

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.hu/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
- *sees to the rejection of the petition or refers it to a 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 Consumer Protection Department and the Financial Consumer Protection 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.

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 a 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.

5. The Board has nationwide competence.

4. THE ACTING PANELS

1. The department heads appoint the chair and two members of the panel acting in cases assigned to the department from the members of the department. If one of the members of the panel appointed for the case cannot attend the hearing, the substitution must be ensured by the department head. The department head modifies the appointment of the acting panel if any of the members must be excluded, his employment with the Magyar Nemzeti Bank ceases before the hearing or he is discharged of his work duties, or if due to the long-term absence or prevention of the appointed member the appointment should be changed.
2. The acting panels comprise of 3 persons, the chair of the panel and two members. The chair of the panel presides the hearing, one of the two members is the rapporteur, while the other member keeps the minutes; or the chair of the panel may also act as rapporteur.
3. The minute-keeper panel member ensures the availability of the sample documents necessary for the hearing, and commits the recommendation and the panel's resolutions – with the exception of the binding resolutions – to writing, finalises the minutes after

agreeing on them with the parties, sees to the signing thereof, delivers them to the parties at the hearing and sees to the postal delivery thereof to the absent parties.

4. The panel member appointed as the rapporteur of the case:

- following the investigation of competence ensures that – as a result of the supplementing or without that – the petitions can be discussed on the merits,
- in the absence of competence, sends the petition – simultaneously notifying the petitioner – without delay to the competent organisation (transfer) and/or passes a resolution of rejection,
- checks whether the declaration of submission exists, and makes the necessary instruments available,
- prepares the necessary notices and ensures that those comply with the rules,
- sets the date of the hearing, and notifies the parties, attaching the copy of the petition, on the venue of the hearing, the composition of the panel and the initiative to waive the hearing; the notice may be signed by any member of the acting panel,
- in the notice he calls upon the financial service provider to make a declaration in an answer, and reminds it of the legal consequences of non-compliance with this obligation; calls upon the financial service provider to delegate a person to the hearing who has the powers to make a compromise or holds the necessary authorisation to do this
- if the deadline open for answer expires without result, he calls upon the financial service provider to comply with its obligation to cooperate
- forthwith sends the copy of the financial service provider's answer to the petitioner; if this is not feasible, the answer is delivered and read out at the hearing
- in the case of cross-border financial consumer disputes, he forwards the consumer's petition, recorded on the standard form used in FIN-Net, to the alternative dispute resolution forum, participating in FIN-Net and residing in another EEA country, having power and competence in respect of the proceeding
- at the hearing he represents the professional positions agreed in advance with the other members of the panel,
- attempts to mediate a compromise, failing which – if the panel deems justified – prepares the recommendation or the binding resolution and sees to the delivery of the instruments by post
- records the data related to the case in the FAB's case registration system and keeps them up-to-date.

5. The chair of the acting panel:

- ensures that the hearings are conducted legitimately, striving for the shortest possible duration and the most efficient operation
- is responsible for the use of the panel's seal
- reports to the department head, if the financial service provider fails to attend the hearing
- forwards the request for exclusion to the chair of FAB; if the petition is late, reports the fact of this; notifies the parties of the measures taken by the chair of FAB in relation to the request for exclusion opens the hearing, ascertains the identity of the persons present, ascertains that the right of representation is properly

- confirmed, sees to the recording of the necessary data in the minutes and to attaching the instrument confirming the right of representation to the documents
- reminds the attendees that no device disturbing the peace of the hearing may be used and video and voice recording at the hearing is prohibited; sees to keeping the order of the hearing; upon severe disturbance of peace forthwith notifies the security staff and, if necessary, the police
- informs the parties of their procedural rights
- presides the hearing; stipulates the sequence of the actions to be performed at the hearing
- in the absence of compromise, obtains the declaration of the attendees on maintaining or supplementing their statements made in the petition and in the answer; reminds the petitioner about the restrictions applicable to the modification or supplementation of the petition
- decides on the request to supplement the minutes
- upon the fulfilment of the conditions declares the hearing closed
- reopens the hearing, if after the closing of the hearing it appears practicable for the purpose of clarifying important circumstances/questions or obtaining declarations
- announces the decision of the acting panel.

