Activities of the Hungarian Financial Arbitration Board

2014

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Kiadja: Magyar Nemzeti Bank

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Chair's foreword

On 31 December 2014 the Financial Arbitration Board completed its fourth year of operation. The Board was established on 1 July 2011 by Act CLVIII of 2010 on the Hungarian Financial Supervisory Authority; prior to that date there was no financial conciliation in Hungary. Consumers, if they had any dispute of a financial nature and did not wish to turn to the court, could appeal to the conciliatory bodies with competence based on their place of residence. Litigationin financial subjects is usually complex, lengthy and expensive;; it also causes difficulties for the courts because in many cases such legal disputes can only be decided with the involvement of experts,, especially when the plaintiff requests the court that justice be delivered in settlement issues. There are relatively few financial experts in Hungary. Although the Money and Capital Market Arbitration Tribunal also exists, the procedures conducted by it are expensive, not all matters can be taken to the Tribunal and in the absence of the relevant stipulations that forum is not a feasible way to resolve issues.

The ideaof establishing a forum for financial conciliation was formulated with the intention to ensure that the cooperation of financial service providers with their customers is enforceable, that lawyers and economists with financial experience are involved in the cases, that the procedures are fast and free of charge and that there is a forum where, with some assistance, the parties can reach a compromise at their own discretion, thereby avoiding litigation and easing the burden of the judiciaryary.

Back whenwfinancial disputes were still resolved in the general conciliationtion system in 2010, a total of 880 petitioners made use of this opportunity. In 2011 – during the first half year of the Board's operation – the Board received already 1,196 petitions from consumers, and in the same year 857 cases were closed as a result of the work of the seven acting panels. 2012 was the first full year of financial conciliation, and the number of cases started to increase,,as financial consumers submitted 3,224 petitions. In 2013, proceedings were initiated inanother 4,320 cases, while the Board received 4,181 new cases between 1 January and 31 December 2014. The increase in the number of cases evidences a kind of social confidence in the Board, as its operation is predictable and founded on professionalism. Predictability and professionalism have always been and continue to be fundamental values for the parties involved, as the acting panels pass responsible, professional judgements. The purpose of their activitiesies is to protect the legitimate interests of consumers using the services provided by financial organisations and to strengthen public confidence in the financial intermediary system. LegitimateL interests are an important aspect for the Financial Arbitration Board, as the assessment thereof forms the basis of its judgements and also of the conciliation process.

The Board also deals with cases of equity, as financial consumers may also find themselves in situations where they are unable to fulfil the obligations undertaken due to circumstances beyond their control.

In such cases, circumstances permitting, the Board may help ensure that financial service providers give due consideration in the proceeding that takes place at the Board to the issue whether they can or wish to make an equitable decision and thereby also reduce their potential additional losses.

In 2011, after six months of operation, the Board already managed to achieve that a compromise was reached in 418 cases out of 1,198 cases submitted. In 2012, 2013 and 2014, the number of compromises effected and approved was 847, 1,185 and 1,422, respectively. The trend clearly reflects the increased intention, wish and willingness of actors providing services in the financial sector to reach a compromise, which is the best possible result. Accordingly, financial conciliation does have legitimacy, benefit and sense. I am grateful, for this reason as well, to all those financial service providers and their representatives who were parties to the proceedings managed by the Board, cooperated and made their business or equitable decisions necessary for reaching

a compromise. I would also like to thank all those financial consumers who brought an action at the Board, showed due empathy and understanding, and acted as partners.

The previous year marked a milestone in the operation of the Financial Arbitration Board, not only in terms of the number and success of the cases, but also in its capacity as an organisation. Pursuant to Sections 96–130 of Act CXXXIX on the Magyar Nemzeti Bank, since 1 October 2013 the Board operates within the organisational framework of the Magyar Nemzeti Bank, as a self-contained and independent internal organisation. Its operating conditions and financing are provided by the Magyar Nemzeti Bank, which thereby also undertakes to foster the efficient operation of the financial intermediary system, as well as the resolution of disputes in a fast, free and most reassuring way for all.

In addition to discharging its conciliation duties as usual, thet big challenge for the Financial Arbitration Board in 2015is to comply with its obligations set forth in Sections 21-22 of Act XL of 2014 in the matters related to settlement required with regard to the invalid contractual provisions ofconsumers' loan contracts, the modification of certain such contracts and the conversion of the underlying loans into forint, that is to act as the primary forum for legal remedies. I request the cooperation of all involved financial service providers in this matter in the hope that our mutual work will be successful in 2015 as well.

Dr Erika Kovács
Chair of the Financial Arbitration Board

1 Objectives of the Financial Arbitration Board

1.1 ENHANCING PUBLICPUBLIC AWARENESS

After three and a half years of operation, all players in the financial sector have had the opportunity to become familiar with the Board's activity, to gain experience and to assess the extent to which the Board has bolstered customers' confidence in the financial sector. In 2014, Hungarian mediatorswere also able to experience the essence and the significance of financial conciliation. If they wished, mediators were also able to experience this in person, as the Board provided the opportunity for mediators to participate in hearings as observers and observe the work of the Financial Arbitration Board and what kind of results itcan achieve.

Unfortunately, outside of this groupgroup, the players in the Hungarian institutional system are not really familiar with the meaning of mediation, and within this the concept of financial mediation in particular. In the coming years, thetBoard feels that it is important to ensure that its name is familiar to the actors in public administration, the judiciary,rystudents of intermediate and higher educational institutions, all civil organisations and the staff of many other institutions. With this goal in mind, it welcomes and is glad to accept all invitations to ensure that a wider circle of consumers become aware of the fact thatin the event of a financial dispute with their service provider they do not (necessarily) have to go to court, as there is a free and fast procedure which may allow their problem to be resolved.

1.2 ACCELERATING OPERATIONSINGONSAND IMPROVINGINGEFFICIENCY

The maximum duration of the proceedings at the Boardis 90 days, which the chair may prolong at his/her discretion on one occasion per case, at the most. In 2014, despite the increasing number of cases, the Board was able to set the date of the hearing already within 45 days, as opposed to 60 days, from the start of the proceedings in a large number of the cases, and thus managed to close the cases well before the expiry of the 90-day procedural deadline, thereby ensuring that the consumers' problems are resolved as soon as possible. The Board managed to achieve this by means of reorganisation, revised work procedures and anan increase in staff numbers.

In the future, thet Board will also do its bestto ensure that all disputes are closed in a reassuring manner as soon as possible within the procedural deadline. However, this requires both petitioners and financial service providers to respond torequests to submit supplementary materials within the specified deadline and that the financial service providers send their reply by the deadline.

1.3 REGULAR PUBLICATION OF THE BOARD'S OPERATION AND ACHIEVEMENTS

In the course of its operations, the Board aims to continuously provide consumers, financial service providers and interestedinterested parties with information on its activity, the current rules of procedure, any changes and all news and developments related to thethe organisation. To this end, it has operatedd its own website since its establishment, publishes its operating regulations, annual reports, the list of financial service providers which made general declarations of submission, the recommendations and binding resolutions passed, in anonymous form, and all other important current information. In 2015, the website of the Board will be

renewed and altered in terms of its structure, appearance and content. It will then provide consumers, financial service providers and interestedinterested parties with an even larger volume of up-to-date, useful information.

1.4 COOPERATION WITH THE JUDICIARYRY

Unfortunately, in earlier years cooperation and communication between the arbitration system and the judiciaryrywas not typical. 2014 saw positive developments in this regard.regard In cooperation with the Budapest Conciliation Board, thet Financial Arbitration Board organiseda national consumer protection conference entitled "Consumer protection and mediation" on 22 September, at which Dr Tünde Handó, President of the National Judicial Office,gave a presentation entitled "Cooperation of the judicial organisational system and the conciliation boards". With thiscooperation commenced. The Board makes efforts to ensure that its activity becomes known for the entire judiciaryryand all players thereinin, and they regard mediation as a partner. It is common knowledge that the courts are rather overburdened, and there are special fields – including the area of finances – where the available legal materials are of special nature and large volume, and it is impossible to resolve the legal disputes without the involvement of experts. CooperationC manifests itself in professional training, participation ineducation based on common and mutual benefits, and also in the fact that the parties try to find opportunities for the future that may help reduce the workload of the courts and accelerate the resolution of financial disputes.

1.5 FULFILLING TASKS ARISING FROM THE LAWS RELATED TO THE SETTLEMENT AND CONVERSION INTO FORINT

TheT Board faces an enormous task in 2015. Pursuant to the legislation – i.e. laws and decrees of the Governor of the MNB – drafteddrafted, promulgated and enacted in the second half of 2014 with regard to the loans provided formerly to certain consumers, the Board will not only perform mediation, but also pass judgements having equal force with court judgements, if no compromise can be reached between the parties on this subject. This fact will mark a partial change compared to the previous operation of the Board, as it needs to comply andfunction in accordance with a new set of rules, as a result of which – if there is no other option – it must pass judgements.

PreparationP for thisis new task started in November 2014 and will continue until the first quarter of 2015. This will include partial modification of the core document entitled Operating Regulations in view of the new procedures, the addition of 14 newnew staff members, additional organisational duties, additional meeting rooms to increase their number from six to eleven and the development of an IT system that provides support to the acting panel in the verification of the settlements prepared by the financial service providers in proceedings, the subject of which is the establishment of the correctness of specific settlements.

2 Governance, organisation and operation of the Financial Arbitration Board

The Board consists of the chair, the working groups including the members constituting the panels and the office.

2.1 GOVERNANCE

The chair represents the Board within and outside the organisation of the Magyar Nemzeti Bank and overseesits legitimate operation and governance. He/she lays down the operating regulations of the Board in a directive, which is also published on the website. The Operating Regulations changed on two occasions in 2014. First in March, when the Board operated with four acting panels instead of the previous seven acting panels, and then in October 2014 since when the members began performing their work organised into working groups.

The chair determines the basic rules of the Board's internal operation, decides on the internal organisational structure, and decides – in justified cases – on the prolongation of the procedural deadline of certain cases on one occasion by maximum of 30 days; however, he/she learns about the cases received and to be heard by the Board only subsequently. He/sheattends to the equal distribution of the cases among the working groups and has governance rights in respect of all employees belonging to the Board. He/she exerts no influence on the Board members and gives no instructions to them with regard to professional issues and specific cases, but ensures that all acting panels pass uniform judgements in terms of professional content with regard to identical cases.

The chair also ensures that, taking account of the number of cases received and to be managed, the appropriate number of staff is always available to ensure that the cases are closed within the statutory deadline and the assets and technical equipment necessary for the work are available.

2.2 ORGANISATION

TheT Office was set up within the Board in 2014. ThusThus, the Boardconsists of the Office staff and the Board members. On 31 December 2014, the total headcount was 30 persons. The Office has 9 employees, including the office director, a legal expert, a law trainee and six assistants. The Board has 20 members. The Board members are organised into 5 working groups. According to the division of labour among the working groups, 3 working groups deal with credit and loan transactions, as well as financial lease transactions, including car financing cases, and 2 working groups manage other banking transactions, i.e. cases related to non-lending financial transactions, as well asproceedings initiated against insurance companies, funds and investment service providers.

The work of the working groups is organised by a member, i.e. the head of the working group, who is responsible for ensuring that the cases assigned by the Office to the working group are settled by the deadline and in accordance with the provisions of law. Of the members of the working group, the heads of the working groups appoint the members of the panel acting with regard to the specific cases within the group, monitor the cases managed by the acting panels, see to complying with the deadlines, compile the list of hearings, specify the date and venue of the hearings, and agree all these arrangements among them. Furthermore, they ensure that the acting panel attends the hearing with nobody absent and that substitution can be solved when necessary.

They are also responsible for distributing the workload proportionately within the working group; additionally they report to the chair on the experiences gained during the operationonof the group, process the experiences of the case, and make proposals for thedrafting or modification of laws.

The acting panels always consist of three persons, preferably one economist and two lawyers, but in terms of personnel, the composition of the panel is not constant. Simultaneously with appointing the member in charge of the cases, the heads of the working groups also appoint those members of the panel who act as presiding chair and keeper of the minutes. These are different persons from case to case. All membersbecome presiding chair, keeper of the minutes and case owner in different proceedings and cases. During the hearings, the member appointed in the acting panel as the owner of the case scrutinises the case and the related documents; however the panel formulates a uniform professional opinion afterconsultation with all members.

The Office supports the work of the working groups and the members of the acting panels; it performs the bulk of the administrative workwork and its staff also participate in other tasks related to the operation of the Board. The Office is managed by the office director, who attends to the administrative tasks in good time and organiseses substitutions,, assigns cases to the working groups, ensuring to the greatest extent possible the equal distribution of the workload among the working groups,, operates the case registration system, managesarchiving, the telephone and e-mail customer service; sees to ensuring that the document templates are available and up-to-date. He/she liaises with the Administrative Litigation Department with regard to litigation casescases, and sees to the registration of litigation casescases and the data supply. In cases whererelack of competence can be established without requesting additional documents, he/she has the casesrejected or transferred, and liaises with other conciliatory bodies, such as the Consumer Protection Directorate and the Financial Consumer Protection Centre.

Additionally, the Office also relieves the Board members of the burdens of cases that require no decisions on the merits of the case. Accordingly, the Office provides information to customers – petitioners and financial service providers – over the phone and in writing.

2.3 OPERATING ACTIVITIES

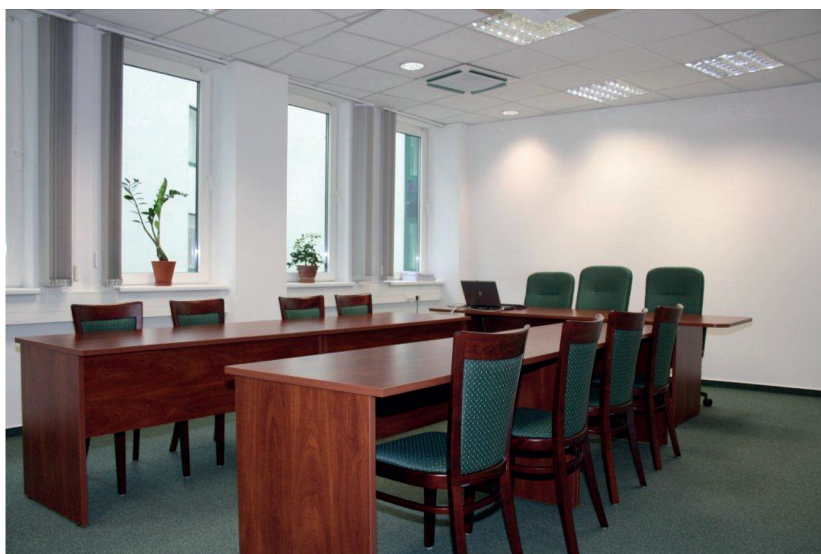
The operation of the Board is based on the rules set forth in Sections 96-130 of Act CXXXIX of 2013 on the Magyar Nemzeti Bank and performed in accordance with the core document entitled Operating Regulations, issued by the chair based on said Act. ProceduresPsare initiated upon petition by private individual ;at their discretion, consumers may also act via a proxy. The form for the petition to initiate proceedings and the power of attorney belonging to it are included in Annex 1; it is not mandatory to use this form, but it was developed, because it helps reduce the number of cases where supplementary documentation must be requested. Resident private individual consumers having a dispute with a non-resident financial service provider, as well as non-resident private individual wishing to enforce a claim against a financial service provider domiciled in Hungary may also initiate proceedings. ProceedingsPinitiated on the basis of such petitions are referred to as cross-border disputes. Such proceedings may be initiated by completing the petition form attached in Annex 2; the use of that form is mandatory pursuant to an EU regulation.

The Financial Arbitration Board tries to speed up its proceedings by all means. Accordingly, from mid-2014 the office staff perform a number of tasks that used to be the duty of the acting panels. The objective is to ensure that the Board members deal with the merits of the cases and are relieved from the majority ofadministrative burdens, and can set the date of and hold hearings as soon as possible. With this goal in mind, the number of Office staff and members was increased in 2014m andwork procedures were also substantially reorganised.

From 1 January 2015, the Board will be allowed to forego havingingthree-person panels in certain cases, and thus a higher number of cases may be closed than at present. In 2014 the average number of cases closed per week was 70. The intention is to increase this number in 2015 and thereafter as well. It will be possible that one member and one keeper of the minutes can mediate in all cases where the amount in dispute is

below HUF 50,000 and also in all cases of equity, as well as in cases that may be assessed more easily and do not require internal consultation in view of the case itself, the facts of the case and the legal or economic background thereof.

The general usage of templates was introduced in 2014 also for the purpose of accelerating procedures and operations; this makes it possible forparties to receive the instruments (minutes, resolution on the approval of the compromise and other resolutions) generated during the proceeding already at the time of the hearing, thereby saving the time and cost of posting. The templates are completed and prepared for the hearings automatically by the case registration system used by the Board. Starting from February 2015 a new and more user-friendly case registration system will support the work of the Board, the use of which will facilitate the more efficient performance of work.



3 Legislative environment of the operation of the Financial Arbitration Board

The basis and legal framework for Financial Arbitration Board's operations is provided by Act CXXXIX ofo 2013 on the Magyar Nemzeti Bank (MNB Act). The Board performs the duties delegated to it based on the rules specified therein and in accordance with the operating principles complying with Commission Recommendation 98/257/EC. The principles of its operation are reflected in the MNB Act in the form of specific statutory provisions.

3.1 INDEPENDENCE

The Board is an independent organisation – which cannot be instructed – 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, and this mandate may only be terminated in the cases stipulated in the MNB Act — Sections 96 (2), 97 (2), 100 (1), (2), (4) and 101 (4) of the MNB Act.

3.2 TRANSPARENCY

The Board continuously provides information on its activity and the rules governinggoverning its operations on its website (www.mnb/felügyelet/pbt), in its annual report and upon request – Sections 99, 115 and 129-130 of the MNB Act.

3.3 ADVERSARY PROCEDURE

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

3.4 EFFICIENCY

The proceedings of the Board are fast; the acting panel sets the date of the hearing within 60 days from the receipt of the complete petitions and concludes the proceedings within 90 days. This deadline may be prolonged by the chair on one occasion per case by maximum 30 days. The procedure is free for both the petitioner and the financial service provider, but the incurred costs (if any) are borne by the parties – Sections 106 (3) and 112 (5) of the MNB Act.

3.5 LEGALITY

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

3.6 LIBERTY

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

3.7 POSSIBILITY OF REPRESENTATION

For petitioner consumers who are private individualsit is possible to participate in the proceedings of the Board both in person without a proxy or via a proxy. The proxy may be any natural or legal person, as well as entities without legal status. The petitioner may participate in the procedure at the hearings in person even if he wishes to be represented by a proxy. FinancialF service providers are represented by their representatives, who may be the employees of the organisation or lawyers – Act 110 of the MNB Act.

In its proceedings, the Board hears consumer disputes initiated by private individual consumers, as petitioners, against a financial service provider. Non-private individual financial consumers, thus business associations and other legal persons, were not allowed to initiate proceedings by the Board in such disputes in 2014, as the Act on the Magyar Nemzeti Bank does not yet permit this. In the current legal environment they may only resort to the court. The objective is to ensure that in the future these entities can also benefit from this opportunity.

ProceedingsP initiated by private individual consumers may be brought against financial organisations subject to the licensing and supervisory authority of the Magyar Nemzeti Bank. These organisations may freely decide whether or not, in the absence of a compromise, they submit themselves to the decision of the Board. They may do so in advance and generally, i.e. without knowing the specific case(s) or ad hoc, or also on a stand-alone basis, in the knowledge of the specific case. In the first case, they announce the submission and the scope thereof, which is registered and published by the Board on its website. Inprevious years, there were 77 financial service providerswhich made a general submission; in 2014 this number fell to 74 due to mergers and successions. The list of these organisations is included in Annex 3.

