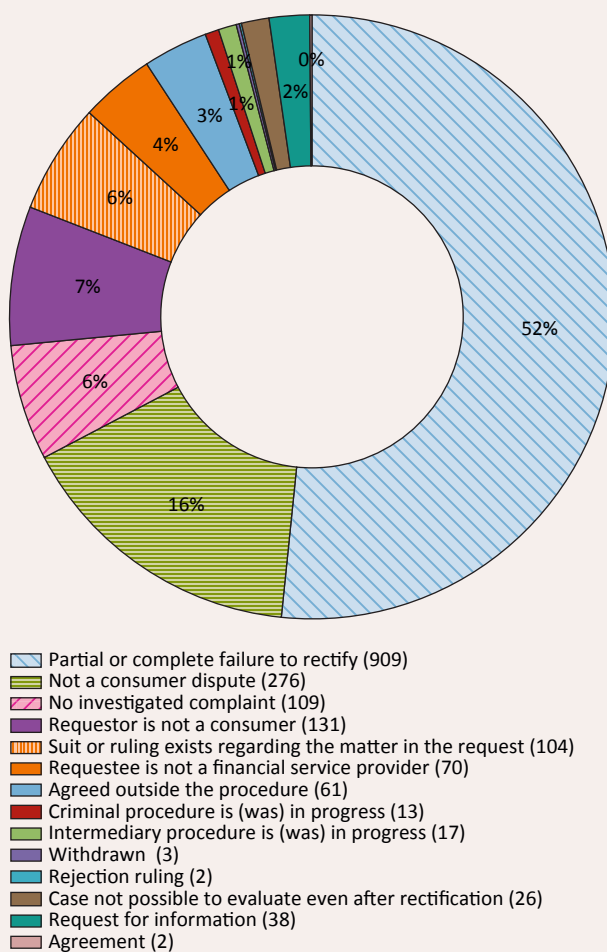
Cases closed without a hearing

The Board closed 1,761 cases without a hearing. Requestors failed to respond to the request for rectification in an extremely high number of cases, even though they had submitted an incomplete initial request.

Partial or complete failure to rectify	909
Not a consumer dispute	276
No investigated complaint	109
Requestor is not a consumer	131
Suit or ruling exists regarding the matter in the request	104
Requestee is not a financial service provider	70
Agreed outside a procedure	61
Criminal procedure is (was) in progress	13
Intermediary procedure is (was) in progress	17
Withdrawn	3
Rejection ruling	2
Case not possible to evaluate even after rectification	26
Request for information	38
Agreement	2
Total	1,761

Chart 14

Cases closed without a hearing



Cases closed at hearings

The financial service provider and the consumer reached an agreement in 53% of the cases involving hearings. In 39% of the cases the Board found that the request was unfounded or that the procedure was not feasible for some other reason. There were relatively few cases when a recommendation or binding ruling had to be issued, because the parties tended to reach an agreement whenever the partial or full justification of the requestor's demand became apparent during a hearing.

Agreement	1,183
Termination ruling	881
Withdrawn	63
Recommendation	75
Agreement reached outside of hearing	19
Binding ruling	14
Total	2,235

Chart 15

Cases closed at hearings

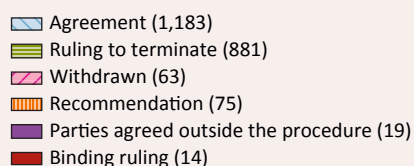
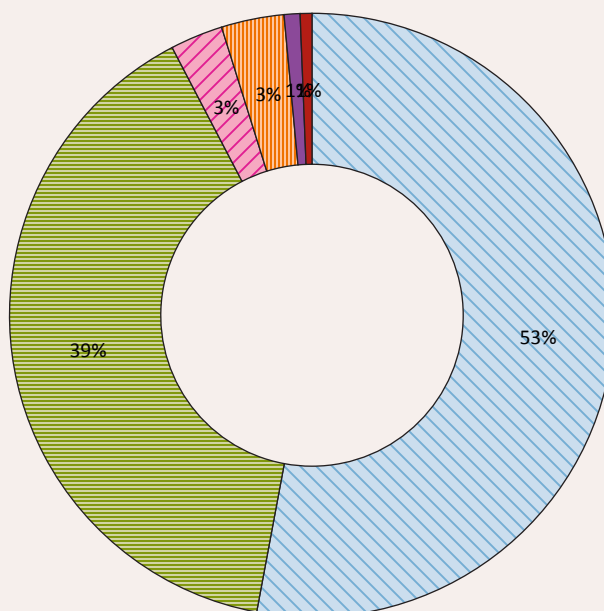
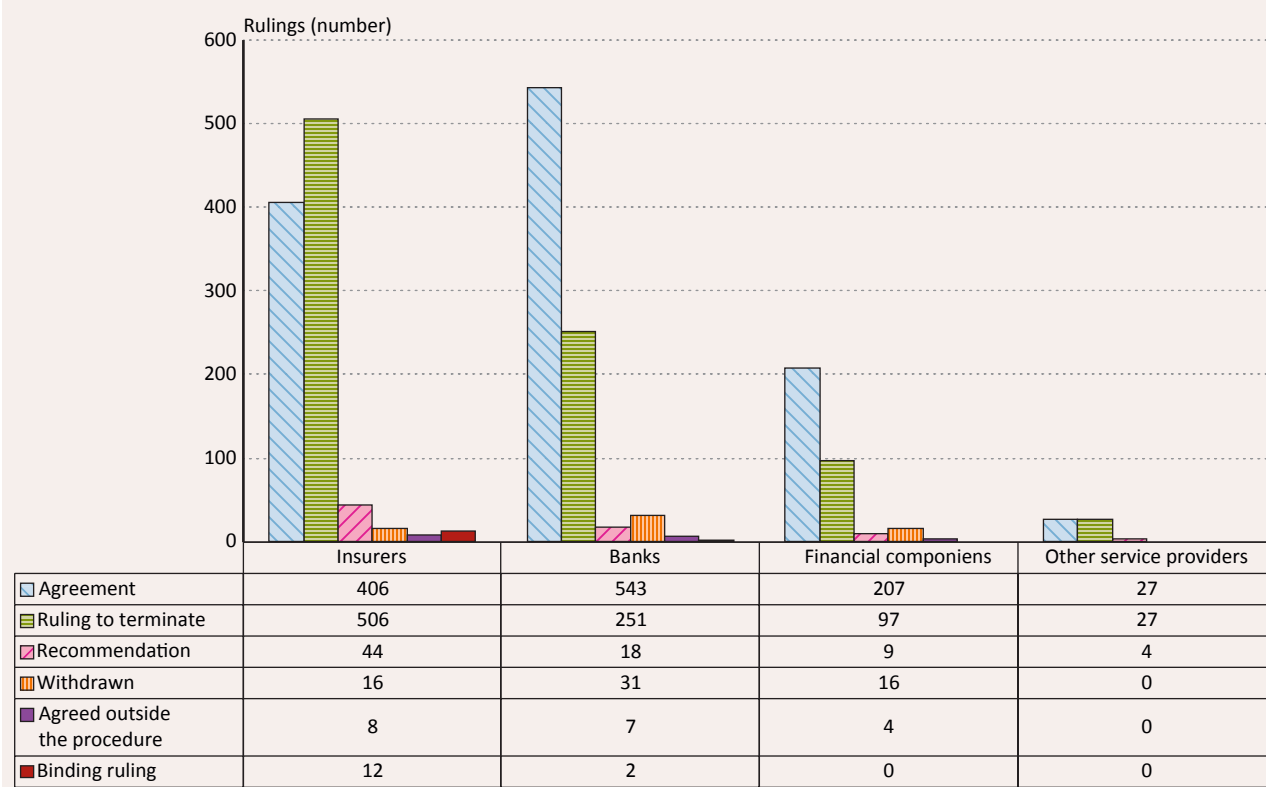