5. BOARD MEMBER ACTING ALONE

1. When the financial consumer dispute relates to an amount not exceeding fifty-thousand forints or represents a dispute subject to simple judgement or contains a petition of equity, it may be also processed by a single board member. The modification of the petition has no impact on this.

Case subject to simple judgement: based on the petition and the attached instruments the factual and legal judgement of the case, it does not require professional consultation or special preparations, and the case is one that originates from common services occurring in large numbers in everyday life and/or generates a large number of disputes;

Case of equity: the case where the petitioner applies to any financial service provider for preferential terms or easing in view of his personal or financial circumstances.

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 – with the exception of the petition of equity – must be submitted in writing and in original on the dedicated form, or via the e-government customer portal or the online dispute resolution platform specified in the ODR Regulation, through the contact points specified in Section 15. No formal requirement applies to the petitions of equity;

however, these as well may be submitted on form 150 "General consumer petition". The Board accepts no petitions – during the proceeding – or declarations, in e-mail.

After the appointment of the panel 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,
- k) in the case of petitions for equitable treatment, 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

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 unsuccessfully,
 - f) the petition cannot be judged even after the supplementation,
 - g) the dispute is frivolous, namely, 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, namely, 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 not on the standard petition form 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 on the date and venue of the hearing, as well as on the initiation of the waiving of hearing in writing, attaching the copy of the petition to it. In such notice he sets the date of the hearing within 75 days from the commencement of the procedure. He determines the date of the hearing in a way so that, as far as possible, the 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. Based on due consideration of the circumstances the chair of the acting panel may – if in his view the decision on the petition does not require personal presence – make a

proposal for the omission of the hearing and may conduct the procedure in writing. The omission of the hearing is subject to both parties' written consent.

Based on the parties' declaration of consent made at the hearing, the chair of the acting panel may order at any time the continuation of the procedure in writing.

If the parties do not consent to the written conduct of the proceedings prior to the hearing, but one of the parties does not appear at the 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.

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. In its written response specified in Article 108 of the MNB Act, the financial service provider is obliged to indicate unambiguously any information that may contain business secret and hence to be treated confidentially, and attach the instrument or data containing such information in a sealed envelope as a separate submission.

8. 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 their procedural rights,
 - a) the rules pertaining to the supplementation of the petition,
 - b) 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,
 - c) the submission and the consequence of non-submission,
 - d) on the statutory submission and, if it is applicable in the respective case, on the legal consequences thereof,
 - e) 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 ancillaries – 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 by post. 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 by post.

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 the 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 should 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 by post.

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 15 on the last day of the deadline for the lodging of the objection.

9. 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.

10. 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.

11. 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 fields 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. The panel member taking the minute indicates the file number on the finalised minutes; the minutes are either delivered right at the hearing or by post.

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 has 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.

12. 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 the present 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 such request 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 explain 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 that its resolution contestable through remedy is also delivered 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.

13. 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.

14. 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.

15. CONTACT DETAILS

1. In general cases:

- By letter sent by post: 1525 Budapest Pf. 172.
- or addressed directly to FAB (H-1013 Budapest I., Krisztina krt 39.)
- By e-mail: ugyfelszolgalat@mnb.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>.

2. In settlement and contract modification cases:

- By letter sent by post: 1539 Budapest, Pf. 670.

3. In all cases:

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.

Since 3 August 2015 the Board does not operate an own customer service desk.

The Board may be contacted as follows:

- On its own website: www.penzugyibekeltetotestulet.hu
- At the central customer service of the MNB: H-1013 Budapest, Krisztina krt. 39
- Via the direct telephone number: +36-1-489-9700, +36-80-203-776
- Through the central facsimile: 36-1- 489-9102

The petitions may be submitted at any of the locations listed below:

- in person in the Civil Affairs Bureaus
- at the MNB Central Customer Service, Budapest I., Krisztina krt. 39, ground floor, in person
- as e-instrument via the e-government portal on the www.ugyfelkapu.magyarorszag.hu page, if the petitioner has the necessary registration.

In the offices of the Network of Financial Advisory Offices, at 11 locations nationwide, where the consultants are available to provide help for the proper completion of the petitions. (www.penzugyifogyaszto.hu)