In 2014, procedures were initiated against 140 financial service providers by customers qualifying as consumers. The list of these organisations is included in Annex 4, also indicating the number of procedures initiated against the given financial service provider in 2014.

Thus, all organisations whose operating activitiesare licensed and overseen by the Magyar Nemzeti Bank, such as the credit institutions, financial enterprises, workout companies, insurers, funds and investment service providers, appear at the Board as petitioned parties. MediationM in their cases is performed on the basis of the laws governing their activity. The list of these laws is included in Annex 5.

4 National and international relations of the Financial Arbitration Board

The Board performs its activity in Budapest at the address of District I, Krisztina krt. 39. The hearings are held atsaid address in the meeting rooms on the third floor. The Board in not present in any form outside Budapest, and therefore its national partners are extremely important as they help provide information to customers and help as many petitioners as possible to get to the Board when necessary.

In April 2014, the Magyar Nemzeti Bank signed a cooperation agreement with the Ministry of Justice in charge of the operation of the Bureaus of Civil Affairs ("kormányablak"), as a result of which it is now possible to provide assistance to financial consumers at the Bureaus of Civil Affairs at 20 locationsin the country. These Bureaus accept and forward submissions addressed to the Magyar Nemzeti Bank, and also provide information based on which consumers may understand where and how their given financial issues can be remedied and what is to be done to achieve the desired objective. The Bureaus also provide information to private individual consumers contacting them on the operation and procedures of the Financial Arbitration Board; moreover, since 15 April 2014 they also provide assistance in the completion of the petition forms used for initiating proceedingsby the Board, and they even send these directly to the Board, thereby saving the posting costs as well. Annex 6 contains the list of those Bureaus of Civil Affairs where consumers may receive such services.

The Network of Financial Advisory Offices, established by FOME (the Hungarian Consumer Protection Association) which provideses free, unbiased consumer protection advisory services in 11 county seats in Hungary, isanother important partner for the Financial Arbitration Board. The essence of the services provided in the advisory offices – the list of whichis included in Annex 7, along with contact details – is that consumers can findfind, in person, over the phone, by e-mail or letter, the most efficient solution to settle their financial complaints and obtain advice with regard to lifestyle, household and financial management, and accessuseful publications which may help them in respect of certain disputes or complaints. TheNetwork also explains to the consumers how to turn to the Financial Arbitration Board, if they need to do so. In addition toadvisory services, the experts, lawyers and economists working there help complete the petition forms and contribute to the preparation of the submissions until they are ready to be posted.

The Board also considers extensive international cooperation to be an important aspect of efficient consumer protection andsuccessful financial mediation. Through the exchange of information and experiences gained during proceedings, partnershipp withEuropean and non-European alternative dispute resolution forums contributesto making financial consumer protection more efficient. ExperienceEfrom recent years clearly shows that constructive international cooperation is capable of greatly enhancing the success of financial mediationand definitely improves the quality of the mediation mechanisms and procedures. In recent years, the Board had considerable success in the settlement of cross-border financial consumer disputes, both inother matters of international relevance and in alternative dispute resolution. The independent, unbiased, fast, professional and cost-efficient judgement of disputes between consumers and members of the financial intermediary system is the interest of the entire society at the international level as well. The FIN-Net and the INFO Network, as well as the individual organisations participating in those, play outstanding roles in the Board's international activity.

The FIN-Net network is a European system operating in the European Economic Area (the member states of the European Union, along with Iceland, Liechtenstein and Norway).. It consists of a network established for the alternative resolution of cross-border financial disputes between consumers and financial service providers.

Itsname comes from the abbreviation of its English titletitle, i.e. Financial Dispute Resolution Network. The FIN-Net network was established in 2001 based on the decision of the European Commission, and nowincludes over 70 organisations that deal with some form of alternative dispute resolution, such as conciliation, arbitration or mediation in one of the member states. The Budapest Conciliation Board is also a member of the network. FIN-Net helps consumers resolve their disputes with a financial service provider – bank, insurer, investment firm, etc. – operating in a different member state, relying on the alternative dispute resolution forum of the given country. These cases are referred to as cross-border consumer disputes. Based on Section 125 of Act CXXXIX of 2013 on the Magyar Nemzeti Bank, a cross-border dispute is a dispute where the respective consumer's place of residence or place of abode is in Hungary and the domiciledomicile, business site or permanent establishment of the organisation subject to oversight by the MNB is in a different state that is party to the Treaty on the European Economic Area; or the respective consumer's place of residence or place of abode is in another EEA state, while the domicile of the organisation subject to oversight by the MNB is in Hungary. The rules pertaining to the initiation and conduct ofproceedings in the case of cross-border financial consumer disputes are slightly different from those of the general proceedings. If the consumer has place of residence or abode in Hungary, while the services provider is an organisation domiciled in another EEA state, there is an additional condition for the initiation ofproceedings in a consumer dispute related to financial services activity, namely the existence of the submission declaration of the service provider, which jointly represents submission to proceedings and the preliminary acceptance of the decision. In the absence ofa submission declaration, the success of the settlement of the cross-border dispute is questionable; in such cases the bodies only have two functions, namely to provide information and post the necessary materials. First of all, they have to inform the consumer about the alternative dispute resolution forum, participating in FIN-Net and residing in another EEA country, having power and competence in respect of the dispute, as well as on the special rules applicable to the procedure thereof, particularly on the need of preliminary consultation with the service provider and the deadlines prescribed for the initiation of proceedings, if applicable. In addition, if the consumer requests so, they must sent 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 proceedings. If there is a submission declaration, the procedure is identical, with some exceptions, to the domestic procedure, the result of which could be a compromise or a binding resolution.

In contrast to domestic settlement procedures, cross-border procedures always take place in writing, but based on the consideration of the circumstances, the chair of the acting panel may initiate a hearing, subject to the prior consent of both parties. The chair of the Board may, on the proposal of the chair of the acting panel, prolong deadline of the procedure in justified cases on one occasion by 90 days, rather than by 30 days, per case. The language of the procedure is English. The acting panel will deliver its judgement 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. In such case,at the consumer's request, the Board is required to conduct the procedures and issue the authentic copy of its resolution in the language of the disputed contract or in the language of communication between the provider of the disputed services and the consumer. In such case, the translations costs attributable to the right of using the requested language must be regarded as the cost of the procedure, and the binding resolution must specify the party bearing them. In respect of cross-border disputes, all bodies – including the Hungarian Financial Arbitration Board – must provide, promptly upon request, information in written or other suitable form on the operation of FIN-Net, the alternative dispute resolution forum, participating in FIN-Net and residing in another EEA member state, having power and competence for the judgement of the cross-border consumer dispute related to the financial services activity, as well as on the proceedings of such forum. All bodies continuously supply data to the European Union in respect of the procedures initiated with them in respect of cross-border transactions and are authorised to use the internet-based database facilitating the liaison between the members of the network.

Since 1 January 2012, thet Board has also been a full member of **INFO Network,** incorporating the world's financial ombudsmen, which at present has over 50 member organisations from five continents. It regularly publishes information about all of its members on its website, thus also including the Hungarian Financial Arbitration Board (www.networkfso.org).

The organisation was established in London on 26 September 2007 with the cooperation of the USA, Great Britain, New Zealand, Ireland, Canada and Australia. Its original goal was to harmonise the alternative dispute resolution mechanisms – mainly in the financial sector – in the member states, and to develop a comprehensive system. The members of the organisation are grouped around 4 regions: Eurasia, Africa, America, and Australia. The INFO-Network operates in accordance with the six key principles approved by the members: independence, impartiality, efficiency, equity, transparency and accountability. The purpose ofcooperation within the organisation is to develop alternative, out-of-court dispute resolution models, elaborate codes of conduct, enhance the use of the information technology, handle certain recurring issues and problems at the systemic level, manage the cross-border complaints in a uniform and smooth manner and also to share on-the-job training opportunities and directions. The organisation putsemphasis on the enforcement of the consumer protection principles developed on the basis of international standards, which – in its view – is guaranteed by the independent and unbiased alternative dispute resolution forums. In respect of Central and Eastern Europe, the organisation pays special attention to the exchange of information and consultation among the countries of the region.

The Financial Arbitration Board, as a member of the INFO Network, responds to the questionnaires and enquiries related to its activity; these are available in the global organisation's monthly electronic newsletter and on the private website reserved for the financial ombudsmen.

The Board received the last enquiry in October 2014, which contained 50 questions, grouped around 3-4 topics, with regard to the development of the organisation's internal structure. The questionnaire touched upon the detailed rules pertaining to the operation of the network, proposals for the future with regard to the annual conference in order to strengthen cooperation. In order to increase the efficiency of wide-scale consultation, the Board proposed that the Board members should present semi-annual reports on their own countries' alternative dispute resolution forums, which could contribute to the members' obtaining in-depth knowledge of each other's dispute resolution solutions.

In terms of the internal organisational structure, the Board supported the view that the Commission should have 10 members, as follows: 2 members per region, one chair and one secretary, and the members would represent the alternative dispute resolution forums of their region. It proposed 3 years for the mandate of the commission members, with the possibility of re-election on one occasion.

5 Activity of the Financial Arbitration Board in 2014 in figures

5.1 NUMBER OF CASES AND DURATION OF ADMINISTRATION

On 1 January 2014, there were 696 cases at the Board that commenced in 2013 and hadd not yet been closed; in addition, there were 5 cross-border cases, i.e. 701 cases in total. During 2014 the Board received 4,181 petitions to settle domestic financial consumer disputes, and 33 cross-border cases, i.e. 4,214 cases in total. The Board closed 4,325 domestic and 33 cross-border cases, i.e. 4,358 cases in total,by 31 December, while 552 domestic and 5 cross-border cases were carried forward to the next year as cases in progress. Compared to 2013, the number of closed cases increased by 9%, while there was a 3-percentage point decrease compared to the previous year in terms of the ratio of casesin progress at the end of the year. These data reflect the favourable impact of the organisational and workflow changes made with a view to increasing efficiency.

	Domestic cases	Cross-border cases	Total
Cases in progress on 1 January 2014, brought forward from the previous year	696	5	701
New cases received during 2014	4,181	33	4,214
Cases closed by 31 December 2014	4,325	33	4,358
Cases in progress on 1 January 2015	552	5	557

On average, thet Board closed the cases received and accepted between 1 January and 31 December 2014 within 50 days,despite the 90-day statutory administration deadline. The average time of administration decreased by 10 days compared to the previous year, also reflectinging the increased efficiency.

5.2 PETITIONS RECEIVED

PetitionsP related to domestic cases are received by the Board primarily by post, but also in electronic form via the e-government customer portal. Since 15 April 2014, petitions addressed to the Board may also be submitted via the Bureaus of Civil Affairs ("kormányablak"), where the staff also provide assistance for completing the petition forms. Such assistance may also be requested at the Financial Advisory Office network.

Method of receipt	Number of cases	Ratio
Post	3,922	93.81%
E-government customer portal (˝Client gate˝)	136	3.25%
Bureaus of Civil Affairs (˝kormányablak˝)	102	2.44%
Financial Advisory Office Network	21	0.50%

The number and ratio ofpetitions received, broken down by types of service providers, were similar to the ratios of the previous year, as follows:

Type of service provider	Number of cases	Ratio
Bank	1,882	45.01%
Insurer	1,304	31.19%
Financial enterprise	776	18.56%
Cooperative bank	50	1.20%
Investment firm	29	0.69%
Independent intermediary	28	0.67%
Building society	18	0.43%
Private pension fund	8	0.19%
Insurance union	7	0.17%
Voluntary pension fund	5	0.12%
Voluntary health fund	4	0.10%
Investment fund manager	2	0.05%
Mortgage credit institution	1	0.02%
Specialised credit institution	1	0.02%
Total number of petitions received against financial organisations	**4,115**	98.42%
Petitions received against non-financial organisations (no competence)	66	1.58%
Total number of petitions received	**4,181**	**100.00%**

Two-thirds of the petitions received concerned the cases of financial market participantsparticipants, and thus related to credit institution and financial enterprises, i.e. organisations providing financial services.

The number of petitions submitted against participants in the insurance market was also substantial, as these accounted for one-third of all cases. Similarly to the experiencefrom previous years, the volume of cases related to the capital market participants and funds was negligible:: the Board dealt with merely 31 and 17 petitions submitted against such participants and funds, respectively.

Sector	Number of cases	Ratio
Financial market	2,725	66.22%
Insurance market	1,342	32.61%
Fund market	17	0.41%
Capital market	31	0.75%
Total	**4,115**	**100,00%**

The vast majority ((80 per cent) of the 2,725 petitions received in respect of the financial market sector related to lending activity, in particular foreign currency-denominated lending.

The subject of 2,177 procedures was some sort of disputes that had arisen in relation to credit or loan transactions; in the majority of the casesconsumers applied to the Board with settlement issues, requesting its assistance to conclude agreements with their service provider for eased payment terms. The number ofdisputes related to payment services was also high; in 2011 311 procedures were conducted in respect of these services.

Financial products	Number of cases
Credits and cash loans	2,177
Payment services	311
Other financial intermediation	88
Deposit collection	64
Investment activity	37
Financial lease	26
Combined financial product	13
Intermediation of financial services	8
Fund products	1
Total	**2,725**

In relation to the insurance sector, thet vast majority of the petitions received in relation to the services of the insurance market were related to the non-life business (84 per cent), while 16 per cent concerned life insurances. Compared to the previous year, the ratios shifted towards the non-life business by 4 percentage points.

The number of non-life insurance cases was 1,131, of which 533 cases related to fire and other property damages, 86 to accident and health insurance, 33 to travel or freight insurance, 335 to liability insurance and 74 to CASCO. Compared to the previous year, the ratio of cases related to fire and property damages fell by 7 percentage points, while there was a 9-percentage point increase inliability insurance cases.

In total, 117 of the 211 life insurance cases related to unit-linked life insurances, while 3 pension insurance and 91 traditional life insurance cases were also taken to the Board. Compared to the previous year, the ratio of the two main group moved closer to each other:: the ratio of unit-linked life insurance cases decreased by 7 percentage points, while that of traditional life insurances increased by 11 percentage points.

The territorial distribution of the 4,181 domestic, i.e. non cross-border, new petitions, based on the petitioners' place of residence shows that it is still those living in Budapest and Pest county who use the Board's services in the highest number. This meant 1,917 cases, accounting for 45% of the total number of new cases.

The distribution of the new petitions submitted in 2014 by county, developed as follows in terms of number of cases and ratios.

Petitioners' place of residence, by county	Number of cases	Ratio	Population
Bács-Kiskun	148	3.54%	5.27%
Békés	100	2.39%	3.93%
Baranya	139	3.32%	3.66%
Borsod-Abaúj-Zemplén	199	4.76%	6.91%
Budapest	1,195	28.58%	17.29%
Csongrád	105	2.51%	4.22%
Fejér	171	4.09%	4.26%
Győr-Moson-Sopron	129	3.09%	4.47%
Hajdú-Bihar	168	4.02%	5.40%
Heves	131	3.13%	3.11%
Jász-Nagykun-Szolnok	128	3.06%	3.90%
Komárom-Esztergom	122	2.92%	3.12%
Nógrád	97	2.32%	2.04%
Pest	722	17.27%	12.27%
Somogy	91	2.18%	3.20%
Szabolcs-Szatmár-Bereg	184	4.40%	5.59%
Tolna	42	1.00%	2.33%
Vas	65	1.55%	2.59%
Veszprém	145	3.47%	3.58%
Zala	100	2.39%	2.88%
Total number of cases	**4,181**	**100%**	**100%**

5.3 CLOSED CASES

The Financial Arbitration Board closed 4,325 cases in the reporting period. The distribution ofcases by result reflects that in 65% of the domestic cases the petition was accepted and a hearing was organised in the procedure, while the Board had to reject 35% of the cases without acceptance.

The ratio of the cases rejected without acceptance corresponds to last year's figure. Most of the petitions were rejected because they were incomplete and the petitioner failed to supplement the petition or did not fully meet the requirements specified in the request for supplementaryry information.

Cases rejected without accepting the petition	Number of cases	Ratio
No competence	359	24%
Procedural obstacle	225	15%
Rejected after supplementation	935	61%
Total	**1,519**	**100%**

Of the 2,806 accepted cases for which the date of the hearing was set, the parties reached a compromise before the first hearing in 57 cases, and thus in these cases it was not necessary to hold the hearing, despite the fact that the date was already set. In the remaining 2,749 casesa single hearing was held and the case was closed with some sort of result. On 310 occasions continued hearings were held in order to clarify the facts of the case and help reach a compromise. In 2014, the Financial Arbitration Board held a total of 3,059 hearings.

The distribution, by result, of the 2,806 accepted cases for which the date of the hearing was set shows that compromises were reached in a higher number of cases than inprevious years; the number of cases closed

with compromise was the highest. In fact, a considerable part of the cases closed with a termination resolution also represents a result that was mutually accepted by the parties, i.e. the parties agreed outside the hearing (prior to it or after the first hearing), reached some compromise or as a result of the procedure the financial service provider, having revised its former position, voluntarily fulfilled the petitioner's request. In 54 per cent of the 1,514 cases set for hearing, a result mutually accepted by the parties was reached, i.e.

- 1,422 approved compromises were reached,
- the parties agreed in 45 cases, therefore the petitioner withdrew his/her petition,
- in 35 cases the financial service provider fulfilled the request stated in the petition, thus there was no need to continue the procedure,
- in 3 cases the service provider performed, the petitioner provided no feedback and the procedure was terminated,
- in 9 cases the parties mutually requested that the procedure be terminated, because they had reached a compromise.

In addition to the compromises, accounting for 54% of the cases, the Board also made 28 recommendations and passed 5 binding resolutions. All binding resolutions related to insurance cases.

A large part of the recommendations, i.e. 19 recommendations, concerned this sector, while 9 recommendations related to the financial market. In the area of capital market and funds neither recommendations nor binding resolutions were passed.

Cases accepted and closed by setting a hearing		
Compromise	1,422	50.7%
Binding resolution	5	0.2%
Recommendation	28	1.0%
Resolution to terminate	1,351	48.1%
Withdrawn by the petitioner	181	
Upon mutual request	119	
Impossible to conduct the procedure	257	
Unfounded petition	702	
Parties agreed, therefore petitioner withdrew the petition	45	
Parties agreed and mutually requested that the procedure be terminated	9	
Service provider performed, petitioner provided no feedback	3	
Service provider fulfilled the entire requirement stated in the petition	35	
Total	**2,806**	

The breakdown of the recommendations and binding resolutions by markets shows that the Board had to make its own decisions in the case of the insurance sector, while in the case of the financial market it had to make only a negligible number of decisions, and no decision was required at all in the case of the capital market and funds. The financial market sector stands out in terms of the number of compromises, as out of 1,422 compromises 1,069 were concluded in this area, while in relation to insurance companies, the funds and the capital market actors reached a compromise with their customers in 346, 1 and 6 cases, respectively.

The financial market also led in terms ofresolutions terminating the proceeding with 692 terminations, followed by the insurance market with 636 resolutions to terminate. However, out of the total 1,351 resolutions terminating the procedure there were 92 cases in which the parties reached a compromise and as such the procedure had to be terminated.

6 Experiences gained in the course of the operating activities with regard to the activity of the financial sector

During its activity, in the course of the individual financial consumer disputes, the Board obtains specific information on the functioning of the financial service providers, the quality of the services activity, practical compliance or non-compliance with the applicable laws, as well as on the service providers' behaviour towards the customers. The information and experiences gained in 2014 in respect of the financial services were as follows.