Chart 16

The distribution of the 2,235 cases closed after hearings in terms of key provider types

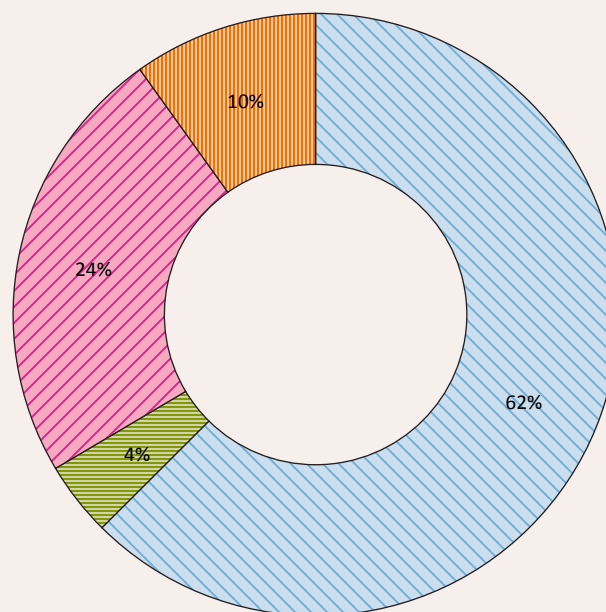


The substance of rulings adopted in the course of hearings

Jointly accepted results (settlements, agreements, withdrawals)	1,397
Decisions against the financial service provider (recommendations, binding rulings)	89
Unfounded requests	528
Impossible to carry out the procedure (typically if the facts are not clear or when a decision requiring experts would have been needed)	221
Total	2,235

Chart 17

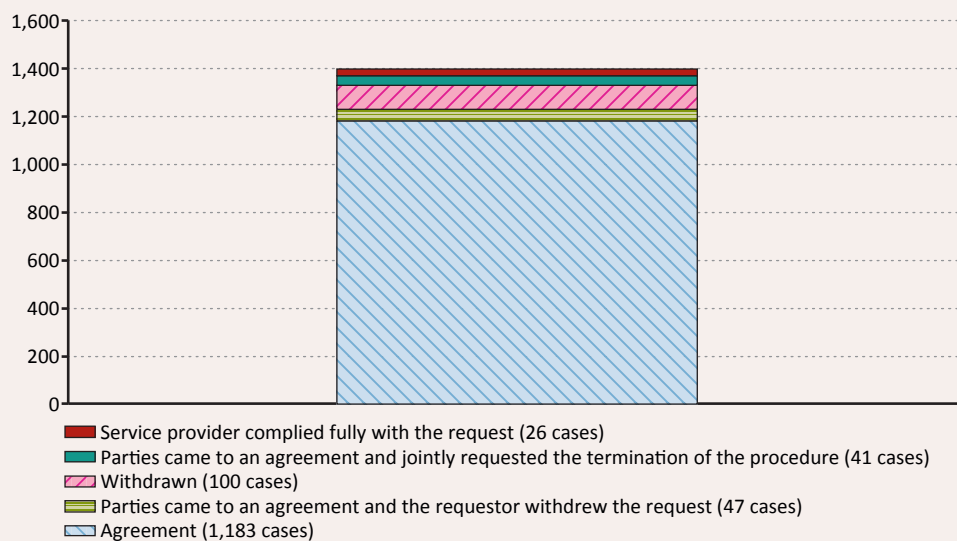
Results from hearings in terms of substance



■ Jointly accepted result (1,397)
■ Decisions against the financial service provider (89)
■ Unfounded requests (528)
■ Impossible to carry out the procedure (221)

Chart 18

Types of jointly accepted results



The litigation status of recommendations and rulings

Three procedures regarding recommendations adopted in 2012 were carried over into 2013; of these, 2 procedures have been closed (both were terminated) and 1 is in progress before the court of first instance. Thirteen procedures for legal remedy were brought against rulings or recommendations made in 2013. Of the 13 procedures, 2 have finished with a final ruling: in one case the plaintiff withdrew the suit and in the other the petition was rejected without summons.

Of the 11 procedures concerning decisions in 2013 and still ongoing, 7 cases are before the court of first instance. Of the 4 other cases in progress, 2 are at the court of second instance: the Board won the suit before the court of first instance in these two cases; there are 2 cases in which the appeal deadline against the ruling of first instance has not expired: of these, the Board won one and lost the other case.

The status of recommendations

Chart 19

Recommendations with expired deadlines

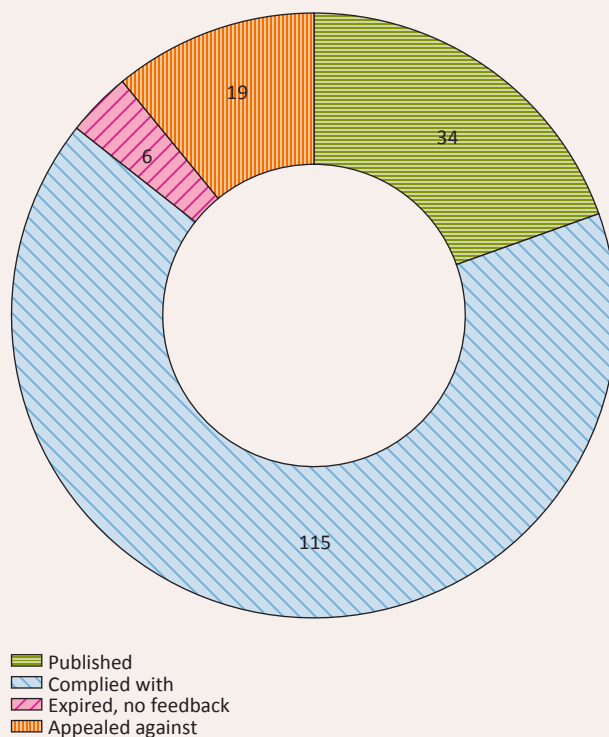
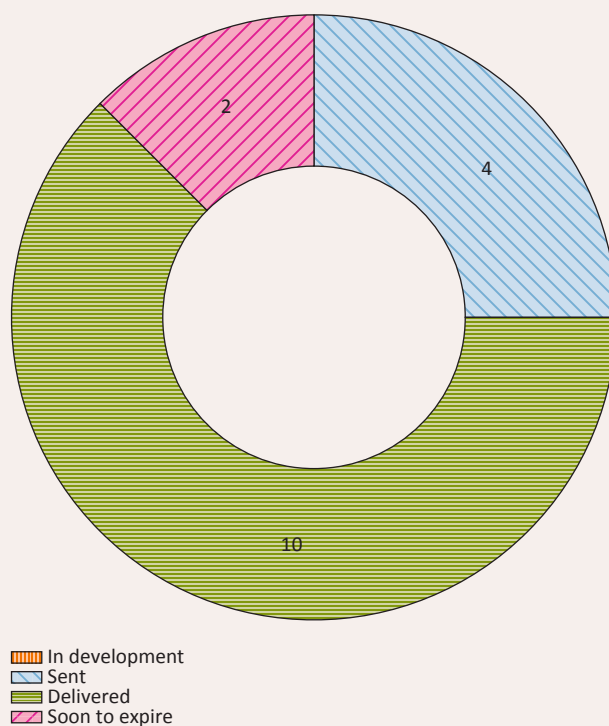


Chart 20

Recommendations not yet expired



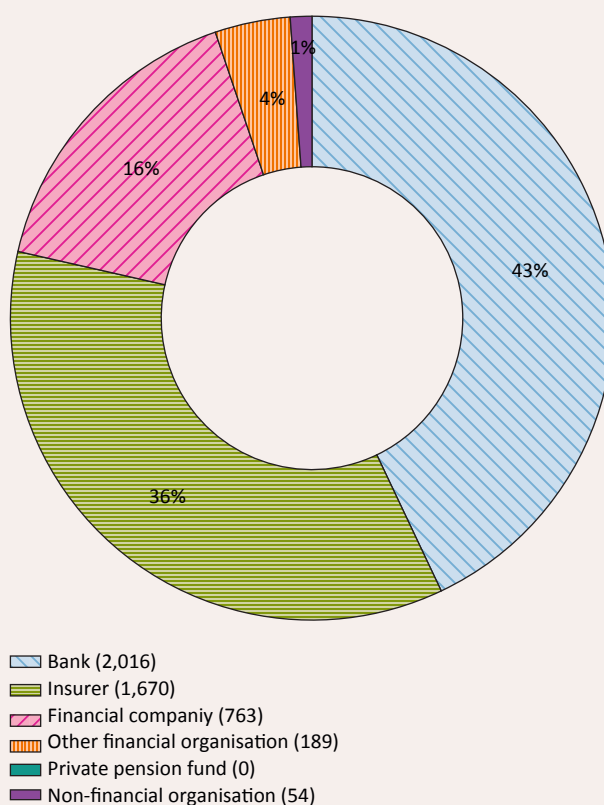
Distribution of requests by type of service provider

The largest number of requests concerned banks in 2013.

Type of financial service provider	Quantity
Bank	2,016
Insurer	1,670
Financial company	763
Other financial organisation	189
Private pension fund	0
Non-financial organisation	54
Total	4,692

Chart 21

Distribution of requests by type of service provider



Almost three quarters of the requests concerning banks and other money market service providers were related to lending (foreign currency loans).

Granting of credit and loans	2,274
Payment services	263
Other financial activities	194
Investment activities	77
Not specified	63
Financial leasing	55
Acquisition of deposits	53
Fund products	26
Total	3,005

Chart 22

Distribution of requests by financial services

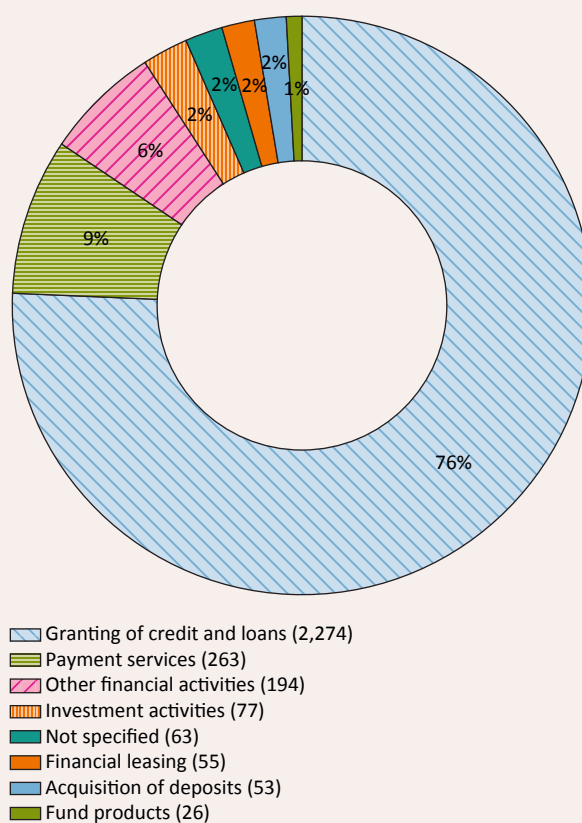


Chart 23

Requests received concerning insurance companies

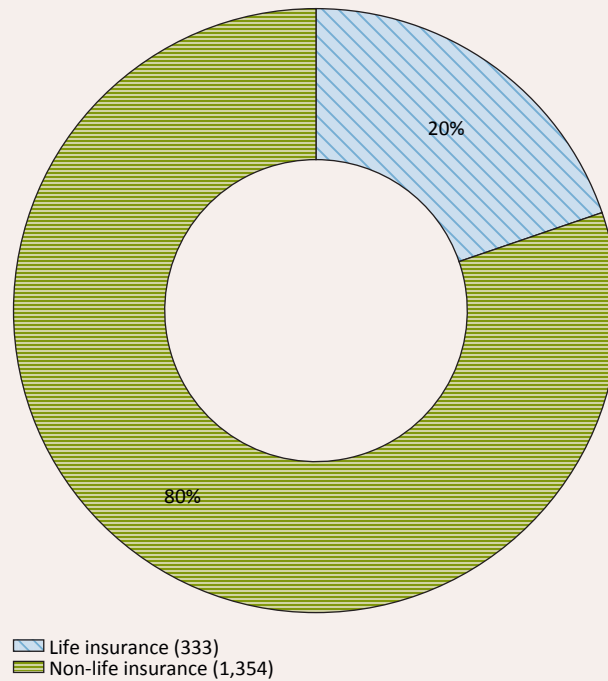


Chart 24

Life insurance

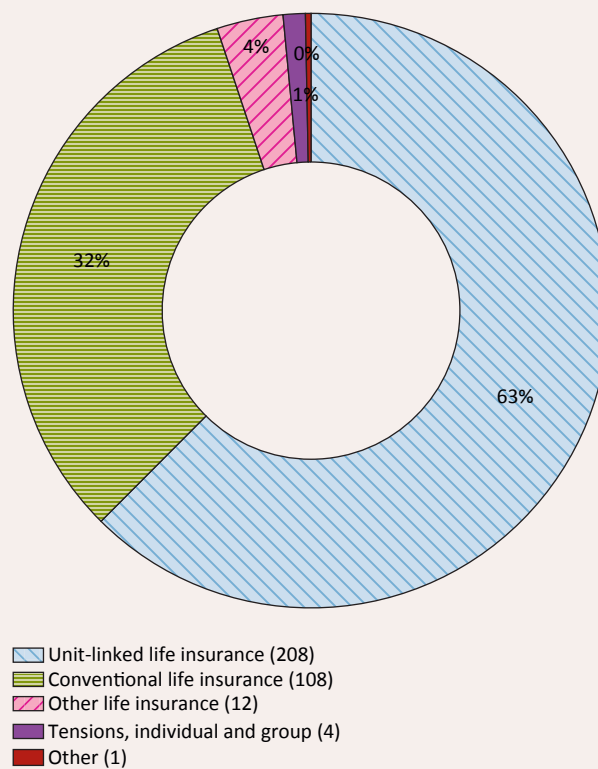
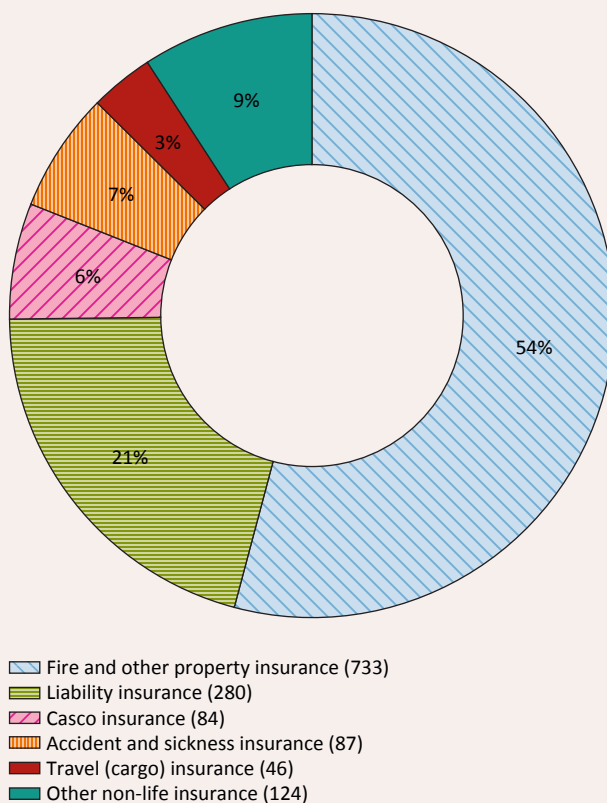