6.1 CREDIT INSTITUTION SERVICES

Payments

The majority of the cases received by the Board related to account management, debit and credit cards, the usage of ATMs and internet banking. In the area of account management,typical disputes related to account opening, the fulfilment/non-fulfilment of orders (direct debit, one-off transfer), cash withdrawal, charging of fees and commissions, providing overdraft facilities, commitment of overdrafts and the termination of payment accounts. Many complaints concerned the financial service provider's behaviour in relation to account opening. The petitioners often cited information provided by the financial service providers upon account opening, or thereafter during the legal relationship upon personal contacts, which was inadequate, incomplete or differed from the information provided by the financial service provider later in writing. In terms of theperformance of direct debits, it was a recurring phenomenon that due to administrative errors or omissions the financial service provider failed to record in its computer system the applicant's authorisation required for the performance of the order, and the failure toperform the orders was not reported by the applicant either, then – in extreme situations after several years – submitted a claim for damages citing these facts of the case.

In the case of performance of ad hoc transfers, disputes concerned primarilyforeign currency transfers, where the applicant disputed the amount and/or the legal title of the charged costs. In these cases, the financial service providers in certain cases did not rule out reducing the costs on the basis of equity, but this related only to the costs incurred by them and refused to reduce the costs charged by the foreign bank (correspondent bank); however, they cooperated in the negotiations with the – usually non-resident – bank that charged the cost. In the case of forint cash withdrawals – including the disputes related to the two free of charge cash withdrawals per month to be provided on statutory basis – the subject of the disputes also related to the legal title and the amount of the fees charged.

DisputesD related to overdraft facilitiesies originated from the fact that petitioners wished to settle their overdraft debt,but this was not possible due to their overdue debt arising from another loan contract concluded with the financial service provider, since the financial service provider booked the payments made to the bank account as the settlement of the overdue debt, with reference to the contract and business terms and conditions forming an integral part thereof. FinancialF service providers were cooperative in resolving these types of issues in all cases.

In the area of bank account management, several disputes originated from the fact that petitioners applied for internet banking services along with the bank account contract, and then failed to use this service actively (or did not use it at all) and thus missed important information, e.g. did not notice the unpaid costs accumulated

due the absence of coverage, which later resulted in the termination of the account contract. In the area of bank account termination, there were a large number of cases where the petitioners stated that many years ago they requested in a bank branch in person that the bank account be terminated and they believed, until the receipt of the financial service provider's call for paying a substantial debt, that their bank account was closed. In several cases, the petitioners admitted that they forgot about the existence of the bank account and realised their omission only upon the receipt of the financial service provider's call for paying a substantial debt. In the absence of documentary evidence with regard to the termination of the bank account, the financial service provider did not accept the declaration related to the former intention to terminate, however in the vast majority of the cases it was cooperative in respect of the manner of settling the costs accumulated in connection with the management of the bank account. The financial service providers were in all cases open to permitting – mostly interest-free – payment by instalments, and in several cases also to partially forgiving the debt. The number of this type of dispute was outstanding inrelation to a single large bank. It seems to be warranted to review the management of inactive bank accounts and based on the findings to take the necessary measures and reconsider the banks' current practice.

It is general practice that after a certain time the account-keeping financial service providers assign their receivables originating from bank account management to workout companies. The Board found that most of the workout companies were ready to provide debtors with eased payment terms, mostly in the form of payment by instalment; however, they typically do not deal with the complaints related to legal predecessor's behaviour prior to the assignment, but rather refer their customers to the predecessor account-keeping institution.

In order to enforce the obligation to cooperate, which obtains to the parties in the legal relationship, both financial service providers and consumers should make efforts to act as prudently as possible. FinancialF service providers should put more emphasis on providing consumers with accurate information, whileconsumers should endeavour to learn about the contractual terms in full, including also that when they are uncertain about the interpretation of the exact content of certain provisions they should consult their financial service providers as soon as possible to resolve the issue.

In terms of the disputes related to debit and credit cards, i.e. bankcards in general, it can be stated that practically no problems arise in relation to purchases made using bankcards. Bankcards play an outstanding role in cash withdrawals from automatic teller machines (ATM). CardholdersC are aware of the fact that the bankcard is valid until the date stated thereon, i.e. suitable for the execution of the intended transaction. The practices of financial institutions issuing bankcards varies in terms of the handover/delivery of the cards to the customer, regardless of whether weare talking about the first cards or a replacement card for expired cards or cards due to expire. Some of the financial institutions insist that the customer appears in person to receive the bankcard, while others send it by post. In connection with the latter "handover" method several disputes arose from the fact that according to the petitioner's statement he/she did not receive the delivery containing the bankcard, while the bank demanded the card fee, and in several cases even the fee for cancelling the lost card for security reasons. In these cases, the service providers acted fairly at the Board and waived or refunded the incurred costs.

The usage of credit cards gives rise to a number of problems. The credit card is a special credit product, the use of which is recommended only to the most conscious consumers in view of the fact that upon the "inappropriate" use of the product it is unquestionably one of the most expensive services in terms of its annual interest rate and costs, i.e. the annual percentage rate of charge. It can be regarded asan advantage of credit cards that they are easy to apply for, there is no need to provide real estate collateral, involve a co-debtor, surety or other collateral and in many cases it is the financial institution that contacts its customers or potential customers with the offer and makes the credit card easily available for them to use it in shops (typically in large tech stores and shopping centres) by cooperating with commercial actors. PetitionersP claimed in several proceedings that they had not applied for a credit card, or they were even averse to the use thereof, but the bank still provided it. Customers should apply for a limit with such cards in an amount the repayment of which is affordable for the customer within the contractual interest-free period. The Board found that it generates severe payment difficulties for the customers if they use the credit card in accordance with the "operation"

of the generally known credit or loan schemes (e.g. general purpose personal loan) and regard the monthly minimum amount payable to the card issuer financial institution as an "instalment". This is when they may realise that their debt does not decrease ("I do pay, but this will never end") or it might as well increase and that there is no maturity linked to the credit card. Often the credit card contract is concluded in the context of a loan requested for the purchase of consumer durable goods, incorporated in the same instrument as the consumer loan. The so-called "shopper" cards belong to this group, which function like credit cards in terms of the contractual conditions. The solution applied in this scheme is that upon a delay in the instalment of the hire purchase loan the overdue instalment is paid and settled against the line of credit, thereby generating extra costs for the customer, which the customer may not even notice for a longer period and therefore takes no measures to minimise the costs. Hire purchase loans are also associated with such credit card products where the purchase price of the selected goods is paid to debit of the line of credit without activating the card and the remaining limit is available after activating the card.

When using the credit card it is worth considering and deciding exactly which function of the card the customer uses. The interest-free period is linked to the limit used for purchases if the total used amount is repaid within the interest-free period, while cash withdrawal transactions made using the credit card generate immediate,significant costs. The costs generated by cash withdrawal can be prevented, if the cardholder does not use this service and disables this function. In one unusual case,the petitioner withdrew cash using his credit card via the ATM in the amount of HUF 1,000 the cost of which was HUF 650 per occasion, but he only found this out subsequently.

It is essential in the case of both card types that the customers know their own payment habits and use the solutions supporting the safe use of cards accordingly. It is recommended to set daily cash withdrawal and purchase limits. If you need more cash than usual or you plan a higher value purchase with your bankcard, you can modify your limit. The Board found at a specific financial service provider that it did not provide its customers with the option to set a daily limit. The daily limit is used by said bank as well, but it is generated by its system and the cardholder cannot define it on his own; moreover, he does not even know the amount thereof. It is recommended that this practice be revised.

It is extremely important that the consumers comply with the requirements related to the use andsafekeeping of the PIN code, as this is the only way to guarantee their safety.

Financial institutions, including workout companies handling the assigned receivables, arevery cooperative in providing the consumers with the option to pay by instalments. In several cases, they also provided interest allowance upon agreeing about the payment by instalment,but they are less keen on forgivingdebt or exempting the customer from the interest payment. However, based on individual discretion, this was also permitted relatively often. For example, in one of the cases, subject to undertaking the payment of a large debt – i.e. almost HUF 1 million – in one amount, the service provider forgave the transaction interest, the costs and the default interest, in the total amount of HUF 1..2 million. In another case, the service provider offered, at the petitioner's choice, an interest-free payment of an overdue debt of HUF 250,000 by instalments over 48 months.

The cooperation of financial institutions is reflected by the fact that they try to take into account the payment ability for the other potential debts of customers who are struggling with payment difficulties, in order to ensure thatcustomers can preserve their solvency. The Board often saw that certain service providers undertook complex management of the petitioner's circumstances. There was an example when in addition to partial forgiveness, the service provider specified a relatively low monthly instalment with relatively long maturity for the settlement of the remaining debt. In another case, the parties agreed to halve the HUF 20,000 monthly instalment by increasing the maturity.

DisputesD related to the usage of ATMs usually concerned transactions that were undisputedly executed by the cardholder and also unauthorised transactions. In the cases related to transactions executed by the cardholder, the petitioners did not dispute that they tried to execute the transaction at the given place and time, but they stated that the ATM did not dispense the amount they wanted to withdraw, nevertheless the

non-received amount was debited to their bank account. In these cases, the petitioners stated that they did everything as usual and did not notice anything extraordinary in the operation of the ATM, or they recalled some unusual phenomenon they experienced during the transaction, such as e.g. that they did not hear the usual noise that they normally hear when the machine dispenses the banknotes, but they were not in the position to intervene in the process. When the disputed transaction was executed with the use of the correct PIN code – as evidenced by the financial service provider by the documentation containing the data retrieved from the system – the error log contained no error message, the stocktaking did not reveal any difference or surplus, or the surplus could not be reconciled with the disputed transactions, the financial service providers usually consistently refused to comply with the request to refund the amount even partially. An unauthorised transaction is an unapproved payment transaction made by a cash substitute payment instrument lost by or stolen from the paying party or that is attributable to the unauthorised use of the payment instrument. It is a governing principle in these cases as well that when the disputed transaction was executed with the use of the correct PIN code – as evidenced by the financial service provider by the documentation containing the data retrieved from the system – the financial service providers consistently refused to comply with the request to refund the amount. Unfortunately, in such cases no compromise could be reached, and the acting panel of the Board had no other option but to terminate the proceeding.

The ratio of cases related to internet banking within the overall number of cases was negligible. In this field, two cases should be mentioned as lessons learnt. In one of the cases, based on the contract concluded between the petitioner and the financial service provider it was possible to use the services via the internet without the application of a limit. The financial service provider first informed its customers that no debit transactions can be made via the internet without a mobile signature. The petitioner modified his contract in the branch of the financial service provider to include “mobile signature setting”. After the modification several successful, undisputed payment transaction were captured. Thereafter, a payment of HUF 1.3million was made from the petitioner’s bank account, of which the petitioner – as he stated – learnt after four days. It was not him who initiated the last transaction, therefore he requested that the circumstances of the payment be investigated and damages of an equal amount be paid, because in his view the disputed transaction could be executed due to the financial service provider’s non-contractual conduct (cancellation of the mobile signature security function). No compromise was reached between the parties, because the petitioner refused the financial service provider’s compromise offer for a significantly lower amount, and thus the Board terminated the proceeding, since in this case the issue to be investigated would have been the capturing of the disputed transaction and the circumstances thereof, however, in the procedure aimed at the settlement of the financial consumer dispute it is not possible to delegate an expert, hear witnesses and to present the case-in-chief. Such cases may be settled satisfactorily only in court proceedings, subject to acknowledging the assumption of costs and the time required for the proceedings.

In the other case, the financial service provider provided the petitioner with online investment services. In the specific dispute, the petitioner wanted to submit an order via the e-banking system for a securities swap transaction, however, as he stated, when he learnt about the transaction fee calculated by the system, he logged off from the system without approving the transaction and later the system informed him that the order was fulfilled and a transaction fee of HUF 134,000 was charged. The petitioners complained about the unreliable functioning of the system operated by the financial service provider, contested the legal basis of the disputed transaction and initiated the reimbursement of the transaction fee charged. The financial service provider declared that the electronic system recorded the approval of the order, the transaction was fulfilled, and therefore the transaction fee was charged legitimately. No compromise was reached between the parties in this case either; the acting panel terminated the proceeding in view of the fact that based on the data available in respect of the accomplishment of the order it was unable to pass a decision. Such cases require expert evidence, and thus the resolution of such and similar cases is the competence of the courts.

Deposit transactions

The number of disputes related to the placement of deposits is relatively low compared to the total number of cases. CustomersC usually receive straightforward, clear and specific information related to the transactions

from their financial service providers, verbally during personal meetings and also in the transaction-related documents. However, in the case of the announcements and list of conditions, forming part of the contracts, it is not a customer-friendly practice and as such it cannot be supported, that the customer may only learn about rules pertaining to the selected product, e.g. the conditions of interest premium, by struggling with a number of references, footnotes and interpretation difficulties. Owing to the parties' willingness to cooperate, a compromise was reached in several cases initiated with regard to the payment of interest premium and the dispute could be closed quickly and amicably, satisfying the interests of both parties. One of the recommendations was issued in such a case, where the Board recommended to the financial service provider that it should pay, as compensation, to the petitioner the interest difference, i.e. the interest premium, for the disputed deposit amount, payable for the term of the deposit. The financial service provider did not comply with the recommendation. According to the underlying facts of the case, the petitioner deposited over HUF 28 million with the financial service provider for 6-month maturity. The basic interest rate on the deposit order was 2.8 per cent per annum, the interest premium was 1.7 per cent per annum, and thus the promotional annual interest rate with the interest premium was 4.5 per cent. Uponmaturity of the deposit, the financial service provider credited an interest calculated at the basic interest rate of 2.8% to the petitioner's bank account, which the petitioner did not accept, since in his opinion he fulfilled the card usage and transfer conditions prescribed for the promotional interest rate, and when he placed the deposit he was not informed about the deadlines within which the transfers must arrive. The petitioner complained about, amongst others, the fact that he did not receive sufficient information in the branch on the conditions of the interest premium, and that the deposit order was formulated inaccurately compared to the announcement. He stated that he had been placing promotional deposits with the financial service provider continuously since 2011, and that he had complied with the eligibility criteria. He emphasised that upon placing the deposit the financial service provider specified only two conditions. The financial service provider took the position that the announcement – which specifically stated the conditions of the interest premium that the petitioner should have complied with – forms an integral part of the deposit contract. The acting panel accepted the petitioner's position according to which the information he received verbally and in the deposit order was not comprehensive. The fact that the financial service provider specified the special condition – not considered by the petitioner – for the payment of interest premium in the announcement and it failed to include the relevant information in the deposit order or to remind the petitioner verbally of the additional special condition included in the general terms of contracts, provided a sufficient basis for the petitioner to believe that in addition to the general terms of contract he learnt of during his previous deposit placements he received comprehensive information about the special conditions of the deposit transaction. In respect of the deposit transaction, the financial service provider failed to separate the general contractual terms distinctly from the special contractual terms of the individual transaction, and in the individual order it failed to provide comprehensive information on the special conditions. The position of the Board is that the separation of the special conditions related to the payment of the interest premium and stating them in separate documents, i.e. in the deposit order and in the announcement, is unjustified and misleading.

Some disputes related tohousing savings deposit contracts. The housing savings deposit is special type of earmarked deposit contract. Some of the disputes taken to the Board were due to the fact that the deposit was not credited on the petitioner's account, because his account-keeping bank failed to fulfil the direct debit order. Failure to pay the deposit amount due to the above reason qualifies as the consumer's breach of contract and unfortunately the claim towards the financial service provider managing the deposit to pay the deposit and the contracted amount on this title is unfounded. No liability for damages accrues at the financial service provider even if it fails to call upon its customer to pay the undertaken deposit amount.

The Board's general findings in respect of the payment and deposit transactions are as follows.

- From time to time, petitionerscomplain about the absence of submission and regard it as the financial service provider's failure to cooperate. In view of the fact that the law permits the financial service providers to do so, this cannot be regarded as an aggravating circumstance. Efforts of both parties to reach a compromise should be emphasised and borne in mind, as the absence of submission does not hinder the compromise.

- Cooperation is extremely important on the petitioner's part as well, which may be manifested in promoting a compromise and attendance at the hearing. The presence of the petitioner at the hearingfacilitates the efficiency of the Board's proceedings to a great degree.

- The financial service providers accept claims with regard to the provision of information in person and to the incomplete or false information only very rarely, usually when some additional facts of the case or appreciable circumstances occur.

- Providing customers with proper informationis of the utmost importance, and this is the area where the demand and need for improvement are the most obvious. It should be also noted that customers often prefer – contrary to the financial service providers' interest and intention – managing their affairs in person, however, later on, in the event of potential dispute it is not possible the confirm statements made verbally. The absence of documentation complicates the situation of the party that should provide the evidence. Therefore.T, it is in the interest of the consumers that even when they act in person they should pay special attention to receiving documentationdocumentation, i.e. paper-based confirmation of their legal declarations, e.g. when they close a bank account. The development of the financial service providers' systems and rules of procedures in this respect would be desirable and serve the interest of the financial service providers as well, and therefore consideration should should be given to this.

Loan cases

In 2014, the promulgation and enactment of Act XXXVIII of 2014 on the Settlement of Particular Issues Related to the Uniformity Decision of the Supreme Court (Curia) on Consumer Loans Provided by Financial Institutions, as well as of Act XL of 2014 on Certain Rules and Other Provisions Related to the Settlement Stipulated in Act XXXVIII of 2014 on the Settlement of Particular Issues Related to the Uniformity Decision of the Supreme Court (Curia) on Consumer Loans Provided by Financial Institutions – i.e. of the settlement laws – were of key significance in respect ofconsumer disputes related to loans. The difference between the periods before and after the settlement laws' entry into force was particularly critical in terms of the quantity and the legal basis of the petitions related to foreign currency/foreign currency-denominated mortgage loans.

Before entry into force of the settlement laws, i.e. in the first half of the year, petitioners filed settlement claims againstservice providers claiming that the loan contracts were null and void. The causes of contract invalidity cited in uniformity decision No. 6/2013 PJE, i.e. the fact that the exchange rate risk is borne solely by the borrower renders the loan contract immoral, usurious or sham, that the contract was aimed at impossible services, the failure to provide adequate information, deception, unfair contractual terms, etc. appeared as the legal basis of the petitioners' claims in the disputes brought to the Board. In addition to these,petitioners often cited the service providers' failure to comply with the rules pertaining to prudent conduct. In this respect, they complained about the failure to assess and evaluate the market risks and the consumers' ability to bear the debt service burdens with due thoroughness and in depth. This was supported by resolution No. 11. P. 21.735/2013/21 of the Central District Court of Buda, in which the court stipulated as a cause of full invalidity if the financial service provider failed to comply with its obligation to assess the risks of placing the loan, the existence, fair value and enforceability of the collaterals, and did not attach the related instruments – as documents underlying the creditor's decision – to the loan contract. The financial service providers deemed this court resolution unfounded and rejected it claiming that it misinterpreted the effective financial laws.

After entry into force of the settlement laws,the vast majority of petitions were aimed at the satisfactory management of the legal consequences of overdue debt, i.e.suspension of the right of satisfaction, permitting payment by instalments or forgiving the debt. The settlement laws also impacted the outcome of the cases, since before entry into force of these lawsthe service providers categorically refused to make a genuine compromise, while after the enactment they were more willing to reach a compromise. In these cases the compromises, with a view to the settlement, were made in the spirit of cooperation, e.g. in the form of concluding an instalment payment agreement to ease the payment conditions, rather than aimed at forgiving

the debt. When the financial service provider declared that the disputed contract was covered by the settlement laws and it would meet its statutory obligations, in the majority of the cases this comforted the petitioners, and in the hope and knowledge of the fact that after the settlement their burdens will be eased, and that they can appeal to the Financial Arbitration Board with their complaints related to the settlement, the petitioners withdrew their petitions or agreed with the service provider on the termination of the proceeding. In those cases where the petitioner insisted on the immediate fulfilment of the settlement, the acting panel terminated the proceeding in view of the prematurity of the settlement request, but in each case it pointed out that following the receipt of the settlement notice, i.e. in 2015, there will be once again possibility for remedy in accordance with the provisions of the settlement laws.