Chart 25
Non-life insurance



Breaches of the obligation to cooperate

Acting on information received from the Financial Arbitration Board, the Magyar Nemzeti Bank (prior to 1 October 2013 the Hungarian Financial Supervisory Authority) imposed fines on the following financial service providers for their breach of their obligation to cooperate:

	Amount (HUF)
PANNONINVEST LIBRA Pénzügyi Szolgáltató Zrt.	2,000,000
Netrisk.hu Első Online Biztosítási Alkusz Zártkörűen Működő Rt.	1,000,000
TAKARÉK Szövetkezeti Hitelintézet	500,000
ERSTE Vienna Insurance Group Biztosító Zrt.	500,000
Díjbeszedő Faktorház Nyrt.	500,000
Zalabest Kft.	500,000
Somogy Bróker Biztosítási Alkusz Kft.	500,000
ASTRA S.A. Biztosító Zrt. Magyarországi fióktelepe	500,000
Raiffeisen Bank Zrt.	300,000
Pláninvest Bróker Zrt. (appealed)	50,000

4 International activities of the board

The international activities of the Financial Arbitration Board in 2013 were determined predominantly by three major factors: it continued the work in which it has been globally recognised and successful since it was first established; the process of financial arbitration was integrated into the organisational structure of the Magyar Nemzeti Bank from 1 October 2013; and, within the framework of the same, the Board continued its efforts to prepare for uniform implementation of the consumer protection regulations of the European Union applicable to financial arbitration.

Activities of the Financial Arbitration Board in FIN-Net

At the regular semi-annual general meeting of FIN-Net, the network of alternative financial dispute resolution forums of the European Economic Area, held in Brussels in March 2013, the representatives of the partner forums hailed the results of the general meeting had been held in Budapest in October 2012. Accordingly, and in recognition of the outstanding work of Hungarian financial arbitration in a Europe-wide comparison, in May 2013 the European Commission appointed the chair of the Financial Arbitration Board as a member of the FIN-Net steering board for a period of two years. This organisation works with the representative of the English, German, French, Italian, Spanish, Portuguese, Finnish, Irish, Czech and Maltese partner forums to ensure the uninterrupted operation of the network, strengthen the bi- and multi-lateral cooperation of the member organisations and formulate the agendas of subsequent general meetings. The new steering board held its first meeting in Brussels in September 2013.

Active participation in the steering board's work offers an opportunity to optimise Hungarian financial arbitration practices and analyse the legislation of the German, Italian and Spanish forums integrated into the central banks in a manner best suited to our national interests. It also offers first-hand information on international solutions that may be relevant in Hungarian domestic legal disputes, such as, for example, the fast and efficient out-of-court settlement of financial consumer disputes originating from Irish or Spanish mortgage contracts. In cross-border cases, closer bi- and multi-lateral cooperation among partner forums is necessary in order to enforce consumer rights in, for instance, currency pair trading and other investment matters.

At FIN-Net's second regular semi-annual general meeting held in London in November 2013, the representative of the Financial Arbitration Board gave a special presentation at the request of the European Commission, emphasising the importance of Hungarian financial arbitration integrated into the organisational structure of the Magyar Nemzeti Bank and commending the institutional advantages arising from the position of the Hungarian solution within the legal system, conducive to the fast, efficient, simple and cost-effective enforcement of consumer rights. The present organisational arrangement of Hungarian financial arbitration is fully compliant with European requirements: financial arbitration operating alongside the supreme national regulatory authority strengthens national economic importance and facilitates the simple and fast evaluation of all financial consumer disputes, even if they involve complex financial products. The European Commission and the foreign partner forums have praised the relevant provisions of Act CXXXIX of 2013 on Magyar Nemzeti Bank as exemplary.

The relationship between FIN-Net and the three EU supervisory authorities intensified further during the year. Attending both regular semi-annual general meetings, the representatives of the EU authorities outlined their future plans for cooperation. Pursuant to Commission Recommendation 2010/304/EU, Member States should investigate the legal and practical implementation aspects of potential standardised statistical reporting.

It is a fundamental responsibility of all the European forums to ensure within their own national legal systems the uniform and timely implementation of the package of EU consumer protection laws promulgated in May 2013, Directive 2013/11/EU on alternative dispute resolution for consumer disputes and Regulation 524/2013/EU on the creation of the online European dispute resolution platform. Reworked several times over recent years and eventually adopted during the Irish Presidency, the

new rules enhance the legal framework of arbitration in Europe by relying on the experience of out-of-court dispute resolution, which has played a key role besides the judicial process, as well as the recently formulated supranational framework legislation.

These rules follow the principles stated in Recommendation 98/257/EC, which continues to apply to all European alternative dispute resolution forums and stipulate tighter requirements for financial arbitration as well. Accordingly, Europe will pay special attention to the independence and financing of the alternative dispute resolution forums in the future. The adopted rules demand the formal and financial independence of the alternative dispute resolution forums from professional interest representation organisations; these forums must judge legal disputes impartially and minimising their financing from the public purse is essential. At the same time, the EU makes it mandatory for the Member States to make available the necessary properly qualified human resources to deal with the increasing task load. A further important responsibility is to design an early warning system secured with strict legal safeguards to flag all serious, extreme breaches of consumer rights, in keeping with the requirements for efficiency and national financial stability, which points beyond the primary consumer protection function of financial arbitration.

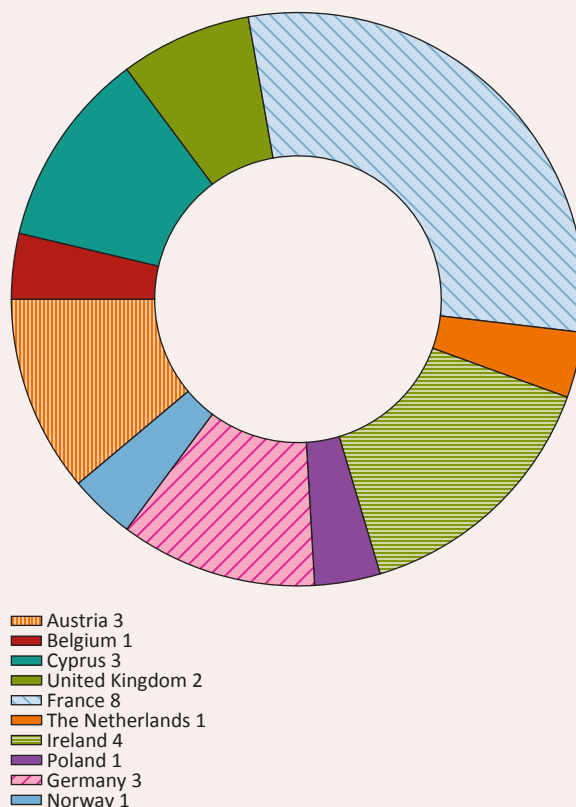
Analysing the prevailing Hungarian regulations and the Hungarian financial arbitration practice in the light of international findings, the feedback from our foreign partners and the parties participating in cross-border financial consumer disputes, we may safely say that the financial arbitration process operated within the organisation of the Magyar Nemzeti Bank already complies with most of the requirements stated in the relevant package of EU laws. Furthermore, the prevailing Hungarian regulations also take into account certain future EU framework legislation that consider national economic criteria when they state as an objective the uniform and efficient out-of-court settlement of legal disputes arising within the financial sector, specifically from mortgage contracts or investment and unit-linked life insurance policies.

Findings from cross-border financial consumer disputes

The Financial Arbitration Board handled 19 new cases in 2013 and 8 cases carried over from the previous year. The council in charge closed 21 of the total of 27 cases. The cross-border cases concerned 11 EEA Member States including Hungary; in 2013 Norway was the first non-EU member to be involved.

Chart 26

Foreign states involved in-cross border financial consumer disputes



Distribution of cross-border financial consumer disputes by line of business							
	Bank		Investment		Insurance		Total
	Foreign consumer	Foreign service provider	Foreign consumer	Foreign service provider	Foreign consumer	Foreign service provider	
Agreement	2	–	–	–	–	2	4
Information	–	–	–	4	–	7	11
Rejected	1	2	–	–	–	1	4
Terminated	1	1	–	–	–	–	2
In progress	2	–	–	2	–	2	6
Total	6	3	–	6	–	12	27

Although the number of requests received in 2013 was a third lower than in the year before, there has been a clear overall increase in the importance of the resolution process as parties mindful of the main objective of financial arbitration have exhibited greater willingness to cooperate and compromise. Domestic service providers agreed with foreign consumers in two of the cases, and foreign financial service providers and domestic consumers settled in the other two. 2013 is an important year also because this was the first time that the Financial Arbitration Board acted vis-à-vis a foreign financial service provider that had submitted to the procedure and ruling of the Board in advance.

In 9 cases, the council in charge notified the consumer of the alternative dispute resolution forum with scope of authority and competence in the specific foreign country, while in another 2 cases it sent the relevant response in order to help consumers exercise their rights efficiently abroad given the absence of a forum with scope of authority and competence at the registered seat of the financial service provider in question.

The council in charge cited a lack of competence in one case where the contract with the foreign financial service provider was not proven and in another due to a domestic judicial procedure in progress, and rejected two requests due to the failure to provide rectification. It terminated one case due to lack of grounds in the case; 6 cases are still under deliberation.

There was one case in which the Financial Arbitration Board heard that the foreign partner forum rejected the substance of the Hungarian consumer's request, which the consumer had previously failed to exercise before the Board due to the refusal of the foreign financial service provider to submit itself to its procedure.

Around four fifths of the cross-border cases managed in 2013 related to disputes between domestic consumers and foreign financial service providers and only the remaining 6 cases were brought by consumers living abroad against credit institutions registered in Hungary. Half of all disputes brought against foreign financial service providers concerned insurance, while one third of the rest of the requests related to the money markets and two thirds to the investment markets.

Cases carried over from 2012: submission, agreement, international warning

For the first time in the out-of-court settlement of cross-border financial consumer disputes, a financial service provider registered abroad submitted to the procedure and ruling of the Financial Arbitration Board in 2013. This legal dispute concerned the international transfer of a large sum of money, in which the consumer claimed that an unknown third person had withdrawn the money before it was received by the designated payee. Accordingly, the consumer requested in their petition that the financial service provider should pay a sum equal to the amount they claimed had been paid out unlawfully. An interesting feature of this case is that the foreign financial service provider had sent neither a declaration of submission nor any answer regarding the substance of the case when the Financial Arbitration Board contacted it in 2012. The Board notified this fact to its Irish partner forum, which had the scope of authority and competence in the procedure. Soon afterwards the foreign financial service provider's declaration of submission and substantive response regarding all the details of the case were received.

Effective as of the date of receiving the declaration of submission, the Financial Arbitration Board launched its written procedure for the resolution of the cross-border financial consumer dispute, in the course of which it asked the parties to respond to questions and submit documents as evidence. The parties cooperated in an exemplary fashion to resolve the legal dispute and submitted on time the declarations and documents requested by the council in charge. However, following its review of the submitted documents, the council in charge decided that it was impossible to adjudicate the dispute based merely on the viewing of copies of documentary evidence within an arbitration procedure. It declared that expert analysis was required of the original documents evidencing cash withdrawal and the documentation presented (potentially even video camera recordings of the foreign financial service provider's business premises). In view of all this, the Financial Arbitration Board terminated the procedure without passing substantive judgement on the consumer's request.

Soon after the Financial Arbitration Board had started its procedure, the foreign financial service provider tightened the cash withdrawal conditions in its general terms and conditions by extending the range of data to be specified by the payee in the relevant EEA Member State in the future.

In another case, the parties had concluded a collective account loan contract in 2012 pursuant to the provisions of Act LXXV of 2011 on the fixing of exchange rates used for repayments of foreign exchange-denominated mortgage loans and the administration of the forced sale of residential property, but later a dispute arose between them regarding the settlement of the arrears outstanding as of the date of concluding the contract. Having weighed all the circumstances of the case, the financial service provider made an offer, which the consumer accepted, and thus the council in charge stated the resolution in its ruling and closed the case.

The council in charge closed without a substantive ruling the case of a domestic consumer after it obtained confirmation of the receipt by the foreign financial service provider of the request. In this procedure, the consumer sought compensation for damage arising from an allegedly erroneous payment between a Cyprus-based and a Hungarian financial service provider. As the financial service provider registered in Cyprus failed to provide a substantive response in 2013 even though the return receipt proved it had received the request, the representative of the Financial Arbitration Board joined forces with the representative of the Maltese partner forum to emphasise the need for creating an alternative financial dispute resolution forum in Cyprus.

The other 5 cases carried over from the previous year concerned the same financial service provider registered in France that failed to provide a substantive response to five of the six cases that had been subject to consumer requests in 2012, although it did comply voluntarily in one case. Its practice of seriously hindering the exercise of consumer rights was notified by the Financial Arbitration Board to the mediator of the French Association of Insurers, thanks to whose intervention the financial service provider soon responded, submitting to the Board's procedures and rulings, but rejecting the request of the consumers. As the same financial service provider had failed to give substantive answers to another 2 requests from Hungarian consumers in 2013, the Financial Arbitration Board council responsible for cross-border cases again flagged this to the French partner forum.

Cross-border agreements in cases received in 2013

The council in charge arranged an agreement between the parties in a cross-border case in which a financial service provider registered in Hungary did not accept the power of attorney in a public deed given by a consumer living abroad to their parent for the purposes of modifying their contract. The council in charge established that the public deed had been drawn up with perfect format and content and that it not only empowered the father to conclude the loan contract, but also clearly and unambiguously authorised him to sign modifications at any time of the contract lifecycle. The council in charge based its argumentation, which ultimately convinced the financial service provider as well, on the fact that the consumer would have the grounds in a future legal dispute to cite to this flawless power of attorney to demand compensation on the grounds that the financial service provider had disputed the right of the proxy to act and thus it did not facilitate performance by the obligor in the generally expected manner and in line with the opportunities available under the law.

The council in charge also arranged a cross-border agreement in the case of two domestic consumers who had signed travel insurance contracts with a foreign financial service provider and wished to enforce their claim under the insurance policy due to the cancellation of their connecting flight because of a strike by personnel at their destination airport. A special feature of

this case was the fact that the policy stated the law of a third country as governing the judgement of the claim. Accordingly, the consumers' preliminary complaint was investigated not in the country where the foreign financial service provider is registered but in a third country, in a procedure in compliance with the governing law.

Since in its letter of response closing the complaint procedure the foreign financial service provider maintained its position that a cancellation of flights due to strike action was outside the scope of the risks undertaken by it, the two consumers turned to the Financial Arbitration Board for fast, efficient and cost-effective enforcement of their rights. Within a short timeframe of receiving the requests, the foreign financial service provider notified the council in charge that it had contacted the consumers directly and disbursed to them EUR 180 insurance compensation per person, with due reference to the fact that the flight cancellation resulting in the interruption of travel was attributable to a reason beyond the competence of the consumers and may thus be included in the risks covered.