In 2014, as in previous years, the vast majority of proceedingsrelated to disputes regarding loan contracts, were associated with the members of OTP Group extending loans and credits, and with Erste Bank Hungary Zrt. All other larger financial service providers and almost all smaller banks also appeared at the Board, as petitions related to financing transactions were submitted against them as well,while the number of petitions submitted against cooperative banks was negligible.

The majority of petitions related to loan contracts concerned settlement disputes, attributable to the fact thatpetitioners disagreed with some provisions of the foreign currency-denominated loans. A large part of the petitions set out from the assumption that the contract was void and as such they owed the financial service provider nothing or they had an overpayment. Typically they founded their assumption that the disputed contract was void on court judgements passed in other cases, and wished to settle the outstanding debt liabilities at the interest rates specified in the Civil Code and on a forint basis. The petitioners were unable to comprehend the form in which the foreign currency appeared in their contracts and why they were obliged to pay the surplus arising from the conversion and translation. Afterpublication and promulgation of the settlement laws they immediately applied for the settlement stated in the Act and disregarded the fact that the statutory deadlines were not yet due, and were unaware of the fact that the Magyar Nemzeti Bank would regulate and define the formula based on which settlement can be performed in a decree. It was also typical thatpetitioners did not act alone, but were represented by a person or organisation supporting the customers that were adversely affected by the foreign currency loans, and several consumers – although in separate proceedings – applied for the same remedy.

In these cases,financial service providers clearly took a defensive position; the individual service providers did not accept that the contracts were void and deemed the settlement requirements premature. A large part of the compromises aimed at lowering the instalments to be made by the petitioners, untilfulfilment of the obligations specified in the Settlement Act. In these cases,financial service providers always emphasised that they would fully comply with the provisions of the settlement laws within the statutory deadline. In several cases, petitioners received information at the hearing as to whether the disputed credit or loan contract would be affected by the settlement at all. The panels acting in such cases always reminded the petitioners that the individual court rulings were not applicable to similar cases. The petitioners always left the hearing with more information and documentation, and thus had a chance to better comprehend and understand the essence of their own credit or loan contracts, as well as the rules applicable under the settlement laws.

A significant portion of petitioners struggling with payment difficultieswere able to reach a compromise with the assistance of the acting panels, which indeed eased their situation. PetitionersP were more willing to accept the information received from the Board than what the financial service providers told them. In terms ofsettlements, it would be extremely important to ensure that the representatives of the financial service providers appear at the hearing with authorisation that ensures that they can effect a compromise, if necessary, in specific settlement issues as well. In many cases, if the financial service provider had an acceptable offer for compromise, a large part of the settlement-related disputes could be closed without a hearing. A very large percentage of petitioners accept the service providers' offer even without a hearing.

In the case of the loans with exchange rate cap or collection account arrangement, some of the petitions related to the fact thatthe financial service provider previously did not accept the application for the collection

account loan arrangement, while others wanted to find out why the exchange rate cap was set with a delay. PetitionersP also complained about not being eligible for the exchange rate cap arrangement, although they believed that they fully complied with the provisions of the laws. As regards the setting of the parameters, they complied that several months elapsed between the submission of their application, the conclusion of the collection account loan contract and the first preferential instalment. In the first case,financial service providers explained that they could provide the debtors with the collection account loan only within the legislative framework and could not satisfy some of the requests, because the applicant was not eligible based on legal provisions. In the second case, financial service providers shifted the responsibilityto the petitioners stating that they failed to submit the documents prescribed by the law and the collection account loan contract in due course, which was the precondition for setting the exchange rate cap arrangement.

It is the general experience of the Board thatfinancial service providers interpreted the laws related to the collection account correctly when they rejected the application for the exchange rate cap arrangement. It may also be stated that the failure or delay to set the necessary arrangement is attributable to the fact that the financial service providers did not provide the applicants with sufficient information; thus, taken together, the delay was imputable to both parties. In the absence of proper information, the delay of the applicants was always attributable to the omission of the financial service provider.

Of the financial service providers, Erste Bank Hungary Zrt.had the largest number of disputes related to loans with collection account arrangement, in most cases due to the delayed setting. On the other hand, in these cases, the most cooperativeve financial service provider was also Erste Bank Hungary Zrt, compared to all other service providers involved in such cases.

The invalidity offoreign currency and foreign currency-denominated loan contracts in terms of form and content was also one of the most frequent case types. These cases may be allocated to the group of exchange rate spread and exchange rate difference problems, as well as to the group of failure to provide information and obtain the risk assessment declaration. The signing offoreign currency loan contracts by the financial service providers was also often disputed. In such cases, the petitioners requested that the powers-of-attorney be presented and compared with the records of the court of registration. Part of the petitions complained about the fact that the exchange rate spread, as such, was not included in the annual percentage rate of charge, and thus the petitioners also disputed that it had become part of the contract at all. When disputing the exchange rate spread, they also tried to cite judgements passed in other similar cases rather than in the disputed contract, and they often challenged the extent of the exchange rate spread. They often claimed that upon concluding the foreign currency and foreign currency-denominated loan contracts they did not receive proper information from the representative of the financial service providers with regard to the contract and the scheme itself, and prior to signing the contract they did not have the opportunity to familiarise themselves with the text of the contract, or even to read it. Many petitioners mentioned that they did not sign any risk assessment declaration and received no information on the risks involved in concluding a foreign currency-denominated loan contract. They requested the financial service providers that they should hand over the risk assessment declaration signed by them, if they claimed that it did exist.

Typically, several of the above claims were made simultaneously. The petitioners essentially wanted toarrive at the invalidity of the contract in terms of form and content from the disputed circumstances. The financial service providers took a defensive position in these cases and did not put forward any offer for compromise. In a large number of the cases, they were able to attach the requested risk assessment declaration. With regard to the information provided during the contract execution they were unable to provide relevant information, in view of the fact that the staff that were present upon the signing of the contract were no longer employed by the financial service provider, no voice recording was made of the negotiation, and thus there was no evidence in this respect at all. They clearly separated the cases of the exchange rate spread and the exchange rate difference, and where it was necessary they presented the detailed calculation of the annual percentage rate of charge. The financial service providers also stated in these cases that the individual judgements passed in the lawsuits have no legal effect on the disputed contracts and do not render them invalid in view of the fact that Hungarian litigation is not based on case law. The key objective of the Board in these cases was to ensure

that the petitioners can consult with the financial service providers on the merits of their foreign currency or foreign currency-denominated loan contracts. The underlying cause of the cases was always some sort of payment difficulty. The Board made efforts to ensure that the petitioners can reach a compromise with their financial service providers in a way that results in eased payment terms for them.

The vast majority of the petitions received in respect of the credit institutions' foreign currency-denominated lending activity concerned the CHF-denominated transactions concluded before the crisis. Prior to the enactment of Act XXXVIII of 2014, the number of the petitions received in respect of the cases that fall within the scope of the Act was considerably higher than after its entry into force. One of the obvious reason for this was the "wait-and-see" attitude shown by some petitioners, i.e. they waited until the receipt of the statutory settlement before submitting their dispute. Already in the preparation phase of the acts and when the bills were published, thet financial service providers declaredthat they would comply with their statutory obligations, and they have been emphasising their intention to do so in the proceedings and after the laws' entry into force as well.

In the area of personal loans, OTP Bank Nyrt. was summoned to the Board as a petitioned party on several occasions. The Bank has a loan scheme under which the debtor has to repay the foreign currency-denominated loan in fixed, monthly forint instalments and the maturity of the loan may be extended by a maximum of 12 months. If there is an outstanding balance after such extension, it has to be repaid – subject to the loan fee stated in the prevailing announcement – in the form of a "normal foreign currency-denominated personal loan" within a maximum period of 12 months, in which case the monthly instalments already reflect the exchange rate and loan fee changes. Despite the fact that the debtors did sign a risk assessment declaration, when they "face" the essence of the scheme they dispute the validity of the contract. OTP Bank Nyrt. sent a standard letter to its customerswith personal loans with fixed forint instalments offering alternative solutions to ensure that upon the expiry of the fixed term the distribution of the still outstanding debt over 12 months does not represent an unreasonable burden.

Erste Bank Zrt. was extremely cooperativeve in the proceedings related to credit and loan transactions as it tried to resolve all cases, making efforts to help the petitioner. CIB Bank Zrt. was also very cooperativeve, with special regard to the fact that its representative attending the hearings was very professional and empathetic.ate

Car purchase finance

In recent years, in addition to credit institutions, a number of financial enterprises also pursued car purchase finance. In relation to the proceedings on these subjects, of the financial enterprises, Merkantil Bank Zrt. and Budapest Autófinanszírozási Zrt.made a general submission declaration in the individual cases. In the conduct of the financial enterprises, the legal or lawyer's approach was gradually replaced by a business or economic approach, as a result of which there was a substantial increase in the number of compromises reached. The total number of proceedings aimed at the settlement of financial consumer disputes related to car purchase finance was 599, of which the Board held hearings in 362 cases; 235 of the heard cases closed with compromise, which accounts for 39% of the total number of cases; 124 cases were closed by termination, recommendations were made in 3 cases, and no binding resolution was passed. The petitionsdealt with the following topics:

- disputing the financial service provider's valid right of representation at the time of concluding the loan contract, i.e. disputes related to the circumstances of the signing of the loan contract and the validity thereof;
- questions related to options, and issues related to the purpose, collateral nature and release of the vehicle registration card;
- debt settlement.

The dispute related to the signing of the loan contract originates from the special feature of car purchases according to which the consumers usually apply for the loan necessary for purchasing the car and sign the

loan or lease contract in a car showroom or at a car dealer. For the purpose of flexible loan placement, the car dealer company signed the contract as a representative acting instead and on behalf of the financial service providers, or based on the authorisation contained in the cooperation agreement or agency contract concluded between the financial service provider and the car dealer. In the financial consumer disputes, the financial service providers usually classified their agreements concluded with the car dealer as business secret, and permitted the petitioner to inspect these at the hearing only in certain cases. A number of consumers took the position that the financial service providers' right of representation, valid at the time of concluding the loan contract, became questionable due to the fact that the contract was signed by the dealer instead and on behalf of them, since the dealer was neither an agent nor a bank employee. Consequently, according to this view, the signature of the contracts contained a formal error and as such the loan contract was void. They also claimed that the car dealer – as it had no sufficient financial experience – did not and could not give proper information to them with regard to the risks of the foreign currency-denominated transactions. As a legal consequence ofnullity, a large number of the consumers requested that a forint-denominated settlement be performed at the central bank base rate retrospectively to the contract execution date.

The Board formulated no recommendation in the disputes related to the signing of the loan contract. The proving of the disputed circumstances of the contract signing after 7-8 years, and the confirmation of the financial information provided at the time when the contract was concluded – even despite the signed risk assessment declarations – presented a significant challenge for the petitioners. The Board took a uniform position on the acceptance of the powers-of-attorney, the rules related to sham representation and the application of the provisions of Sections 219-220 of the former Civil Code. Consequently, not excluding the possibility of initiating legal proceedings, the role of the Board was manifested mostly in facilitating such compromises that provided an alternative solution in respect of the contractual performance of the loan contract.

In respect of the options, it can be stated that due to the asset-based speciality ofcar purchase finance, the legal value of the car – as tangible collateral – usually increased during the term of the financing and then of the loan. The financial service providers applied various legal means with regard to the option's entry into force and to the ensuring of the collateral coverage of the loans with maturity longer than 5 years. Earlier, in the first half of the 2000s, the stipulation of the optional purchase right was free of charge for the applicants; however, over time this competitive solution became a source of many problems for the financial enterprises. The fiduciary collateral, interpreted in different ways, confused the consumer and several procedures were launched, based on petitions, in order to cancel the option after the lapse of the statutory, maximised period of 5 years.

In one of its recommendations, the Board called upon the financial service provider to issue the declaration in respect of the car necessary for the cancellation of purchase right, as well as the restraint on alienation and encumbrance securing that, recorded in the official registers and in the car's documents. In the proceedings the petitioner claimed, amongst others, that pursuant to Sections 374 (2) and 375 of the former Civil Code the purchase right registered on the car terminated after 5 years from the date of the option. The panel acting in the case established that there was a difference in the provisions of the option and of the operating rules, forming a part of the first as general contractual term, with regard to the duration of the purchase right. Based on Section 205/C of the Civil Code it was established that upon the lapse of the 5 years calculated from the signing, as specified in the option, the financial service provider's purchase right related to the car terminated on the basis of the option's provisions, and accordingly, simultaneously with that the restraint on alienation and encumbrance, securing the purchase right also ceased. The recommendation stated that after the termination of the purchase right the financial service provider could not exercise its rights arising from the option legitimately, i.e. its claim to exercise the purchase right reported simultaneously with the termination was unlawful. The financial service provider complied with the recommendation.

The disputes related to the release of the vehicle registration card first were combined with the petitions to cancel the options, but after a while they appeared as independent petitions. In the case ofcar purchase finance contracts, the parties regulated as a general contractual term that the lender financial service provider was

obliged to release the vehicle registration card and issue the declaration necessary for the cancellation of the restrictive records, when the borrower has fulfilled all of his obligations stipulated in the loan contract. Based on the freedom of contract stipulated in Section 200 (1) of the former Civil Code the parties are free to determine the content of the loan contract. Within that they may agree in a collateral obligation in connection with any of their obligations arising from the contract. Based on the permissive provisions of the former Civil Code, in addition to the specified collateral obligations they may have agreed in other, atypical forms of securing the loan contract, such as the possession of the vehicle registration card. If it did not follow from the provisions of the general terms of the contract that the possession of the vehicle registration card served as security for the purchase right or the sales contract, the Board treated it as independent collateral and did not make it conditional upon the existence or termination of the purchase right.

In another recommendation, the Board stated that the financial service provider should release the vehicle registration card to the petitioner. Inthe petition, the petitioner stated that he concluded a foreign currency-denominated loan contract with the financial service provider for the purchase of the car, based on which the financial service provider granted a loan for 120 months. In the proceedings the petitioner requested, amongst others, that the financial service provider should release to him the vehicle registration card. The acting panel established that the contractual documentation contains provisions with regard to the vehicle registration card in several places, amongst others in the general contractual terms and conditions referred to by the financial service provider, as well as the sales contract, the validity of which was suspended. The provisions related to the vehicle registration card could not be interpreted separately from each other, as the parties' contractual will in this complex legal relationship was that as a result of the loan disbursement the petitioner can purchase the car and the financial service provider can secure the proper collateral for the loan placement, thus the contracts signed by the parties could and had to be interpreted together. In view of the expired deadline the financial service provider could not exercise its option right. According to the provisions of the contract creating the option, if the lender financial service provider does not exercise its purchase right and/or the petitioner has fully met his payment obligation, the purchase right ceases and the vehicle registration card of the car that was the subject of the purchase right must be released to the petitioner forthwith. In view of Section 207 (1)-(2) of the former Civil Code, based on the generally accepted meaning of the words, in the case of a contract concluded by the consumer – as the parties' position differs – the Board established, in accordance with the interpretation more favourable for the consumer, that the option contract states unambiguously and clearly in which cases the financial service provider is obliged to return the vehicle registration card to the petitioner. However, as the financial service provider failed to return the vehicle registration card, the acting panel was of the opinion that the financial service provider held it unlawfully in the legal relationship.

As a result of the prudential requirements and the rules of the new Civil Code, the playersin asset-backed financing should reconsider the scheme. It is likely that instead of the eliminated collaterals it will be necessary to set up a cheap, simple, transparent and widely available chattel mortgage register, and the importance of the notarised debt acknowledgement of the debtor or of the surety may increase.

The Board received a large number of petitionsrelated to debt settlement. The economic crisis, the change in the value of the assets, the lapse of time, the change of the earning capacity and the social circumstances all had an impact on the fulfilment of the outstanding obligations towards financial service providers. The long-term financial commitment was reshaped by the increased burden attributable to the exchange rate fluctuation, the interest rate increase, as well as any illness or unemployment. The petitions aimed at the disputing or recognition, and ultimately the settlement of the debt were characterised by submissions containing a mixture of objective and subjective factors. Fortunately, during the alternative dispute resolution at the Board, a large number of agreements tailored to the petitioners' financial and income situation were reached. Since the internet banking services usually were not accompanied by car financing, the solutions that enable the consumers to monitor the debts in electronic form could be worth considering by financial service providers in 2015, thereby also satisfying the requirement of transparency.

6.2 INSURANCE DISPUTES

In 2014, a large numberof petitions (1,342) were received in relation to disputes against participants in the insurance market, arising from the insurance relationship. These accounted for 32.61% of all petitions. Similarly to previous years, in cases related to actors in the insurance market disputes arising fromnon-life insurance contracts accounted for the majority of the cases, i.e. 84% of all insurances cases; however, the number of disputes related to the life insurance business was also high. The distribution of the received cases by financial service providers reflects the market share of the individual financial service providers. Accordingly, most of the proceedings were initiated against the largest actors of the insurance market, and particularly against the composite insurance companies and the non-life insurers. More than half of the received petitions were against three service providers, i.e. Generali-Providencia Biztosító Zrt. (following the mid-year name change: Generali Biztosító Zrt.), Groupama Garancia Biztosító Zrt. and Allianz Hungária Biztosító Zrt. Almost three-quarters of the petitions related to six insurers.

The petitions usually were against the insurers, while the number of proceedings launched against the other actors of the insurance market (brokers, multiple agents, etc.) was negligible. In the vast majority of the proceedings commenced against independent intermediaries the insurance company managing the referred insurance product also appeared as a party along with the intermediary. In 34%of the insurance-related petitions, i.e. in 346 cases, the parties reached a compromise. Ten actors in the insurance sector made a general declaration of submission. It was a very positive experience that the vast majority of those actors in the insurance sector that did not make a general declaration of submission also fulfilled the recommendations made by the Board. The financial service providers paid a considerable amount to the consumers based on the compromises reached at the Board and on the binding decisions and recommendations made by the Board in the cases related to the insurance sector.

The majority of the insurance cases received by the Board originated from disputes related to home insurance. The most typical cases included damages from storm and other natural hazards, fire and explosion damages, as well as burglary damages; proportionately the most compromises were reached by the parties in this insurance line. The basis of the dispute typically was the question whether or not the claim event reported by the consumer occurred and whether it qualifies as an insured event under the insurance terms and conditions (insurance regulations) of the given insurance product. During the proceedings, the reconciliation in respect of the comprehensive exploration of the facts related to the incurred claims ended with success in a large number of cases, as a result of which the insurers often modified their position formulated during the claim settlement concerning the legal basis or the amount of the insurance benefit.

Very often issues relevant for making a decision on the merits of the case arose, the assessment of which is the competence of a technical or price expert. Since in the Board's proceedings there is no room for appointing or involving experts in any form or to collect evidence, in these cases the Board was not ina position to make a decision on the merits of the case. The practice of Groupama Garancia Biztosító Zrt, according to which they appear at the hearings of the Board with a legal representative and a claim expert, is exemplary and progressive, as they thus foster the ultimate fair and legal resolution based on evidence. When the assessment of the case in terms of the legal basis was straightforward, or became straightforward during the proceedings of the Board and the dispute concerned only the amount of the insurance benefit, a compromise was reached in a number of cases.

In addition to home insurance, the largest number of cases taken to the Board originated from the compulsory motor third-party liability insurance (MTPL). These cases accounted for the majority of the liability insurance cases. A large part of the disputes arising from motor third-party liability insurance was related to the so-called non-coverage premium payable for the uncovered period stipulated in Act LXII of 2009. Some of the cases related to the concluding of the insurance and the cancellations on the renewal date connected to the change of insurer, if the registered keeper of the vehicle did not conclude or cancel the liability insurance contract within the deadlines stipulated by law. The first case creates an uncovered period, while in the second case – as result of the irregular cancellation – the previous insurance remains in force and the liability insurance taken

out later qualifies as an invalid contract due to the prohibition of multiple insurance. The result is similar, i.e. an uncovered period is created when the compulsory motor third-party liability insurance is terminated before the insurance renewal date due to premium non-payment. A significant ratio of the contracts terminated for this reason is related to the electronic (internet) contracting – generally used in the insurance market – and to the electronic communication used for cost efficiency reasons and promoted by premium allowances.

An increasing ratio of disputes related to motor third-party liability insurances comprised of proceedings initiated by the claimants of accidents or damages caused by the motor vehicles, in the course of which the claimants submit their claims directly to the insurer of the registered keeper of the claim causer motor vehicle based on Sections 12 and 28 of the Act. If it was proven that the problem was attributable to administrative reasons at the insurer's end, the insurers usually corrected the problem by modifying the data which due to the error was reported incorrectly to the Central Claim History Registration System. However, if the problem was not expressly attributable to the irregular proceedings of the insurer, then due to the binding rules of the Act there was no real possibility to resolve the dispute by compromise.

The typical problems in the cases related to CASCO insurance included damages due to own fault and car thefts. In the cases taken to the Board,the subject of the dispute was usually the amount of the assessed insurance benefit rather than the legal basis. In a large number of the cases, no decision on the merits of the case could be made, because the assessment of the value of the damages that impacted the car or of the value at the time when the car was stolen is the competence of the motor vehicle technical expert, and thus the Board was not in a position to resolvethe issue.

In the case of the accident and health insurance, the subject of the disputes was mainly the extent of the disability (decreased capacity to work) arising from the accident. It was a rather common claim settlement practice of the insurers – generating disputes – that the medical expert commissioned by the insurer made the decision substantiating the rejection of the insurance benefit or the claim for benefits based on the medical documents attached by the insured, without the personal examination of the insured person. The Board was not ina position to make a decision in the cases that belong to the competence of medical experts. Nevertheless, a compromise was reached in several cases, according to which the parties agreed to obtain the expert opinion of a jointly appointed medical expert or expert institution, which they would mutually accept. Furthermore, on several occasions insurers undertookthat they provide the insured with a personal medical examination opportunity, based on the result of which they would revise their position taken during the claim settlement.

In 2014, the Board received 203 life insurance-related petitions, of which 117 cases were associated with unit-linked life insurance and 91 cases with traditional life insurance. As regards traditional life insurance, the vast majority of the disputes related to the rejection of the legal basis of the death benefit. In these cases, the beneficiary of the life insurance applied to the Board requesting that the insurer's obligation to provide the benefit be established. The traditional death insurance product defines as an exclusion or waiver the circumstance when the death of the insured is attributable to an illness or injury that already existed prior to the start of the insurer's risk inception. In respect of these products, the insurers rejected the beneficiaries' claims for benefit based on such reason. Since in the vast majority of the cases the protocols of the post-mortem examinations state general illnesses – impacting a significant part of the society after a certain age (particularly, high blood-pressure, cardiovascular diseases) – as the indirect cause of the non-accidental death, which already existed at a substantial part of the insured upon the contract execution, this circumstance serves as an evident cause of the rejection in the insurers' claim settlement practice. Whether the insured's death has a causal relation with the given, pre-existing illness can only be unambiguously established by a medical expert, and as such the Board was not in a position to make a decision,, and thus a large part of the disputes related to death insurance were terminated due to the impossibility of assessing the expert issues

UnitU-linked life insurance is a life insurance vehicle where the insurer places the technical reserves, accumulated on the basis of the insurance contract, into asset portfolios (asset funds) it has created, having an independent investment policy, managed separately and comprising of theoretical settlement units of identical value (investment units), or into investment funds managed by another company authorised to

manage investment funds, for investment purposes, depending on the choice of the contracting party and in accordance with the rules stipulated in the contract in advance. The insurer may establish several kinds of asset funds that pursue different investment strategy. There are safe asset funds offering lower yield and also assets funds that offer higher yield in the longer run, but investing in more risky assets, e.g. in equitiesies. In the asset funds the insurer invests the cash collected as the consideration for the purchased units in accordance with the asset fund's investment strategy. Therefore, the price of the investment units recorded on the counterparty's account is continuously changing, depending on the investment result of the given asset fund – i.e. the current value of all investment instruments in the asset fund – and it may also suffer a substantial loss. The paid insurance premium is also subject to deductions. One of the most significant items is the initial cost, typically charged in the form of reducing the initial units, to cover the acquisition costs. In addition, the insurance is burdened by other payments defined in the conditions, such as the death insurance premium, the handling fee, the fund switching costs, the fund management cost, etc. These insurance products are created for the long term, usually for 10-20 years and the surrender value, as a residual right, is determined depending on the time elapsed from the insurance period. It is a typical problem that when the insurance is terminated due to the surrender of the insurance or premium non-payment before maturity, the contracting party often receives a substantially lower amount than he paid in; in extreme cases even the total deposited amount may be lost.

In respect of unit-linked life insurance,petitioners typically claimed that during the contract execution they did not receive proper information on the features of the insurance, particularly on the rate of the deductions, the calculation of the surrender value and that the investment risk was to be borne by them. These allegations are contrary to the fact – and as such pose difficulties in these cases – that the proposal documentation typically contains all declarations of the consumer, according to which he was fully aware and accepted the conditions of the product, including the surrender table and the risks taken by him in respect of the investment. The petitioners should prove contrary to thisis documentary evidence that upon concluding the contract they received different information; however, so far none of the petitioners was able to do so. The Board was unable to inspect the claim of the petitioners according to which upon concluding the contract they were misled (Section 236 (1) of the former Civil Code), as it is the competence of the courts to establish the invalidity of the contracts based on artifice.

6.3 CASES OF THE FUNDS

The number of the cases submitted to the Board against the organisations covered by the acts on the voluntary mutual insurance funds and the private pension, i.e. against the individual funds, was negligible in 2014. A substantial portion of the petitions received in respect of the funds related to pension funds, while the ratio of health fund-related cases was below 20 per cent. PetitionersP most often initiated the proceedings of the Board against these service providers in financial consumer disputes arising from settlements related to the payment of yields and membership fees.

The Board found that some of the petitioners still did not have sufficient knowledge and information with regard to the proceedings of the Board and the conditions to initiate them.

The acting panel seta hearing in 56 per cent of the fund cases.. In 66 per cent of thecases heard a compromise was reached or the financial service provider fulfilled the request in the petition before the hearing or during the proceedings. In 44 per cent of the cases heard, thet Board established that the petition was unfounded.

6.4 CASES INVOLVING INVESTMENT SERVICE PROVIDERS

Relatively few new petitions (only 31) were received in cases related to certain services of investment firms.. Four cases started in the previous year, i.e. in 2013. Out of the 35 cases, 31 were closed in the reporting period, while the hearings in 4 cases were scheduled for January 2015. Out of the 31cases closed, a hearing was held in 22 cases. Out of the cases closed with a hearing, the parties reached a compromise in 6 cases, while in 16 cases the acting panel of the Board terminated the proceedings due to lack of groundss, the impossibility to conduct the proceedings, joint petition orwithdrawal of the petition.

In the case of the disputes related to investment firms, petitioners most often disputed the lawfulness of deductionsfrom the amounts transferred to the investment accounts and the question of whether or not the activity performed by the given investment firm qualifies as investment advisory service was also often raised. In addition,petitioners often referred to or disputed that they received advice-like proposals from the staff of the investment firm with regard to the instruments they should invest in, as a result of which – due to the unfavourable price fluctuations –they later realised a loss, and in the proceedings they wanted to enforce these claims in the form of damages.

In these cases, the petitioners had to prove their allegations, contrary to the submitted documentary evidence, that the parties also concluded an agency contract for investment advisory services. ConfirmationC of the verbal declaration in most of the cases was not and could not be successful, thus in view of the failed evidence the Board terminated the proceedings related to these cases based on lack of grounds.

6.5 WORKOUT COMPANIES AT THE BOARD

Based on sales ofcontracts concluded with non-performing consumers – and in the vast majority of the cases already terminated contracts –workout companies, as financial service providers, participated infinancial consumer disputes as the successors of the financial service providers that originally provided the services. The proceedings against them included dispute resolution and debt settlement due the proceedings of the predecessor, or financial consumer disputes after assignment.

A large number ofpetitioners' disputes concerned the currency of the credit or loan concluded with the predecessor financial service providers, dispute of the debt, interest rate increases,default interest rates, the absence of settlement or the remedy of complaints related to payment services. Although the petitioners had a legal relationship with the workout company, it was not possible to reveal the facts of the case, since the workout company became the successor only after the date of assignment. According to the Board's practice, in such cases the legal basis of the petition was clarified by involving the predecessor financial service provider in the proceedings and the current legal relationship could be also settled in the same proceedings. These cases were characterised by the fact that although the successor financial service provider replaced the predecessor service provider through assignment, due to the difference or underdevelopment of the infrastructure, the settlement and the registration system, as well as of the communication, the complaint management of the workout companies may only be separated from that of the predecessor financial service provider, if the workout company is able to provide the same services as its predecessor.

The Board found that, despite the professional and detailed information given by the financial service providers in writing, the understanding of the legal and numerical consequences of the termination, and altogether of the essence and content of assignments, as well as the fact that the exercise of the consumers' right in this respect is rather limited, causes great difficulties for many consumers. Unfortunately, it cannot be stated either about the workout companies or the predecessor financial service providers that they regularly informed their customers about the development of the amount of the terminated and/or disputed debts.

In addition to changing their attitude when they are in a negotiation position – amongst others also in the interest of the more efficient debt collection – in the coming years, workout financial service providers should focuson the significant enhancement of their registration system, the development of proper processes for sending regular,accurate notices, and revise the content of their notice letters to be sent to the customers in order to ensure clarity.

DebtD settlement and financial consumer disputes after assignment dominated the cases taken to the Board. The successor financial service providers tried to collect a large number of debts barred by the statute of limitations, and as such not enforceable through the court. If it was proven that the debt was barred by the statute of limitation, the Board took a definite negative position in respect of the enforcement thereof against the will of the petitioner. In the majority of these cases, a compromise was reached to the benefit of the

consumers; the Board actively mediated in these cases as well, mindful of the consumers' financial interest, and approved the compromises.

6.6 APPROVED COMPROMISES

The Board approved the compromises reached by the parties in 1,422 proceedings. 1,069 of our compromise resolutions were passed in financial market disputes, 346 of them in insurance, 6 in capital market and 1 in fund disputes.

Almost 80 per cent of the compromises related to financial market transactions were reached by the parties in relation disputes related to foreign currency-denominated or forint loan or leasing contracts. TheT following five financial service providers reached the highest number of compromises inrelation to foreign currency-denominated loan and leasing contracts, in descending order by the number of the compromises reached: Budapest Bank Zrt. and Budapest Autófinanszírozási Zrt., Erste Bank Hungary Zrt., OTP Group, Lombard Lízing Zrt. and Merkantil Bank Zrt.

CIB Bank Zrt. and CIB Lízing Zrt., K&H Bank Zrt., MKB Bank Zrt. and MKB-Euroleasing Zrt., Raiffeisen Bank Zrt. and Raiffeisen Lízing Zrt., the Hungarian Branch Office of AXA Bank Europe S.A., UniCredit Bank Hungary Zrt. and Toyota Pénzügyi Zrt. also approved a large number of compromises.

TheT following five financial service providers reached the highest number of compromises in relationrelatino to forint-denominated loan and leasing contracts, in descending order by the number of thecompromises reached: OTP Group, Erste Bank Hungary Zrt., Budapest Bank Zrt. and Budapest Autófinanszírozási Zrt., Lombard Lízing Zrt., Merkantil Bank Zrt. CIB Bank Zrt. and CIB Lízing Zrt., K&H Bank Zrt., MKB Bank Zrt. and MKB-Euroleasing Zrt., Raiffeisen Bank Zrt. and Raiffeisen Lízing Zrt., the Hungarian Branch Office of AXA Bank Europe S.A, UniCredit Bank Hungary Zrt. and UniCredit Leasing Hungary Zrt. alsoreached a large number of compromises.

Within the financial market cases, almost 20 per cent of the compromises reached related to bank account contracts, deposit contracts or bankcard contracts. Within.Wthis, two compromises were reached in cases related to retirement plan accounts. The most, i.e. over 30, compromises each, in this area were reached by Erste Bank Hungary Zrt. and K&H Bank Zrt., while OTP Bank Nyrt.reached almost 20 compromises. The Hungarian Branch Office of AXA Bank Europe SA, Budapest Bank Zrt., CIB Bank Zrt., the Hungarian Branch Office of Citibank Europe plc, FHB Kereskedelmi Bank Zrt., MKB Bank Zrt., Raiffeisen Bank Zrt. and UniCredit Bank Hungary Zrt. eachreached less than ten compromises.

Two-thirds of the compromises in insurance cases were reached in proceedings related to non-life contracts and one-third of them were reached in relation to life insurance contracts. Within the non-life business line, the majority of compromises were reached in home insurance and compulsory motor third-party liability insurance matters. TheT following five insurersreached the largest number of compromises, in descending order by the number of compromises: Groupama Garancia Biztosító Zrt., Generali Biztosító Zrt., Allianz Hungária Biztosító Zrt., K&H Biztosító Zrt., UNION Vienna Insurance Group Biztosító Zrt., and AEGON Magyarország Általános Biztosító Zrt. and UNIQA Biztosító Zrt. alsoreached many compromises.

Incapital market cases, most compromises were reached in respect of the securities account management; the largest number of compromises was reached by Erste Befektetési Zrt.

A compromisecin the funds market wasreached by the petitioner with a voluntary health fund.

7 Recommendations, binding resolutions and the fulfilment of SUCH by the respective financial service providers

In the absence of compromises, the Board passes a binding decision if the petition is grounded and the financial service provider, accepting the decision as binding on itself, has made a general declaration of submission or makes an ad hoc declaration of submission with knowledge of the specific case. In the absence of a submission declaration, it makes a recommendation. In 2014, the Board made 28 recommendations, nine of which concerned the financial market and 19 were related to the insurance market. The respective financial service providers fulfilled 19 recommendations and did not fulfil two recommendations. They initiated the annulment of 4 recommendations in court; in the case of three recommendations, the respective financial service providers have not yet decided on fulfilment within the statutory deadline.

Of the recommendations made in respect of the insurance market, seven recommendations were related to compulsory motor third-party liability insurance, three to CASCO insurances, three to home and property insurance, two to life insurance, two to accident and health insurance, and one to supplementary pension insurance. Of the financial market-related recommendations, two were related to the release of a vehicle registration card, one to the cancellation of options on the car, one to a hire-purchase loan, one to the final repayment fee of a foreign currency-denominated loan contract, one to the interest premium on a term deposit, and one to the erroneous registration of savings coupons.

The Board passed a binding resolution in five cases, all of them in insurance-related financial consumer disputes.

The Board anonymously informs interested parties on its recommendations and binding resolutions by publishing the full text of these resolutions on its website. The recommendations and binding resolutions formulate the Board's opinion not only in respect of specific cases, but also contain general requirements for the respective financial service providers based on the given case type. The requirements stipulated for the stakeholder parties in the recommendations and binding resolutions passed in 2014 may be sorted by topic and summarised as follows.

In relation to compulsory motor third-party liability insurance contracts

a) in respect of claims related to contractual premium reimbursements, it is expected that

– in insurance proposals made to consumers, financial service providers should clearly state, with confirmation of the consumer's signature, the form of cooperation/liaison;

– in the case of contracts concluded with consumers, financial service providers should meet their obligation to provide information and cooperate by liaising in the form specified by the consumer;

b) in respect of establishing the validity of the contract and claims for damages, it is expected that

– financial service providers should comply with the statutory provisions pertaining to compulsory motor third-party liability insurance and verify the validity of the insurance contract with due care; if it can be established that at the time of the claim event a valid contract existed, then during the claim settlement they should examine the eligibility of the use of the insurance services in full;

– they should act with due care when investigating the claim event, meet their obligation to provide an explanation, and reimburse the loss legitimately claimed by the consumer and confirmed by invoice;

– in the case of contracts concluded with consumers, they should always cooperate, acting with a view to legal certainty.

In respect of CASCO insurances, when the insurance premium is integrated in the financing fee, financial service providers are expected in the case of foreign currency-denominated loan contracts concluded with consumers to charge in foreign currency only those costs and fees, and nothing else, that are directly related to procurement of the foreign currency funds needed for the fulfilment and maintenance of the given contract.

In respect of the requirement to perform the CASCO insurance services, in the case of insurance contracts concluded with consumers, financial service providers are expected to always proceed in accordance with the provisions of their regulations and fulfil the insurance service accordingly. Furthermore, in the case of unfulfilled or partially fulfilled insurance services, they should make their rejection only after a comprehensive, thorough examination, taking into account the documents, evidence and current values prevailing at the time of the claim event.

In respect of petitions related to the cancellation of options, we expect that financial service providers should only try to reinstate the purchase after a lapse of five years from the creation of the option contract if no other financial collateral is available for them. The modified legislation resolved the previously existing problem; by virtue of the law, option contracts concluded after 15 March 2014 may no longer be used as financial collateral.

In respect of petitions regarding the revision of claims from home insurance, it is expected that for insurance services provided to consumers in connection with the claim event, financial service providers should act by providing mutual information in a cooperative, constructive manner. In the case of unfulfilled insurance services, they should make their rejection only after a comprehensive, thorough examination, taking into account the documents, evidence and current values prevailing at the time of the claim event.

In respect of claims related to the revision of maturity benefits of life insurance and the reimbursement of a positive difference of the paid surrender values, financial service providers are expected – in the case of those insurances concluded with the consumers where the persons of the contractor and the insured differ – to provide an opportunity if the contractor wishes to surrender the insurance for the insured to continue the contract, thereby preventing the potential loss arising from surrender. In such cases, the settlement with the former contractor should be performed with due care.

In respect of claims related to the fulfilment of life insurance services and the payment of a lump sum benefit of supplementary pension insurance after retirement, in the case of insurance concluded with consumers, financial service providers are expected to calculate and pay the insurance benefits in accordance with their regulations at all times.

In respect of claims related to the provision of insurance services based on a property insurance contract, the insurers are expected to pay insurance benefits – if according to the provisions forming an integral part of the insurance contract their payment obligation otherwise ensues – for consequential damages arising from overvoltage caused by lightning. Insurers should cooperate with the insured in assessing the claim event stipulated in the property insurance contract and evaluate the official documents provided by the insured in line with requirements pertaining to a bona fide application of the law.

In respect of claims related to the release of a vehicle registration card, in the case of car purchase finance loan contracts concluded with consumers, to release to the consumer without delay the vehicle registration card for the car encumbered by purchase right, if the purchase right ceases to exist after the lapse of time specified in the option.

In respect of claims related to the reimbursement of a final repayment fee, in the case of a final repayment of foreign currency-denominated loan contracts concluded with consumers, to charge only those costs and fees which are directly connected to the closing of the given contract, and nothing else.

When debt from hire-purchase and quick loan contracts are disputed, financial service providers are expected to assume responsibility for merchants, acting on their benefit as tied agents in all phases of the contractual relationship, and to show due care in relation to loan contracts concluded with consumers, as well as to provide consumers with complete and accurate information at all times.

In respect of claims related to the crediting of the interest premium on term deposits, financial service providers are expected to provide consumers with comprehensive, clear and straightforward information on term deposits, including – amongst others – the conditions of interest premiums, as well as to ensure that the information included in their various documents do not contradict each other and that all important information is disclosed in a single location and in a legible manner.

8 Decisions contested IN court and the result of these actions

Appeals may not be filed against the Board's binding resolutions and recommendations. However, a petition may be submitted to the Metropolitan Tribunal for their annulment. The parties participating in the Board's proceedings may request that the binding resolution or recommendation be annulled for procedural reasons, if the composition of or the proceedings conducted by the acting panel did not comply with the provisions of law, the Board had no competence or if the request should have been rejected without a hearing. In addition, a financial service provider may also request that the recommendation be annulled if the content thereof does not comply with the law (i.e. it is unlawful). The court may deliver a judgement in these cases only in respect of the annulment of the binding resolution or recommendation.