Hungarian and foreign legislation concerning branch offices

Two cases now closed clearly show the different possibilities offered by Hungarian laws regarding branch offices: in both of these cases, the contracts were signed by domestic consumers and Hungarian branch offices of foreign companies. One of the branch offices acted on behalf and solely as the representative of its parent company in an investment transaction pursuant to Section 24 of Act CXXXII of 1997 on the Hungarian branch offices and commercial representative offices of foreign-registered companies. In the other case, the branch office was a contractual legal successor to the credit institution originally named in the loan agreement and, in line with Hungarian regulation, it unilaterally amended the general terms and conditions forming an inseparable part of the loan agreement and issued new announcements throughout the full lifecycle of the contractual relationship, presenting its claims on the consumer by its own right its claim as the consumer.

In the first case, which concerned investments, the domestic consumer submitted a claim for over USD 16,000 against the foreign financial service provider. The council in charge analysed the request and found that the conditions of cross-border financial consumer dispute applied to it and ordered the foreign-registered financial service provider to make a declaration of submission. The foreign financial service provider did not make a declaration of submission, nor did it discuss the substance of the matter in its response, but it informed the Financial Arbitration Board that its Hungarian branch office was authorised to make all declarations. Subsequently, the council in charge notified the Hungarian branch office that it had called a hearing. The branch office did not consent to the hearing being held, but agreed to submit a declaration on the substance of the case before the date set for the hearing.

The financial service provider had not made a declaration on the substance until the date set for the hearing and thus the council in charge was unable to share such a declaration with the consumer, which would have helped them in exercising their rights in a fast, efficient and cost-effective manner. Both parties responded to their formal invitation and attended on the day of the hearing, but the representative of the financial service provider maintained that it did not consent to holding the hearing. (Cross-border financial consumer disputes are by default in writing and if the chair of the council in charge calls a hearing, the consent of both parties is a prerequisite.) In the absence of submission and consent by the financial service provider, the hearing could not be held in compliance with the rules, therefore the council in charge forwarded the consumer's request to the foreign alternative dispute resolution forum with scope of authority and competence.

It should be noted that since the investment blanket agreement had stated that the law of the parent company's country governed the contract, the Financial Arbitration Board should have had to judge the consumer's request ultimately with reference to foreign law if the foreign financial service provider had submitted to its procedure. Similarly, if the consumer goes to court, the competence (scope of authority) of the court should be judged against foreign law, as is stated in the contract.

In the other case, the council in charge concluded after a review of the applicable laws, the companies register and the relevant regulatory decisions that the transfer of portfolio had been carried out in line with national and EU legislation and the loan agreement had not been in the portfolio of the foreign parent company for a single day. Therefore effective as from the day of the legal predecessor credit institution, being wound up the Hungarian branch office of the foreign parent company, being an organisational unit registered in the Hungarian companies register as an independent business responsible for its own financials, was entitled to hold loan agreements and that said branch office must act in line with Section 32/G of the act on credit institutions and financial enterprises when writing its general terms and conditions and informing its consumers.

The council in charge applied the EU rules on branch offices in a cross-border case where a domestic consumer and a foreign-registered financial service provider concluded an insurance contract that did not specify clearly whether the parent company was providing operations in Hungary in the form of cross-border services or via its Hungarian branch office (it is also possible to run these two operations in parallel, but the consumers must always be properly informed). At the hearing convened, the branch office declared that the services were provided not by itself but by the Austrian branch office of the parent company as a cross-border activity, therefore the council in charge forwarded the consumer's request to the Austrian branch office.

Other cases closed

At the same time as forwarding the substantive response of the Linz-based financial service provider, the council in charge informed the Hungarian consumer of the possibility of resorting to the alternative dispute resolution forum set up by the Austrian banking association in this case where the consumer disputed the statements of their pension savings account and the Financial Arbitration Board was unable to act in the legal dispute as the foreign financial service provider did not submit to its procedure.

In one case where a Cyprus-based investment service provider refused to submit to its procedure, the council in charge closed the dispute without ruling on the substance for the reason mentioned above, namely the lack of a forum for arbitrating cross-border financial consumer disputes in Cyprus.

A consumer living abroad requested compensation for their costs (earnings lost) incurred when arranging the closing of an account with a domestic financial service provider, but was unable to prove the legal grounds and amounts of the compensation before the council in charge, which therefore terminated the procedure citing the lack of grounds in the request.

A frequent misunderstanding involves payees wishing to enforce their claim on the bank originating the payment, instead of the financial institution managing their own (payee) accounts. Consumers may bring claims to the Financial Arbitration Board – and typically to any foreign arbitration body – only vis-à-vis financial service providers they have a contract with. Accordingly, the council in charge called for rectification in a case where the consumer considered too low the sums received on their account with a financial service provider in Norway, but wished to enforce the claim on the domestic financial service provider sending the payment (with which the consumer did not have a contract). As the order for rectification was not complied with, the council in charge rejected the request for settling the cross-border financial consumer dispute.

Cases in progress

The Financial Arbitration Board wrote a letter to inform the leading ombudsman of the United Kingdom that a London-based electronic money issuer institution had failed to respond to a consumer request addressed to it. The British partner forum immediately took action to obtain a substantive response. After expiry of the deadline for answers without a response, the council in charge notified the consumer of the availability of recourse to the foreign forum, to help them enforce their right as soon as possible, also informing them of the key rules of procedure; however, it has not closed the case as the investigation is currently ongoing.

A Hungarian married couple has requested a cross-border procedure against a financial service provider registered in Germany on account of a unit-linked life insurance contract. In another case, a consumer living in Germany is disputing the announcement of a Hungarian financial service provider regarding the interest rate discount applicable to them.

A married couple living in Ireland is disputing the service provider's demand for retrospectively returning part of the State's interest subsidy related to their advance loan from a Hungarian financial service provider. The requestors claim that they had notified the birth of their child to the Hungarian Treasury in time and in compliance with the provisions of Government Decree 12/2001. (I. 31.) on state subsidies for housing, having applied for family support allowance on account of the child. However, since the Treasury transferred the case without substantive action pursuant to Regulation 883/2004/EC of the Parliament and the Council and Regulation 987/2009/EC of the Parliament and the Council on its implementation to the authority competent in the foreign place of residence of the consumers, the financial service provider was not notified in time of the birth of the child and thus ordered the requestors to repay the state-subsidised interest of the advance loan for the period up to the late notification. The council in charge is currently investigating the case.

The council in charge issued a rectification request concerning the initiation of a cross-border financial consumer dispute in a case wherein the consumer had signed a loan agreement with the Hungarian branch office of a parent company based in France and, at the same time, applied for group payment protection insurance cover, as a result of which they entered into legal relationships with two foreign insurers at the same time (one for life insurance and the other for payment protection in the event of unemployment).

Findings concerning international cases

The contracts signed with foreign service providers often make it difficult to enforce consumer claims domestically. This is why it is especially important to act with circumspection before any legal dispute arises, in taking out bank loans and in concluding insurance or investment contracts.

The independent integrated financial arbitration function operating within the institutional framework of the Magyar Nemzeti Bank as the central regulatory authority serves as an example for Europe: international professional organisations as well as foreign colleagues have praised the Hungarian solution ever since it was introduced.

Our excellent cooperation with foreign partner forums helps us enforce the rights of Hungarian consumers abroad. Publication of the rulings of the Financial Arbitration Board and its semi-annual and annual reports, as well as its reporting to the European Union and the International Network of Financial Services Ombudsman Schemes present its activities to the widest possible range of market players and professionals interested in the subject.

In international cases as well, the Financial Arbitration Board seeks to provide the widest possible range of information to the consumers and the domestic and foreign financial services concerned. To this end, it regularly receives and organises Hungarian and foreign-language professional documents from domestic and foreign sources concerning its activities and it maintains an up-to-date page dedicated to cross-border cases on the Financial Arbitration Board website (http://www.pszaf.hu/pbt/bal_menu/FIN_NET_nyito.html).