In 2014, two banks, one insurer and one financial enterprise filed for the annulment of recommendations in a total of four cases, arguing that the content of the recommendation conflicted with the law. In one of these cases, the lawsuit was definitively terminated, as the financial enterprise abandoned the action. Accordingly, our recommendation made in respect of the payment of the exchange rate spread, charged on the CASCO insurance premium billed in foreign currency and integrated in the transaction interest of the foreign currency-denominated loan contract, remained valid. An action for the annulment of two recommendations (i.e. one related to compulsory motor third-party liability insurance and the other related to the release of a vehicle registration card) is in progress in a court of first instance. Another action is in progress at the appellate court, because the financial service provider lodged an appeal against the judgement of the court of first instance, which rejected the claim and upheld the validity of the recommendation. In this recommendation, the subject matter of said action, the Board recommended that the financial service provider waive the enforcement of its claim arising from a quick loan contract for a hire-purchase and service.

On 31 December 2014, 14 actions filed between 2011 and 2013 for the annulment of recommendations made by the Board were still in progress. In the case of a recommendation made in 2011, the Board initiated in 2013 a review procedure against a non-appealable judgement which annulled the recommendation. In 2014, as a court of revision, the Curia abrogated the previous final judgement and instructed the appellate court to conduct new proceedings and make a new judgement. Regarding the disputed recommendation, the financial service provider violated the bank account contract, making a payment to an unauthorised person and thus generating a loss for the consumer. The Board recommended that the bank reimburse the consumer for the loss (i.e. the erroneously paid amount). According to the Curia, the repeat appellate proceeding must treat as fact that the consumer suffered a loss, and the appellate court must decide whether on the basis of the available evidence the recommendations legitimately established that the bank's employees who executed the cash payment could have prevented the loss had they acted prudently. This case will be heard in autumn 2015, and therefore the final result of the case is not yet known.

In relation to recommendations made in 2012, two proceedings ended with a final judgement in 2014. Four appellate proceedings and one review procedure are in progress. Of the two proceedings that ended with a final judgement, one action was terminated as a result of interruption, due to the absence of the bank in the hearing. In the second case, the final judgement maintained the validity of the recommendation (i.e. the Board won the case). Regarding the litigated recommendation, the final repayment by the consumer at the preferential exchange rate fell through, as the employer's loan – qualifying as own funding – was not received by the statutory deadline. As the financial service provider performing the disbursement of the employer's loan, the bank concluded the agreement with the consumer, but failed to transfer the loan by the deadline to the account specified by the consumer. Since the consumer was unable to make use of the final repayment

opportunity, he suffered a loss as a result of the bank's conduct. Thus, the Board recommended to the bank that it should reimburse the consumer for the loss he suffered, being the difference between the amount of the consumer's outstanding CHF-denominated housing loan calculated at that bank's rate and the amount calculated at the preferential exchange rate of CHF/HUF 180. According to the final judgment – in accord with the judgement of the court of first instance – the content of the recommendation was not unlawful, and therefore the court upheld its validity.

A review procedure is in progress in relation to a recommendation from 2012. This was initiated by an insurer in January 2014, as both the court of first instance and the appellate court upheld the validity of the Board's recommendation. In the recommendation, we proposed that the insurer pay the consumer the bid price prevailing at a specific valuation date of the investment units recorded under unit-linked single premium life insurance and the surrender value of the contracts calculated with this price, and the difference – if it is positive – between the surrender value thus calculated and the surrender value actually paid to the consumer. According to the final judgment – in accord with the judgement of the court of first instance – the content of the recommendation was not unlawful.

There were four appellate proceedings in progress involving recommendations made in 2012. In three of these proceedings, the Board won the proceedings in the first instance, as the courts did not find the content of the recommendations to be unlawful. In one proceeding, the Board unfortunately lost the case. However, as of 31 December 2014, these judgements are not yet final. The Board made the contested recommendations in the following cases:

- in the case of an insurer, on the subject of restoration of the original condition in respect of investment units under a recurring premium unit-linked life insurance contract;

- in the case of a bank, which rejected the consumer's application to make final repayment at the preferential exchange rate, claiming that he did not qualify as a financial consumer as he used part of the loan amount to grant an equity loan to the company owned by him, and as such he was not eligible for the preferential final repayment;

- in the case of a bank, on the subject of losing the interest exemption applicable to the next settlement period after the settlement period specified under the credit card contract, depending on the payment/non-payment of possible debts accumulated in the previous period;

- in the case of a financial enterprise, on the subject of using a collection account loan due to a financial lease contract.

In respect of the recommendations made in 2013, one proceeding was closed definitively. There are four appellate proceedings and one review procedure in progress. In one of these cases, the lawsuit was definitively terminated, as the financial enterprise abandoned the action. Accordingly, our recommendation – made in respect of the payment of the exchange rate spread charged on the CASCO insurance premium billed in foreign currency and integrated in the transaction interest of the foreign currency-denominated loan contract – remained valid. In 2014, another financial enterprise requested that a recommendation on the same subject be annulled; however, in the action it abandoned its claim before the hearing on the merits of the case. There is a review procedure in progress in respect of a recommendation from 2013, which was initiated by the Board in December 2014; this is because the appellate court, changing the judgement of the court of first instance, annulled the Board's recommendation. The Board recommended to the respective bank that it should credit to the consumer the difference between the market interest and the discounted state-subsidised interest rate on a loan contract concluded for the purchase of residential property under a state interest subsidy available in the form of mortgage bonds; this is because the bank failed to remind the consumer about the subsequently applied consequences of his delay (i.e. the modification of the state-subsidised interest rate to the market interest rate). According to the final judgement, contrary to the judgement of the court of first instance, the content of the recommendation was unlawful. However, in the justification part of the judgement, the court

did not specify any law that the recommendation of the Board violated. There is a review procedure in progress in this case.

With regard to the recommendations from 2013, there are four appellate proceedings in progress. In three of these, the Board won the case during the proceedings of the court of first instance, as the courts did not find the content of the recommendation unlawful. Otherwise, the Board lost one case. The judgements are not final yet. In respect of the binding resolutions passed in 2013, two claims were dismissed without summons being issued and one was submitted with delay. Accordingly, at the moment there are no proceedings in progress for the annulment of binding resolutions.

9 Cross-border financial consumer disputes and related experiences

In respect of cross-border cases, as of 1 January 2014, seven cases were in progress that commenced in 2013 and did not finish in the same year. Four of these ended with a provision of information, two cases were groundless and thus failed, and one case – in which a hearing was also held – ended with a compromise.

In 2014, the Board received 33 new cross-border cases, of which 28 were closed. Of these, eleven cases already ended in the supplementation phase (i.e. the petitioners failed to comply with the provisions of the supplementation notice, and thus we had to reject their petitions). In two cases, the Board had no competence. Six of the proceedings that started on the merits of the case – in the absence of the submission declaration of the foreign financial service provider – were closed with a provision of information. In one case, it was not possible to conduct the proceedings. A lack of grounds was established in the case of five petitions. One proceeding was halted due to withdrawal of the petition. Of these cases, two petitions were related to insurers and six to banks. Five of them concerned investment service providers and financial enterprises. In eight cases, consumers residing in Hungary submitted petitions against financial service providers with a registered office in an EEA member state. In five cases, consumers with a place of residence or abode in an EEA member state brought proceedings against financial service providers with a registered office in Hungary.

One compromise was reached in 2014; in this case, the acting panel also held a hearing. This case should be highlighted, because petitioners often claim that they did not receive proper information from the financial service providers, but they fail to provide evidence. In this case, however, in view of erroneous information written in an email by an employee of the financial service provider, the financial service provider made a compromise proposal, which was accepted by the petitioner. Thus, the interest premium that he had requested was credited to his account.

In another case, the petitioner disputed the conversion between the different currencies performed upon the execution of the transfer. The financial service providers made a compromise offer in this case as well, in the form of reimbursing the conversion costs, but the petitioner's claim was higher than that. Thus, he did not accept the financial service provider's compromise offer and, accordingly, no compromise was reached.

According to the status as of 31 December 2014, there are eight cross-border cases in progress. Of these, two petitions are related to insurers, five to banks, and one to a financial enterprise. Of these, in two cases a consumer residing in Hungary submitted a petition against a financial service provider with a registered office in an EEA member state. In six cases, consumers with a place of residence or abode in an EEA member state brought proceedings against financial service providers with a registered office in Hungary.

10 Challenges for 2015

In 2015, the procedures of the Financial Arbitration Board will change in several respects. One of these changes is that the rules of procedure used so far will be supplemented by the rules of two additional procedures. Thus, in the future it will operate in accordance with three – partially differing – rules of procedure. Act CIV of 2014 on the Amendment of Certain Acts of Financial Subject with respect to Deposit Insurance and the Financial Intermediary System was promulgated on 31 December 2014 and entered into force on 1 January 2015. Sections 51-54 of this amended certain provisions of Act CXXXIX of 2013 on the Magyar Nemzeti Bank, which impact the Board's rules of procedure and operation. Based on this, the Board has already modified its Operating Regulations, which entered into effect on 1 January 2015. These have been published on its website. The prevailing consolidated text of the Operating Regulations, effective since 1 January 2015, is included in Annex 8.

The most important part of the amendment is that in the future, instead of the former practice of acting through three-member panels, a single member of the Board will act in cases where the amount in dispute is below HUF 50,000, in cases subject to simple judgement and in cases of equity. The Board will apply this rule in practice for hearings whose date have been set for February or later. Those cases may be regarded as subject to simple judgement: based on the petition and the attached instruments, the factual and legal judgement of the case does not require professional consultation or special preparations; also included are cases that originate from common services that are widely found in everyday life and/or generate a large number of disputes. Equity cases are those that are aimed at the amendment of an already existing contract or the reduction of overdue debt, with petitioners requesting consideration of personal or financial circumstances that arose after the contract execution and hinder contractual performance.

The Board expects that conciliation being conducted by a single panel member will allow for more cases to be processed in the same amount of time, thereby successfully resolving consumers' cases to their benefit more quickly (i.e. within a shorter period than before).

Another significant change affecting the course of the Board's proceedings in 2015 is attributable to the laws created as a result of regulatory works related to the settlement and conversion to forint. The intensive legislative programme of 2014 was provoked by a need to resolve the extraordinary situation generated by foreign currency-denominated lending. The objective of the Magyar Nemzeti Bank continues to be to ensure that the phasing-out of foreign currency household loans is carried out rapidly, preserving the stability of the financial system without any major impact on the exchange rate of the forint. In the legislation period of autumn 2014, the Parliament adopted measures aimed at increased protection of consumer loan borrowers. The purpose of these laws (see Annex 9) is to create and implement rules that make it possible for such debtors to declare the unfairness of provisions of contracts concluded with them and make possible the implementation of settlements based on that as soon as possible.

According to the data of the Magyar Nemzeti Bank, the volume of consumer loans peaked on 30 June 2010, with their aggregate value exceeding HUF 8,647.9 billion. This value has been gradually decreasing over the past four years, but the value of consumer loans on 30 June 2014 still exceeded HUF 6,802 billion. Of this, the value of HUF-denominated consumer loans is HUF 3,139.1 billion, while the value of foreign currency loans is HUF 3,662.9 billion. As a result of the global financial and economic crisis that unfolded after 2008, changed circumstances from those that existed at the time of the execution of these contracts jeopardised the lives of large numbers of debtors.

The Board was set up in 2011 with the idea that its duty should be fast and professional out-of-court settlement of disputes between consumers and financial organisations arising in respect of financial services. With a view to fulfilling these tasks, the Board primarily attempts to mediate compromises, failing which it may pass a decision in the case. The objective of Act XL of 2014 with regard to the Board is much more far-reaching. In addition to preserving the former procedure, it introduced a different procedure for cases falling under the Settlement Act (i.e. it conferred certain court powers upon the Board). Based on the provisions of the Settlement and Forint Conversion Acts, if the consumer disputes the content of the settlement notice that he was given by the financial institution, or the financial institution has not settled accounts and in his view a settlement obligation exists, he may file a complaint. If the financial service provider rejects the complaint, further legal remedies will be no longer governed by the provisions of Section 288 (8) of the Credit Institution Act. Instead, the consumer may request the Board to investigate the rejection of the complaint based on the special legal remedy rules applicable under the Settlement Act. Namely, he needs to initiate proceedings with the Board if he seeks to maintain his position. He may do so within 30 days of the delivery of the rejection (if prevented, then within 30 days of the termination of the hindrance, but not later than six months from delivery). Based on this statutory provision, the Board is designated as the exclusive and primary forum for remedies. The proceedings of the Board may be initiated:

a) If the consumer believes that during the settlement the financial service provider made a calculation error or calculated the amount to be refunded by using incorrect data (i.e. made the settlement on the basis of incorrect data). In this case, the petition must precisely indicate which data are incorrect and what caused the calculation error. This must be supported by documentation.

b) If the consumer believes that the financial service provider has a settlement obligation in respect of his loan contract, but the service provider failed to settle accounts with him, the consumer may request the Board to oblige the financial service provider to prepare the settlement. In his petition, he must prove why the service provider must make a settlement. This must be supported by documentation.

c) If the consumer submitted a complaint to the financial service provider, but it was rejected due to the complaint being late, he should prove in his petition submitted to the Board that his complaint was not late and the rejection of the complaint was unjustified, and as such the financial service provider is obliged to deal with the complaint on its merits and investigate it in accordance with the rules of complaint management.

Petitions may be also submitted on the basis of the Forint Conversion Act, if:

a) the consumer should have received documents and information on and related to the contract modification by the deadline, but failed to receive such; in this case, he must request the Board to oblige the financial service provider to send the documents related to the contract modification and he should justify why the service provider has this obligation;

b) the consumer disputes the calculation of the conversion into a forint-denominated debt, or the interest calculation or disagrees with the figures and calculations in the repayment schedule; in this case, the petition must specify the exact data that is incorrect and the cause of the erroneous calculation, supported by proper evidence;

c) the consumer lodged a complaint with the financial service provider, but it was rejected due to late submission; he should prove in his petition that his complaint was not late and the rejection of the complaint was unjustified, and as such the financial service provider is obliged to deal with the complaint on its merits and investigate it in accordance with the rules of complaint management.

The legislative environment applicable to the petitions defines both in a taxative and exact manner the cases when proceedings may be launched in settlement-related cases. The petitions can be submitted on special forms that are available on the Board's website and, as of March, from financial service providers. Alternatively, the Board and service providers can provide them to customers upon request. The Board will assess the

received petition with three-member panels, as a general rule conducting the proceeding in written form. If the parties reach a compromise, the financial service provider notifies the acting panel by sending the signed compromise. The petitioner and the financial service provider may not submit an objection on the ground of lack of competence with regard to the proceedings of the Board.

The objective of the Board's proceedings continues to be to mediate a compromise between the financial institution and the consumer, and only failing that will it be required to make a decision. Resolutions of the Board will be binding on the respective financial service providers even if they made neither general nor stand-alone declarations of submission. This so-called statutory submission means that in these proceedings, only binding resolutions – rather than recommendations – can be made. Thus, the Board's potential resolutions may take the following forms: a resolution approving a compromise, a binding resolution, a resolution rejecting the petition, or a resolution terminating the proceedings if the petitioner withdraws the petition.

Both consumers and financial institutions may seek remedy in court once the Board has passed its resolution. The court procedure in this case is non-litigious. The legislator formulated the proceeding following the model of non-litigious procedure, which is aimed at contesting the resolution of the registrar. Thus, in this proceeding the Board is not a litigant party, despite the fact that the remedy contests the resolution that it has passed. These proceedings will be conducted by a court clerk rather than by a judge. The non-litigious proceeding will be conducted on the basis of the competence of the district court operating in the seat of the tribunal whose jurisdiction is based on the consumer's residence. Within the jurisdiction of the Metropolitan Tribunal, this will be the Central District Court of Pest. The petitions must be addressed to the court, but submitted to the Board. The Board submits the documents of the case along with the petition to the competent district court. During a civil non-litigious procedure, the petitioner – either the consumer or the financial institution – may not refer to such facts or data, and may not present reasons to justify the petition that he did not refer to or mention during the Board's proceedings. Submission of the petition has a delaying force on the enforcement of the Board's resolution. No interruption, suspension or revision of the decision is involved in the proceedings. After the closing of the non-litigious proceedings, the acting court will return the original instruments and documents received from the Board and the Board will see to their retention.

Due to these reasons, the Operating Regulations of the Board will once again change in the first quarter of 2015, as they must be supplemented with the new procedural rules stipulated in the Settlement Act. The Board is preparing for a substantially higher number of cases. Therefore, it is expanding its workforce, increasing the number of its meeting rooms to eleven, and establishing material and technical conditions to ensure that it can fully comply with its duties related to settlements and forint conversions.

The Financial Arbitration Board will also do its best in the future to consistently protect the rights and legitimate interests of consumers, and steer financial service providers towards responsible and fair conduct. By doing so, it contributes to strengthening customer confidence, which will benefit all financial service providers. We also request the understanding, cooperation and assistance of all stakeholders, private individuals and institutions, providing financial services for this work in 2015.

ANNEX 1

Consumer's petition

Should you have any questions when completing the petition, you may find general information with regard to completion of the form on the website of the Financial Arbitration Board (www.felugyelet.mnb.hu/pbt). We are pleased to respond to questions sent by e-mail to pbt@mnb.hu or pbttitkarsag@mnb.hu.	You can download the consumer petition form from the website of the Financial Arbitration Board (www.felugyelet.mnb.hu/pbt). After completing it by hand or typewriter, you may mail it to our postal address (1525 Budapest, BKKP Postafiók 172), submit it to any Bureau of Civil Affairs, or send it via the e-government portal (www.magyarorszag.hu).

DEAR FINANCIAL ARBITRATION BOARD,

I, the underwritten consumer as petitioner, hereby request that proceedings by the Financial Arbitration Board be conducted in order to resolve the financial consumer dispute between myself and the financial service provider specified below. I make the following declarations and attach the following documents to my petition.

Petitioner's data

	petitioner	**Additional petitioner** *(as necessary)*
Consumer (i.e. the natural person acting for purposes falling outside his independent occupation and economic activity)	☐ igen / ☐ nem	☐ igen / ☐ nem
Name		
Residential or correspondence address		
Telephone number		
Capacity *(indicate as applicable)*	☐ debtor ☐ demand guarantee provider ☐ mortgager ☐ heir ☐ in the case of insurance contracts: contractor ☐ insured ☐ beneficiary ☐ fund member ☐ other *please describe:*	☐ debtor ☐ demand guarantee provider ☐ mortgager ☐ heir ☐ in the case of insurance contracts: contractor ☐ insured ☐ beneficiary ☐ fund member ☐ other *please describe:*

If I act via a proxy, I attach the completed original power of attorney signed by both parties and specify my proxy's data.

Proxy's data

Name	
Residential or correspondence address	
Telephone number	

Pénzügyi Békéltető Testület

Consumer's petition

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Data related to the financial service provider

	Financial service provider	Additional financial service providers involved in the petition *(as necessary)*
Name		
Address		
Reason for involvement of additional financial service provider *(indicate as applicable)*		☐ assignment ☐ other *please describe:*

Data related to the financial consumer dispute

	Subject of	
Petition *(please insert)*	....	
In numerical terms *(if it can be defined, please insert)*	.... HUF	
In disputed cases *(indicate as applicable)*	I complained to the financial service provider	☐ yes / ☐ no
	I received a negative answer to my complaint	☐ yes / ☐ no
	I previously initiated a mediation procedure	☐ yes / ☐ no
	warrant for payment procedure is in progress	☐ yes / ☐ no
	litigation is in progress	☐ yes / ☐ no
	final judgement has already been passed	☐ yes / ☐ no
	foreclosure procedure is in progress against me	☐ yes / ☐ no

Data associated with the complaint and the petitioner's position with regard to the complaint

Date of submitting the petition:	.... *day* .... *month* .... *year*
Method of submitting the complaint: *(indicate as applicable)*	☐ by mail ☐ in person ☐ by telephone ☐ other *please describe:*

Consumer's petition

My complaint and position with regard to the financial consumer dispute are as follows:

(Please briefly describe your petition, your position with regard to the petition, and supporting facts and evidence. If your complaint submitted to the financial service provider is attached, you do not need to repeat it here; it is sufficient to refer to the attachment.)

(Please continue on a separate sheet, if necessary.)

Consumer's petition

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THE SUBJECT OF THE PETITION IS THE PETITIONER'S PROPOSED RESOLUTION TO THE FINANCIAL CONSUMER DISPUTE

Please describe clearly what you request and would like to achieve. If you have a compromise offer, make it here. Propose only such resolutions that you have already formulated to the financial service provider as a complaint and that was rejected by the financial service provider.	We kindly inform you that the Financial Arbitration Board does not conduct administrative procedures or investigations. Instead it attempts to reach a compromise for the submitted specific petition. It approves the effected compromise or, lacking a compromise, makes a decision.

I make the following specific proposal with regard to the decision to be made by the Financial Arbitration Board:
(please describe your proposal)

Data related to the attachments to the petition

If I act via a proxy, I attach the original copy of the power of attorney.

Insofar as I have it, I attach to the petition *(please indicate as applicable)*	
the complaint submitted to the financial service provider	☐ yes / ☐ no
the financial service provider's letter with rejection of the complaint	☐ yes / ☐ no
if I did not receive a letter from the financial service provider on the rejection of the complaint, I attach the document confirming the submission of my complaint (e.g. post office receipt of registered mail confirming that my complaint was sent)	☐ yes / ☐ no
a document confirming the legal relationship pertaining to the financial services (e.g. contract, insurance policy)	☐ yes / ☐ no
the last balance notice received from the financial service provider	☐ yes / ☐ no
the correspondence with the financial service providers, supporting my petition	☐ yes / ☐ no
if the financial service provider terminated the contract, the termination letter	☐ yes / ☐ no
if a foreclosure procedure was brought against me, the instrument related to the foreclosure procedure	☐ yes / ☐ no
if my petition originates from insurance services,	
• the protocol on the claim assessment	☐ yes / ☐ no
• an expert opinion	☐ yes / ☐ no
• quotation or invoice	☐ yes / ☐ no
if the financial service providers transferred the receivable for collection or assigned it,	
• the notice from the workout company	☐ yes / ☐ no
• the notice with the assignment	☐ yes / ☐ no

Consumer's petition

I hereby attach the additional instruments supporting my petition:
(Please list the attached instruments.)

Based on the foregoing, I request that the procedure of the Financial Arbitration Board be conducted.

Done at ………………………, ………. (day) ……………… (month) 201.......(year)

signature of petitioner

signature of any additional petitioner
(as necessary)

Power of attorney

I, THE UNDERSIGNED,

Petitioner's name:	
Petitioner's place and date of birth:	
Petitioner's residential or correspondence address:	

HEREBY AUTHORISE

Proxy's name:	
Proxy's place and date of birth:	
Proxy's address:	

to act on behalf of me and in my name with full powers in the proceedings initiated with a view to resolve the financial consumer dispute between myself and

Name, address of the financial service provider:	

by the Financial Arbitration Board.

This power of attorney is valid until recalled and applies solely to the above proceedings/financial dispute. The Financial Arbitration Board or any member thereof cannot be appointed as proxy.

Based on the foregoing, I request that the procedure of the Financial Arbitration Board be conducted.

Done at ………………………, ……….. (day) ……………… (month) 201.......(year)

Principal’s signature **Proxy’s signature**

Witnesses:

Name:	Name:
Address:	Address:
Mother’s maiden name:	Mother’s maiden name:
Signature:	Signature:

ANNEX 2

financial dispute resolution network

FIN-NET form for cross-border financial services complaints

When to use this form:
- live in one country in Europe*
- have a complaint against a financial services provider in another country in Europe*
- have complained to the provider but are still dissatisfied and
- want to find out which out-of-court dispute resolution scheme might be able to resolve the dispute

How to use this form: Please complete the information requested below, and e-mail or post the form to the relevant dispute resolution scheme in either:
- your own country or
- the country of the financial services provider

There is a list of dispute resolution schemes in each country, and what they cover, at http://ec.europa.eu/internal_market/fin-net/members_en.htm. It will help if you attach a copy of essential documents, in particular, of any written response the provider made to your complaint.

What happens next: The dispute resolution scheme will tell you whether it, or some other scheme, might be able to resolve your complaint. The scheme that actually looks at your complaint may well ask you to complete a longer complaint form and will provide you with more information.

INFORMATION ABOUT YOU

The country you live in	
Your surname	
Your other names	
Your nationality	
Your full address	
Your daytime telephone number	
Your e-mail address	

INFORMATION ABOUT YOU

Its full name	
Type of business (e.g. bank, insurer)	
The full address of the office you dealt with	
The telephone number, fax number and e-mail address of that office (optional)	
The country that office is in	

INFORMATION ABOUT YOUR COMPLAINT

Brief summary of what the complaint is about	
Date of the facts that generated the dispute	
Reference of the contract, e.g. number of insurance policy	
Date you complained to the provider	
Date of provider's last response	

* Iceland, Liechtenstein, Norway and a Member State of the European Union

FIN-NET form for the settlement of cross-border financial disputes

Complete this form if you
- live in the European Union, Iceland, Liechtenstein or Norway
- have a complaint against a financial service provider operating in one of the countries referred to above
- initiated the settlement of the dispute by the financial service provider, but it did not bring a satisfactory result
- would like to find out which out-of-court dispute resolution forum has competence in your case

Please complete this form and e-mail or post it to the dispute resolution forum in either
- your country, or
- the country of the financial service provider

Via the following link, you will find a list of competent dispute resolution forums: http://ec.europa.eu/internal_market/fin-net/members_en.htm. Please attach to your petition a copy of the documents you wish to refer to during the proceedings, in particular the response given by the financial service provider to the complaint.

Next, the dispute resolution forum will inform you whether that forum itself or another forum may proceed in your matter. The acting forum may request additional information from you with regard to your complaint.

PERSONAL DATA

The country you live in	
Surname	
First name	
Nationality	
Address	
Telephone number (daytime contact)	
E-mail	

DATA OF THE FINANCIAL SERVICE PROVIDER

Full name	
Type (bank, insurer, etc.)	
Address of the office of the financial service provider	
Contact details of the financial service provider (telephone, e-mail)	
Country where the office of the financial service provider operates	

DETAILS OF THE COMPLAINT

Brief summary of the complaint	
Date of the incident behind the complaint	
Contract number, details of the contract	
Date of reporting the complaint to the financial service provider	
Date of last response given by the financial service provider	

ANNEX 3

Financial service providers which have made general declarations of submission

1. “BÁCSKA” Takarékszövetkezet
2. 3B Tanácsadó és Biztosítási Alkusz Kft. in liquidation
3. Allianz Hungária Zrt.
4. Astra S. A. Insurance Branch Office in Hungary
5. Bak és Vidéke Takarékszövetkezet
6. Bátaszék és Vidéke Takarékszövetkezet
7. Biztosítás.hu Biztosítási Alkusz Kft.
8. BOROTAI Takarékszövetkezet
9. BORSOD TAKARÉK Takarékszövetkezet
10. BRB BUDA Regionális Bank Zrt. – as the legal successor of Kisdunamenti Takarékszövetkezet
11. Concorde Értékpapír Zártkörűen Működő Részvénytársaság
12. Dél-Dunántúli Takarék Szövetkezeti Hitelintézet
13. Dimenzió Biztosító és Önsegélyező Egyesület
14. DRB Dél-Dunántúli Regionális Bank ZRT.
15. Eger és Környéke Takarékszövetkezet
16. Endrőd és Vidéke Takarékszövetkezet
17. ERGO Életbiztosító Zrt.
18. ERGO Versicherung Aktiengesellschaft Branch Office in Hungary
19. Erste Alapkezelő Zrt.
20. Erste Bank Hungary Zrt. (including the subsidiaries that merged on 31 December 2012)
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. FÓKUSZ Takarékszövetkezet – as the legal successor of Dunapataj és Vidéke Takarékszövetkezet
31. Forrás Takarékszövetkezet
32. Gádoros és Vidéke Takarékszövetkezet
33. Gyulai Takarékszövetkezet
34. Hartai Takarékszövetkezet
35. Hévíz és Vidéke Takarékszövetkezet
36. Hungária Takarék Takarékszövetkezet (Völgység-Hegyhát Takarékszövetkezet)
37. Aranykor Országos Önkéntes és Magánnyugdíjpénztár – as the legal successor of ING Önkéntes Nyugdíjpénztár
38. ING Biztosító Zrt.
39. Insight Holding Vagyonkezelő Zrt.
40. Jászárokszállás és Vidéke Körzeti Takarékszövetkezet
41. Kaposmenti Takarékszövetkezet
42. KDB Bank Magyarország Zrt.
43. Kevermes és Vidéke Takarékszövetkezet

44. Kinizsi Bank Zrt.
45. Kiskun Takarékszövetkezet
46. Kis-Rába menti Takarékszövetkezet
47. Kunszentmárton és Vidéke Takarékszövetkezet
48. Lébény-Kunsziget Takarékszövetkezet
49. MagNet Magyar Közösségi Bank Zrt.
50. Magyar Posta Befektetési Zrt
51. Magyar Posta Biztosító Zrt.
52. Magyar Posta Életbiztosító Zrt.
53. Magyar Posta Zrt.
54. MKB Bank Zrt.
55. Mohácsi Takarék Bank Zrt.
56. Pannon Takarék Bank Zrt.
57. PILLÉR Takarékszövetkezet
58. PILLÉR Takarékszövetkezet – as the legal successor of Apátfalvi Takarékszövetkezet
59. Polgári Takarékszövetkezet
60. Provident Pénzügyi Zrt.
61. QBE Insurance (Europe) Limited Branch Office in Hungary
62. Sajóvölgye Takarékszövetkezet
63. Solt és Vidéke Takarékszövetkezet
64. Szabolcs Takarékszövetkezet
65. Szatymaz és Vidéke Takarékszövetkezet
66. Széchenyi Kereskedelmi Bank Zrt. “in voluntary wind-up”
67. Szentgál és Vidéke Takarékszövetkezet
68. Unicredit Bank Hungary Zrt.
69. Unicredit Jelzálogbank Zrt.
70. ERSTE Vienna Insurance Group Biztosító Zrt.
71. Veresegyház és Vidéke Takarékszövetkezet
72. Zalavölgye Takarékszövetkezet
73. Zemplén Takarékszövetkezet
74. Zirci Takarékszövetkezet

ANNEX 4

List of service providers affected by the activity of the Financial Arbitration Board (2014)

	Service provider	Number of cases in 2014
1.	OTP Bank Nyrt.	242
2.	Erste Bank Hungary Zrt.	211
3.	Groupama Garancia Biztosító Zrt.	138
4.	Generali Biztosító Zrt. (Generali-Providencia Biztosító Zrt.)	134
5.	Allianz Hungária Biztosító Zrt.	130
6.	K&H Bank Zrt.	125
7.	Budapest Autófinanszírozási Zrt.	95
8.	Merkantil Bank Zrt.	84
9.	Budapest Bank Zrt.	80
10.	Lombard Pénzügyi és Lízing Zrt.	75
11.	Aegon Magyarország Általános Biztosító Zrt.	74
12.	K&H Biztosító Zrt.	64
13.	OTP Faktoring Zrt.	59
14.	CIB Bank Zrt.	52
15.	Raiffeisen Bank Zrt.	51
16.	UniCredit Bank Hungary Zrt.	51
17.	UNIQA Biztosító Zrt.	51
18.	CIB Lízing Zrt.	49
19.	Magyar Posta Biztosító Zrt.	42
20.	Magyar Cetelem Bank Zrt.	38
21.	AXA Bank Europe SA Magyarországi Fióktelepe	33
22.	UNION Vienna Insurance Group Biztosító Zrt.	33
23.	Citibank Europe plc. Magyarországi Fióktelepe	30
24.	MKB Bank Zrt.	30
25.	FHB Kereskedelmi Bank Zrt.	28
26.	Astra S.A. Biztosító Magyarországi Fióktelepe	23
27.	MKB-Euroleasing Zrt.	22
28.	Wáberer Hungária Biztosító Zrt.	21
29.	MKB Általános Biztosító Zrt.	18
30.	GENERTEL Biztosító Zrt.	16
31.	QBE Insurance (Europe) Limited Magyarországi Fióktelepe	15
32.	EOS Faktor Magyarország Zrt.	13
33.	Netrisk.hu Első Online Biztosítási Alkusz Zrt.	12
34.	Provident Pénzügyi Zrt.	11
35.	Cofidis Magyarországi Fióktelepe	11
36.	Erste Befektetési Zrt.	10
37.	Banif Plus Bank Zrt.	10
38.	Dunacorp Faktorház Zrt.	10
39.	KÖBE Közép-európai Kölcsönös Biztosító Egyesület	10
40.	Fundamenta Lakáskassza Zrt.	9
41.	ING Biztosító Zrt.	8
42.	Signal Biztosító Zrt.	8
43.	Raiffeisen Lízing Zrt.	8
44.	AXA Biztosító Zrt.	8

	Service provider	Number of cases in 2014
45.	FHB Jelzálogbank Nyrt.	8
46.	HITEX Pénzügyi Szolgáltató Zrt.	7
47.	CARDIF Biztosító Zrt.	7
48.	CIG Pannónia Életbiztosító Nyrt.	7
49.	Sberbank Magyarország Zrt.	6
50.	Díjbeszedő Fakorház Zrt.	6
51.	KDB Bank Európa Zrt.	6
52.	Metlife Biztosító Zrt.	5
53.	Intrum Justitia Követeléskezelő Zrt.	5
54.	Merkantil Car Zrt.	5
55.	OTP Jelzálogbank Zrt.	5
56.	Retail Prod Zrt.	5
57.	OTP Ingatlanlízing Zrt.	5
58.	Toyota Pénzügyi Zrt.	4
59.	AIG Europe Limited Magyarországi Fióktelepe	4
60.	Santander Consumer Finance Zrt.	4
61.	PSA Finance Hungária Zrt.	3
62.	Buda-Cash Brókerház Zrt.	3
63.	OTP Lakástakarék Zrt.	3
64.	CLB Független Biztosítási Alkusz Kft.	3
65.	Summit Pénzügyi Zrt.	3
66.	AGA International S.A. Magyarországi Fióktelepe	3
67.	Vienna Life Vienna Insurance Group Biztosító Zrt.	3
68.	AEGON Magyarország Hitel Zrt.	3
69.	Oney Magyarország Zrt.	3
70.	CODEX Tőzsdeügynökség és Értéktár Zrt.	3
71.	Körmend és Vidéke Takarékszövetkezet	3
72.	Mapfre Asistencia S.A. Magyarországi Fióktelepe	3
73.	UniCredit Leasing Hungary Zrt.	2
74.	ING Nyugdíjpénztár	2
75.	PRÉMIUM Önkéntes Nyugdíjpénztár	2
76.	Sopron Bank Zrt.	2
77.	Pláninves Bróker Zrt.	2
78.	GRAWE Életbiztosító Zrt.	2
79.	Porsche Bank Zrt.	2
80.	Takarék Szövetkezeti Hitelintézet	2
81.	Európai Utazási Biztosító Zrt.	2
82.	MKB Életbiztosító Zrt.	2
83.	UCB Ingatlanhitel Zrt.	2
84.	KÖBE Kölcsönös Biztosító Egyesület	2
85.	4Life Direct Kft.	1
86.	Magnetissimo Pénzügyi Zrt.	1
87.	Szarvas és Vidéke Körzeti Takarékszövetkezet	1
88.	Medicina Egészségpénztár	1
89.	ERGO Életbiztosító Zrt.	1
90.	Argenta Lízing Zrt.	1
91.	KISKUN Takarékszövetkezet	1
92.	FHB Életjáradék Zrt.	1

	Service provider	Number of cases in 2014
93.	Erste Leasing Autófinanszírozási Zrt.	1
94.	Credit-Faktor Zrt.	1
95.	Famillio Befektetési és Tanácsadó Kft.	1
96.	CREDITIÁL Pénzügyi Szolgáltató Zrt.	1
97.	AHICO Első Amerikai-Magyar Biztosító Zrt.	1
98.	Fókusz Takarékszövetkezet	1
99.	KBC Securities Magyarországi Fióktelepe	1
100.	BÁV Bizományi Kereskedőház és Záloghitel Zrt	1
101.	BORSOD TAKARÉK Takarékszövetkezet	1
102.	Füzes Takarék Szövetkezeti Hitelintézet	1
103.	Szentlőrinc-Ormánság Takarékszövetkezet	1
104.	MKK Magyar Követeléskezelő Zrt.	1
105.	Alsónémedi és Vidéke Takarékszövetkezet	1
106.	Gádoros és Vidéke Takarékszövetkezet	1
107.	Fakthorn Pénzügyi Zrt.	1
108.	Generali Önkéntes Kölcsönös Egészségpénztár	1
109.	BG Magyarország Ingatlanfinanszírozási Zrt.	1
110.	CIB Ingatlanlízing Zrt.	1
111.	QUAESTOR Értékpapírkereskedelmi és Befektetési Nyrt.	1
112.	GRÁNIT Bank Zrt.	1
113.	ERGO Versicherung Aktiengesellschaft Magyarországi Fióktelepe	1
114.	E.O.S. Faktor Magyarország Zrt.	1
115.	Kápolnásnyék és Vidéke Takarékszövetkezet	1
116.	Eger és Környéke Takarékszövetkezet	1
117.	AEGON Magyarország Önkéntes és Magánnyugdíjpénztár	1
118.	BÁV Zálog Pénzüigy Zrt.	1
119.	Strategon Értékpapír Zrt.	1
120.	Pannon Takarék Bank Zrt.	1
121.	Szabolcs Takarékszövetkezet	1
122.	Pannónia Nyugdíjpénztár	1
123.	SZÉCHENYI LÍZING Pénzügyi Szolgáltató Zrt.	1
124.	Pannónia Önsegélyező Pénztár	1
125.	Szigetvári Takarékszövetkezet	1
126.	Pátria Takarékszövetkezet	1
127.	ERSTE Vienna Insurance Group Biztosító Zrt.	1
128.	Pilisvörösvár és Vidéke Takarékszövetkezet	1
129.	MagNet Bank Zrt.	1
130.	Hungária Értékpapír Befektetési Zrt.	1
131.	Credigen Bank Zrt.	1
132.	Impuls-Leasing Hungária Pénzügyi Lízing Zrt.	1
133.	Magyar Posta Életbiztosító Zrt.	1
134.	ÉRB Észak-magyarországi Regionális Bank Zrt.	1
135.	Zalabest Kft.	1
136.	Ercsi és Vidéke Körzeti Takarékszövetkezet	1
137.	Mecsek Takarék Szövetkezet	1
138.	InHold Pénzügyi Zrt.	1
139.	Cardif Biztosító Magyarország Zrt.	1
140.	K&H Pannonlízing Zrt.	1

ANNEX 5

Laws applied by the Financial Arbitration Board

I. Common laws generally applicable to the financial market / insurance / capital market / fund market sectors
II. Financial market sector
III. Insurance sector
IV. Capital market sector
V. Funds sector

I. Common laws generally applicable to the financial market/insurance/capital market/fund market sectors

Laws:

1) Act CIV of 2014 on the Amendment of Certain Acts of Financial Subject in respect of the Deposit Insurance and the Financial Intermediary System – this Act also modified certain parts of the Act on Magyar Nemzeti Bank, related to the Financial Arbitration Board (amended sections: Sections 98, 112, 123 and 183/E)
2) Act CXXXIX of 2013 on the Magyar Nemzeti Bank
3) Act CLXXVII of 2013 on the Transitional and Authorising Provisions Related to the Enactment of Act V of 2013 on the Civil Code
4) Act V of 2013 on the Civil Code
5) Act CLIX of 2012 on Postal Services
6) Act CXXII of 2011 on the Central Credit Information System
7) Act L of 2009 on the Procedure related to Warrants for Payment
8) Act XLVII of 2008 on the Prohibition of Unfair Commercial Practices Against Consumers
9) Act V of 2006 on Public Company Information, Company Registration and Winding Up Proceedings
10) Act XXV of 2005 on the Financial Services Contracts Concluded by Distance Selling
11) Act CXXXII of 1997 on Hungarian Branch Offices and Commercial Representative Offices of Foreign Companies

Government decrees:

1) Government Decree 335/2012 (XII. 4.) on the Detailed rules of the provision of postal services, postal services related to official documents, the standard terms and conditions of postal service providers and shipments excluded from postal services, as well as conditional shipments

Decrees of the Governor of the MNB:

1) MNB Decree No. 28/2014 (VII.23.) on the Rules pertaining to the complaint management of financial organisations

II. Financial market sector

Laws:

1) Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises
2) Act CCXXXV of 2013 on Certain Payment Providers
3) Act CXXXV of 2013 on the Integration of Cooperative Credit Institutions and the Modification of Certain Laws of Economic Subject
4) Act CXVI of 2012 on Financial Transaction Tax
5) Act CLXX of 2011 on the Housing Provision of the Natural Persons Unable to Meet their Obligations Arising from the Loan Contract
6) Act LXXV of 2011 on the Fixing of Exchange Rates Used for Repayments of Foreign Currency-denominated Mortgage Loans and the Administration of the Forced Sales of Residential Property
7) Act CLXII of 2009 on Consumer Credits
8) Act LXXXV of 2009 on the Provision of Payment Services
9) Act IV of 2009 on the Demand Guarantee Provided by the State for Housing Loans
10) Act CIV of 2008 on Promoting the Stability of the Financial Intermediary System
11) Act X of 2006 on Cooperative Societies

12) Act CLXXIV of 2005 on the Support to Young People at the Beginning of their Career.
13) Act CLVI of 2005 on Pre-retirement Savings
14) Act XX of 2001 on MFB Hungarian Development Bank Private Limited Company
15) Act XXX of 1997 on Mortgage banks and Mortgage Bonds
16) Act CXIII of 1996 on Building Societies
17) Act XLII of 1994 on the Hungarian Export-Import Bank Plc. and the Hungarian Export Credit Insurance Plc.