The compliance of the Financial Arbitration Board with the legal principles of the European Union and with the highest global standards and laws supported with constitutional safeguards in its international activities and its observation of the principle of transparency underpins its efforts to ensure the efficient enforcement of general consumer rights and the impartial, independent and professional arbitration of disputes in Hungary.

5 Annexes

ANNEX 1

To the Financial Arbitration Board

I, the undersigned (consumer's name)

..... (consumer's address)

(phone number:)

request

the Financial Arbitration Board to carry out a procedure to resolve the financial dispute between myself and

(name and registered seat of financial service provider).

By submitting this request I also declare, in the understanding that my request will be rejected otherwise, that I have attempted to resolve my complaint directly with the financial service provider in question and this complaint process terminated without success, and furthermore, that I have not brought an intermediary procedure or civil suit in this case.

Contract conclusion/performance location:

Description of the dispute:

I have attached to this request the documents I cite as evidence:

.....

I propose the following decision for the Financial Arbitration Board:

.....

Date:, 201.....

.....

Signature

Number of attachments:

1. I have attached to this request the documents I cite as evidence (or copies thereof)

- the financial service provider’s written statement rejecting my complaint,
- other written evidence of having attempted reconciliation.

2. I act in this case via my representative and am therefore attaching to this request the power of attorney for my representative.

ANNEX 2

POWER OF ATTORNEY

I, the undersigned

..... (consumer's name)

..... (consumer's address)

as principal hereby authorise

..... (proxy's name)

..... (proxy's address)

as proxy to act in my name and on my behalf to represent me with full authorisation before the Financial Arbitration Board in the resolution of the financial dispute between myself and

..... (financial organisation's name)

..... (financial organisation's registered seat).

This power of attorney is valid until revoked and concerns solely the above financial dispute.

Date:, 201.....

.....

Principal

.....

Proxy

Witnesses:

Name:

Name:

Address:

Address:

Mother's maiden name:

Mother's maiden name:

Signature:

Signature:

ANNEX 3

DECLARATION TO ACCEPT PROPOSAL FOR AGREEMENT

I, the undersigned

..... (requestor's name)

..... (requestor's address)

(hereinafter: *Requestor*) hereby declare that I accept the proposal for agreement by

..... (financial service provider's name)

(hereinafter: *Financial Service Provider*) in full and without any changes in the procedure brought against it before the Financial Arbitration Board and currently ongoing under case number pursuant to the Financial Service Provider's proposal for agreement dated

I declare that if the Financial Service Provider fully delivers on its commitment made in its agreement, I shall not enforce any further claims on the Financial Service Provider in connection with the case in the Request and shall consider satisfied all my claims in the Request concerning the Financial Service Provider.

I declare furthermore that I consent to the procedure being carried out in writing, without summons for hearings.

Date:, 201.....

.....

Requestor

Witnesses:

Name:

Name:

Address:

Address:

Mother's maiden name:

Mother's maiden name:

Signature:

Signature:

ANNEX 4

List of financial service providers which have made general declarations of submission (as of 31 December 2013)

1. „BÁCSKA” Takarékszövetkezet
2. 3B Tanácsadó és Biztosítási Alkusz Kft.
3. Allianz Hungária Zrt.
4. Apátfalvi Takarékszövetkezet
5. Astra S. A. Biztosító Magyarországi Fióktelepe
6. Bak és Vidéke Takarékszövetkezet
7. Bátaszék és Vidéke Takarékszövetkezet
8. Biztosítás.hu Biztosítási Alkusz Kft.
9. BOROTAI Takarékszövetkezet
10. BORSOD TAKARÉK Takarékszövetkezet
11. Concorde Értékpapír Zártkörűen Működő Részvénytársaság
12. Dimenzió Biztosító és Önszegélyező Egyesület
13. DRB Dél-dunántúli Regionális Bank Zrt.
14. Dunapataj és Vidéke Takarékszövetkezet
15. Eger és Környéke Takarékszövetkezet
16. Endrőd és Vidéke Takarékszövetkezet
17. ERGO Életbiztosító Zrt.
18. ERGO Versicherung Aktiengesellschaft Magyarországi Fióktelepe
19. Erste Alapkezelő Zrt.
20. Erste Bank Hungary Zrt. (ideértve a 2012. 12. 31-én beolvadt leányvállalatokat is)
21. Erste Befektetési Zrt.
22. Erste Lakáslízing Zrt.
23. Erste Lakástakarék Zrt.
24. ERSTE Vienna Insurance Group Biztosító Zrt.
25. Fegyvernek és Vidéke Körzeti Takarékszövetkezet
26. FHB Ingatlanlízing Zrt.
27. FHB Jelzálogbank Nyrt.
28. FHB Kereskedelmi Bank Zrt.
29. FÓKUSZ Takarékszövetkezet
30. Forrás Takarékszövetkezet
31. Gádos és Vidéke Takarékszövetkezet
32. Gyulai Takarékszövetkezet
33. Hartai Takarékszövetkezet
34. Hévíz és Vidéke Takarékszövetkezet
35. ING Biztosító Zrt.
36. ING Önkéntes és Magánnyugdíjpénztár
37. Insight Holding Vagyonkezelő Zrt.
38. Jászárokszállás és Vidéke Körzeti Takarékszövetkezet
39. Kaposmenti Takarékszövetkezet
40. KDB Bank Magyarország Zrt.
41. Kevermes és Vidéke Takarékszövetkezet
42. Kinizsi Bank Zrt.
43. Kisdunamenti Takarékszövetkezet
44. Kiskunfélegyházi Takarékszövetkezet

45. Kis-Rába menti Takarékszövetkezet
46. Kunszentmárton és Vidéke Takarékszövetkezet
47. Lébény-Kunsziget Takarékszövetkezet
48. MagNet Magyar Községi Bank Zrt.
49. Magyar Posta Befektetési Zrt
50. Magyar Posta Biztosító Zrt.
51. Magyar Posta Életbiztosító Zrt.
52. Magyar Posta Zrt.
53. MKB Bank Zrt.
54. Mohácsi Takarékszövetkezet Bank Zrt.
55. Pannon Takarékszövetkezet Bank Zrt.
56. PILLÉR Takarékszövetkezet
57. Polgári Takarékszövetkezet
58. Provident Pénzügyi Zrt.
59. QBE Insurance (Europe) Limited Magyarországi Fióktelepe
60. Sajóvölgye Takarékszövetkezet
61. Solt és Vidéke Takarékszövetkezet
62. Szabolcs Takarékszövetkezet
63. Szatymaz és Vidéke Takarékszövetkezet
64. Széchenyi Kereskedelmi Bank Zrt.
65. Szentgál és Vidéke Takarékszövetkezet
66. Unicredit Bank Hungary Zrt.
67. Unicredit Jelzálogbank Zrt.
68. UNION Vienna Insurance Group Biztosító Zrt.
69. Veresegyház és Vidéke Takarékszövetkezet
70. Völgység-Hegyhát Takarékszövetkezet
71. Zalavölgye Takarékszövetkezet
72. Zemplén Takarékszövetkezet
73. Zirci Takarékszövetkezet

ANNEX 5

INFORMATION

on the expenses eligible in procedures before the Financial Arbitration Board

1 General rules of expense allocation

1.1 The Board's council in charge of a particular case (Council) shall rule on the amounts of the costs of the procedure and their allocation if a binding ruling has been adopted.

1.2 The costs of the procedure are defined as any and all proven expenses incurred by the parties in connection with the use of the parties of the Council's procedure, with due reference to the requirement for expedient and bona fide process (including especially the costs of gathering information in advance, meetings and correspondence, travel expenses and/or loss of earnings connected to personal attendance by the parties, etc.).

1.3 The Council shall rule on the costs of the procedure at the request of the parties and shall state its decision in its ruling closing the procedure as defined in Section 1.1. Prior to closing a hearing held in the course of the procedure, the Council shall have the parties declare the costs they have incurred in the procedure and call on the parties to prove the costs stated as per the provisions in Section 3.

1.4 The Council shall calculate the sum of the costs of the procedure with due reference to the figures presented and proven by the party. It shall not state the costs of the procedure as a sum higher than the figure stated by the relevant party.

1.5 If the Council admits the consumer's request only in part, then the Council shall determine the allocation of the costs of the procedure in line with the proportions to which each party prevailed in the case. If the difference between the proportions is not substantive, then the Council shall order both parties to bear their own costs.

1.6 If justified, the Council may reduce the costs of the procedure, therein the fees for professional services and out-of-pocket expenses determined as per Sections 2.2 to 2.4, in cases when these costs are not proportionate to the value of the subject in dispute or the legal services actually provided. The Council shall explain such decisions.

2 Legal costs eligible in the procedure

2.1 If a consumer for whose benefit the Council has judged the case (hereinafter: prevailing party) is represented by a lawyer in a procedure before the Council, then this prevailing party may request the Council to order in its ruling that the other party pay the total of the lawyer's fees for professional services incurred for the lawyer acting in the procedure (hereinafter: fees for professional services) plus the justifiable out-of-pocket expenses paid by the prevailing party to their legal representative as expenses.

2.2 The Board shall admit as fees for professional services a sum of HUF 5,000 (that is five thousand forints) for every started hour of hearings and proven work outside hearings, subject to a floor of HUF 10,000 (that is ten thousand forints) and a cap of HUF 25,000 (that is twenty-five thousand forints).

2.3 The amount of the fees for professional services defined in Section 2.2 shall be exclusive of the value-added tax applicable to the consideration for the services, which shall be added to the amount of the fee, which is the tax base, in accordance with the provisions of the specific regulation applicable. If a lawyer has the right to deduct taxes in accordance with the prevailing law on value-added tax, then only the net amount of the costs proven by invoice shall be added to the tax base. When proposing

their fees for professional services, lawyers shall also declare before the Council whether they are liable to pay value-added tax or not.

2.4 The calculation of the travel expenses of lawyers shall be governed by the provisions in Sections 3.2 to 3.6 with the proviso that the travel expenses shall be calculated with reference to the lawyer's registered seat.

2.5 Regarding the allocations of the costs of procedures, the provisions on lawyers' fees for professional services shall also govern the fees for the professional services of the legal counsels (legal officers) representing business enterprises.

3 Evidencing the costs and out-of-pocket expenses incurred

3.1 If the party's representative is not a lawyer or the party acts in person, then no fees for professional services shall be granted to the representative or the party; however, they may expect reimbursement for their travel expenses and the loss of earnings caused by attendance at a hearing before the Board.

3.2 The costs to be reimbursed as travel expenses shall be the proven costs incurred for travelling to the place of the hearing from the party's (permanent or temporary) place of residence and back.

3.3 Parties shall be reimbursed for the price of second-class return train tickets, the price of return coach tickets, local public transport or return ferry tickets.

3.4 If the party's registered (permanent or temporary) place of residence is at a settlement other than the location of the hearing, the costs of travel by car shall be calculated as the product of the shortest distance in kilometres between the party's (permanent or temporary) place of residence and the location of the hearing multiplied by the official fuel price published by the Tax Authority (NAV), with due reference to the average fuel consumption stated in the applicable regulation as applicable to the vehicle's engine capacity, plus any parking charges. The registration certificate of the vehicle shall be presented to evidence engine capacity and type of fuel.

3.5 If the party and their representative share a car to travel to a hearing, then the travel expenses shall be reimbursed to them only once.

3.6 Requestors in cross-border financial consumer disputes shall be eligible for seeking reimbursement for their costs of accommodation at hotels or private rented accommodation. Reimbursement for accommodation expenses shall be based on the relevant invoice and are subject to a cap per night of stay equal to one fourth of the minimum old-age pension calculated from the years worked; the proven accommodation expenses shall exclude the costs of all other provisions and services incurred in connection with the stay at the accommodation. Accommodation costs shall be evidenced with the invoice issued by the hotel or private rented accommodation facility.

3.7 In cross-border financial consumer disputes, the translation and interpreting expenses incurred shall be considered as part of the costs of the procedure and the Council shall make its decision on the same as part of its decision on the rest of the costs of the procedure.

3.8 Parties who are not entitled to absence remuneration for the period of lost working hours due to a hearing shall be eligible for hourly expense reimbursements equal to 1.5% of the minimum pension for the period they are absent from work (including time spent on travelling). As a precondition for claiming the reimbursement of their expenses for the period of absence from work, the party shall present a document evidencing their employment and declare that they do not receive absence remuneration for the period they are absent from work.

3.9 Parties shall evidence to the Council any out-of-pocket expenses incurred and the amounts of the same with invoices issued for the party's name, receipts or other accounting documents. If a party is unable to evidence the expenses claimed for reimbursement, the Council shall not reimburse the out-of-pocket expenses.

ANNEX 6

HU11/5859 számú tanúsítvány fordítása

SGS

Tanúsítjuk, hogy a(z)

**Pénzügyi Szervezetek Állami
Felügyelete**

1013 Budapest, Krisztina krt. 39.

irányítási rendszerét auditáltuk és az megfelel az alábbi szabvány követelményeinek:

**ISO 9001:2008**

A tanúsítás az alábbi tevékenységekre érvényes:

**Pénzügyi szervezetek hatósági felügyelete és a Pénzügyi Békéltető
Testület működése.**

A tanúsított területtel és az ISO 9001:2008 szabvány követelményeinek alkalmazhatóságával kapcsolatban további információ a szervezettel való konzultáció útján nyerhető.

A tanúsítvány 2012. május 21-től 2014. június 7-ig érvényes,
sikeres felülvizsgálatok esetén.

Megújító audit esedékes legkésőbb 2014. május 26-ig.

Kiadás 2. Tanúsítva 2011. június 8-tól.

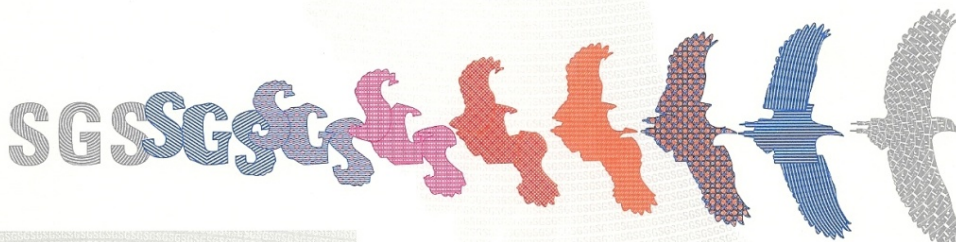
Jóváhagyta:

A handwritten signature in black ink, appearing to be 'J. P.' followed by a long horizontal stroke.

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Oldalszám 1 / 1



Cégünk ezt a dokumentumot a "Tanúsítási Szolgáltatás Általános Szerződési Feltételei" szerint állította ki. A szabályzat teljes szövege megtalálható a www.sgs.com/terms_and_conditions.htm weboldalon, amely különös figyelmet szentel a felelősségi, kártalanítási és jogi kérdésekre. Ezen nyomatott dokumentum hitelességét a http://www.sgs.com/clients/certified_clients.htm weboldalon lehet ellenőrizni. Minden jogosulatlan módosítás, tartalmi vagy kinézetbeli változtatás hamisításnak minősül, tehát törvénybe ütköző és jogi eljárást vonhat maga után.

ANNEX 7



Activities of the Hungarian Financial Arbitration Board in 2013
Annual Report

Print: Prospektus–SPL consortium
6 Tartu u., Veszprém H-8200