Government decrees:

1) Government Decree 536/2013 (XII. 30) on the Detailed rules on the performance of certain supplementary financial services
2) Government Decree 57/2012 (III. 30) on the Refund related to fixing of the exchange rate applicable to the repayment of the foreign currency loans and the support of the public sector workers
3) Government Decree 341/2011 (XII. 29) on the Interest subsidy for home building
4) Government Decree 134/2009 (VI. 23) on State subsidisation of the housing loans of young people and large families
5) Government Decree 256/2011 (XII. 6) on Home construction subsidies
6) Government Decree 163/2011 (VIII. 6) on the Unreasonably high debt-service burden in the case of loan facility agreement related to collection account loan
7) Government Decree 275/2010 (XII. 15) on the Terms of the Unilateral Amendment of Interest Rates Stipulated in Contracts
8) Government Decree 83/2010 (III. 25) on the Definition, calculation and publication of the annual percentage rate
9) Government Decree 82/2010 (III. 25) on the Calculation and publication of the deposit rates and the securities' yields
10) Government Decree 361/2009 (XII. 30) on the Conditions of prudent retail lending and the examination of creditworthiness
11) Government Decree 154/2009 (VII. 23) on the Detailed rules pertaining to the recourse and call of state demand guarantees related to housing loans
12) Government Decree 153/2009 (VII. 23) on Certain issues necessary to enhance the efficiency of the consumer protection in the financial sector
13) Government Decree 12/2001 (I. 31) on State subsidies for housing purposes
14) Government Decree 47/1997 (III. 12) on the General contractual terms and conditions of building societies
15) Government Decree 215/1996 (XII. 23) on the State subsidy of savings for housing purposes
16) Government Decree 4/2015 (I. 29) on the Amendment of certain government decrees in connection with the definition of the different conditions of state-subsidised housing loans to consumers

Decrees of the Governor of the MNB:

1) MNB Decree 18/2009 (VIII. 6) on the Management of payment services

Ministers' Decrees:

1) MoF Decree 5/2007 (III. 28) on the Inclusion of derivative transactions in the collateral and on the registration of derivatives

III. Insurance sector

Laws:

1) Act CII of 2012 on Insurance Tax
2) Act LXII of 2009 on the Motor Third-Party Liability Insurance
3) Act CLIX of 2007 on Reinsurance Companies
4) Act LX of 2003 on Insurance Companies and the Insurance Activity

Government decrees:

1) Government Decree 326/2011 (XII. 28) on the Administrative Tasks of the Road Transport and the Release and Recall of the Road Transport Document, Section 100

Ministers' Decrees:
1) Ministry of National Economy Decree 21/2011 (VI. 10) on the Rules pertaining to the bonus-malus system, the allocation to the categories of it and the issue of the claim history certificate
2) MoF Decree 34/2009 (XII. 22) on the Rules pertaining to the means of confirming the existence of the motor third-party liability insurance cover of motor vehicles with registered business location in Hungary, in another member states or the destination of which is in Hungary.
3) MoF Decree 20/2009 (X. 9) on the Motor vehicle categories applied for the motor third-party liability insurance
4) MoF Decree 3/2002 (XI. 16) on the Form and content of the information to be provided to the customers in the case of unit-linked life insurances
5) MoF Decree 44/1996 (XII. 29) on the Separation of the life and non-life business within the insurance company

IV. Capital market sector

Laws:
1) Act XVI of 2014 on the Collective Investment Trusts and their Managers and Amending Certain Finance Related Acts
2) Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities
3) Act XXIII of 2003 on the Finality of the Deliveries Made in the Payment and Securities Settlement Systems
4) Act CXX of 2001 on Capital Market

Government decrees:
1) Government Decree 78/2014 (III. 14) on the Rules of Investing and Borrowing by the Collective Investment Forms
2) Government Decree 82/2010 (III. 25) on the Calculation and publication of the deposit rates and the securities' yields
3) Government Decree 22/2008 (II. 7) on the Mandatory elements of the general terms of business issued by business organisations engaged in the provision of investment services, auxiliary investment services and commodity exchange services
4) Government Decree 284/2001 (XII. 26) on the methods of producing, transmitting dematerialised securities, the relevant security rules and on the opening and keeping of securities account, central securities account and customer account

Ministers' Decrees:
1) MoF Decree 24/2008 (VIII. 15) on the Detailed rules pertaining to the disclosure obligations related to publicly offered securities
2) MoF Decree 28/2005 (VIII. 26) on the Circumstances to be considered upon investigating behaviours suggesting the manipulation of the market, the process of establishing the accepted market practices, and the rules related to delaying the disclosure of insider information for legitimate interest.
3) MoF Decree 6/2002 (II. 20) on the Notification obligation of investment service providers, organisations engaged in clearing house operations and the exchange

V. Fund market sector

Laws:
1) Act CXVII of 2007 on Occupational Pension and the Related Institutions
2) Act LXXXII of 1997 on Private Pensions and Private Pension Funds
3) Act XCVI of 1993 on Voluntary Mutual Insurance Funds

Government decrees:
1) Government Decree 297/2010 (XII. 23) on the Rules of procedures related to the joining of the social insurance pension scheme
2) Government Decree 109/1997 (VI. 25) on the Rules pertaining to the operation and running of the healthcare institutions of the voluntary mutual health funds

ANNEX 6

Contact details of the Bureaus of Civil Affairs participating in the procedures of the Financial Arbitration Board

Contact details of the Bureaus of Civil Affairs		
County	Address	
Borsod-Abaúj-Zemplén	3530 Miskolc	Csizmadia köz 1.
Szabolcs-Szatmár-Bereg	4400 Nyíregyháza	Hősök tere 3.
Hajdú-Bihar	4024 Debrecen	Piac u. 42-48.
Bács-Kiskun	6000 Kecskemét	Izsáki út 8.
Győr-Moson Sopron	9027 Győr	Nagysándor J. u. 31.
Fejér	8000 Székesfehérvár	Piac tér 10.
Csongrád	6724 Szeged	Rókusi krt. 42-64.
Baranya	7633 Pécs	Szántó Kovács J. u. 1.
Jász-Nagykun-Szolnok	5000 Szolnok	Kossuth tér 5/A.
Békés	5600 Békéscsaba	Szabadság tér 11-17.
Veszprém	8200 Veszprém	Óvári Ferenc út 7.
Somogy	7400 Kaposvár	Csokonai u. 3.
Komárom- Esztergom	2800 Tatabánya	Bárdos László u. 2.
Heves	3300 Eger	Klapka Gy. u. 11.
Zala	8900 Zalaegerszeg	Kossuth utca 9-11.
Vas	9700 Szombathely	Hollán Ernő u. 1.
Tolna	7100 Szekszárd	Augusz Imre u. 7.
Nógrád	3100 Salgótarján	Zemlinszky R. út 9.
Pest Megye	2600 Vác	Csányi László körút 16.
Budapest	1062 Budapest	Andrássy út 55.

ANNEX 7

Offices of the Financial Advisory Office Network

Advisory Offices

Békéscsaba
5600 Békéscsaba
Szabadság tér 11-17. (District Office)
Telephone: 30/714-4800
66/528-320/ext. 171
E-mail: bekescsaba@penzugyifogyaszto.hu
Open: Mo, We, Fri: 8:30–12:30; Tue, Thu: 12:30–16:30

Debrecen
4025 Debrecen
Piac u. 77, 2nd floor 15.
Telephone: 52/504-329
E-mail: debrecen@penzugyifogyaszto.hu
Open: Mo, Thu: 9–17; Tue: 13–17; Wed, Fri: 9–13

Eger
3300 Eger
Kossuth Lajos u. 9., Block E, 1st floor
Telephone: 30/854-4395
E-mail: eger@penzugyifogyaszto.hu
Open: Mon, Wed, Fri: 9–13; Tue, Thu: 13–17

Győr
9021 Győr
Arany János utca 28–32.
Telephone: 96/431-308
E-mail: gyor@penzugyifogyaszto.hu
Open: Mon, Thu: 9–17; Tue: 13–17; Wed, Fri: 9–13

Miskolc
3530 Miskolc
Szemere B. u. 2, 1st floor 10.
Telephone: 30/489-3609
E-mail: miskolc@penzugyifogyaszto.hu
Open: Mon, Wed, Fri: 9–13; Tue, Thu: 13–17

Nyíregyháza
4400 Nyíregyháza
Széchenyi u. 2.
Telephone: 30/282-1664
E-mail: nyiregyhaza@penzugyifogyaszto.hu
Open: Mon, Wed: 8-12; Tue, Thu: 12–16; Fri: 9–13

Pécs
7621 Pécs
Apáca u. 15.
Telephone: 70/243-3356
E-mail: pecs@penzugyifogyaszto.hu
Open: Mon, Wed, Fri: 9–13; Tue, Thu: 13–17

Szeged
6722 Szeged
Rákóczi tér 1.
Telephone: 62/680-539
E-mail: szeged@penzugyifogyaszto.hu
Open: Mon, Wed, Fri: 8:30–12:30; Tue, Thu: 12:30–16:30

Székesfehérvár
8000 Székesfehérvár
Petőfi u. 5, 2nd floor
Telephone: 30/699-0056
E-mail: szekesfehervar@penzugyifogyaszto.hu
Open: Mon, Wed: 9-17; Tue, Thu: 13-17; Fri: 9–13

Szombathely
9700 Szombathely
Ópernit u. 12.
Telephone: 70/549-1460
E-mail: szombathely@penzugyifogyaszto.hu
Open: Mon, Wed: 13-17; Tue, Thu: 9-13; Fri: 10–14

Zalaegerszeg
8900 Zalaegerszeg
Kossuth Lajos u. 9-11.
Telephone: 92/313-225
E-mail: zalaegerszeg@penzugyifogyaszto.hu
Open: Mon, Fri: 8-12; Tue, Wed: 9–17; Thu: 13–17

ANNEX 8

OPERATING REGULATIONS

Effective: 1 January 2015

1. OPERATING PRINCIPLES

The Financial Arbitration Board (FAB) performs the tasks delegated to it based on the rules set forth in Act CXXXIX of 2013 on the 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 be instructed – 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 six years, and his/her mandate may be terminated in the cases stipulated in the MNB Act. – Sections 96 (2), 97 (2), 100 (1), (2), (4) and 101 (4) of the MNB Act.

2. Transparency
The FAB provides information on its activity and the rules governing its operating activities on its website (www.mnb/felügyelet/pbt) on a continuous basis, in its annual report and upon request. – Sections 99, 115 and 129-130 of the MNB Act.

3. Adversary procedure
It is ensured in the proceedings of the FAB that parties can appear at the hearings in person and present their argument both orally and in writing. Financial service providers affected by the petitions are obliged to cooperate. – Section 108 of the MNB Act.

4. Efficiency
The proceedings of the FAB are swift. The acting panel sets the date of the hearing within 60 days from the receipt of complete petitions and completes proceedings within 90 days. The chair of the FAB may prolong this deadline on one occasion per case by a maximum of 30 days at his/her own discretion. The procedure is free for both the petitioner and the financial service provider. The procedure of the FAB is free of charges, but the incurred costs (if any) are borne by the parties. – Sections 106 (3) and 112 (5) of the MNB Act.

5. Legality
All members of the FAB are experienced employees of the Magyar Nemzeti Bank, hold a degree in law and have passed the bar exam and/or hold a degree in economics, and have gained experience in one of the fields of the financial sector and/or in court. All employees perform their work in a professional manner, in knowledge of and reliance on the applicable laws. They are independent and impartial in the specific cases that they manage. – Sections 97 (1), (3) and 98 (4)-(7) of the MNB Act.

6. Liberty
The decisions of the FAB do not prejudice the right of consumers to bring their case to court. The Act provides the opportunity for legal remedy against FAB's recommendations and binding decisions. – Sections 116-117 of the MNB Act. Government Decree.

7. Possibility of representation
The parties may participate in the proceedings at the FAB in person or through a proxy. Either of the parties may participate, 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 in the hearings of the FAB proceedings in person even if he/she wishes to be represented by a proxy. – Sections 110 of the MNB Act.

2. THE ORGANISATION

1. The organisation of the FAB is comprised of the chair, the working groups (including the members of the FAB), and the office. The chair of the FAB represents the Board and oversees its operation in compliance with the relevant legal regulations.

2. The members are organised into working groups. Each working group is managed by one member (i.e. the head of the working group). The heads of the working groups organise the groups' work and are responsible for ensuring that the cases assigned by the office to the working group are settled by the deadline and in accordance with legal provisions. The members of the working group are the members of the FAB. Members of panels acting in specific cases are appointed within the group by the head of the working group. The personnel composition of the acting panels is not constant.

Responsibilities of the heads of the working groups:
- to appoint the members of panels acting in specific cases and the chair of the acting panel,
- to monitor cases managed by the acting panels and enforce deadlines,
- to compile the list of hearings, determine the date and venue of the hearings, and agree on all of this among themselves,
- to ensure 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,
- to ensure the balanced distribution of the workload,
- to deliver the information obtained at the management meeting to the members of the panels,
- to make proposals for the members' leaves,
- to report to the chair of the FAB on experiences gained during the operation of the group,
- to prepare summaries on the professional work of the group, process the experiences of the cases and make proposals for legislation and/or the amendment of laws, and
- to initiate the levying of penalties if legal conditions exist for that.

3. The office is managed by the director of the office. The staff of the office is comprised of legal official(s), assistants and trainee(s).

Responsibilities of the director of the office:
- to manage the office, ensures that the administrative tasks are performed in due course, see to granting leaves and organising substitutions,
- to assign cases to working groups and ensure the balanced distribution of the workload as much as possible,
- to operate the case registration system and direct archiving, telephone and e-mail customer service,
- to oversee the updating of the FAB website,
- to oversee the compiling of the statistics section of annual reports,
- to harmonise practices applied by the acting panels in order to formulate a uniform application of law,
- to ensure that sample documents exist and are kept up-to-date,

– to liaise with the Administrative Litigation Department with regard to litigation, and oversee the registration of litigations and the data supply,
– to oversee the rejection or transfer of cases where a lack of competence can be established without requesting additional documents, and in other cases to assign the case to a working group,
– to oversee the compiling of law-monitoring bulletins and the organising of professional and language trainings, and
– to liaise with other conciliation boards, the Consumer Protection Department and the Financial Consumer Protection Centre.

3. POWERS AND COMPETENCE

1. The competence of the FAB includes the settlement of disputes between financial service providers supervised by the Magyar Nemzeti Bank and consumers, which are connected to legal relations established for the purpose of using certain financial services (financial consumer disputes) outside of court. The acting panels of the FAB attempt to mediate a compromise between the parties and approve the compromise by means of a resolution. In the absence of a compromise, they may make a recommendation or a binding resolution.

2. The FAB also deals with 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 reaching a compromise. In the absence of a compromise, it closes the case with a resolution.

3. The FAB commences proceedings related to petitions against workout companies – subject to the existence of certain statutory conditions – if it can clearly be established that the purchased receivable used to be a legal relationship between a financial service provider supervised by the MNB and consumer for the purpose of providing financial services. In other cases, it establishes its lack of competence and, subject to simultaneous notification of the petitioner, transfers the case to the Budapest Conciliation Board.

4. The office inspects received petitions on the basis of competence. If the FAB's lack of competence can be established on the basis of the content of the petition without requesting additional documents, it rejects the petition, citing lack of competence. Resolution of the rejection is signed by the chair of the FAB or the office director. If lack of competence cannot be established without asking for additional documents, the office assigns the case to one of the working groups, whose head oversees the appointment of the panel acting in the case, which – as a result of the supplementary procedure – can establish whether or not the Board has 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 lack of competence, and sends it to a competent organisation, simultaneously notifying the petitioner.

5. The FAB has nationwide competence.

4. THE ACTING PANELS

1. The appointment of the acting panels is the duty of the heads of the working groups; the personnel composition of the panels is not constant. From the members of the working group, the heads of the working groups appoint a chair and two members to a panel acting in cases assigned to the group. If one of the members of the panel appointed for the case cannot attend the hearing, substitution must be ensured by the head of the working groups. The head of the working group 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 of the appointed member the appointment should be changed.

2. The acting panels are comprised of three persons: the chair of the panel and two members. The chair of the panel presides over the hearing, one of the two members is rapporteur, and the other member keeps minutes.

3. The panel member who keeps minutes ensures the availability of the sample documents necessary for the hearing, commits the recommendation and the panel's resolutions – with the exception of binding resolutions – to writing, finalises the minutes after the parties have verified them, oversees their signing, delivers them to the parties at the hearing, and oversees their postal delivery to absent parties.

4. The panel member appointed as the rapporteur of the case:
– following the investigation of competence, ensures that – as a result of supplements or without that – petitions can be discussed on their merits,
– in the case of a lack of competence sends the petition via the office – without delay and simultaneously notifying the petitioner – 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 they comply with the rules,
– sets the date of the hearing and notifies the parties, attaching a copy of the petition, about the venue of the hearing, the composition of the panel and the initiative to waive the hearing (this notice is signed by the chair of the acting panel),
– in the notice calls upon the financial service provider to make a declaration in a reply, reminding it of the legal consequences of non-compliance with this obligation, and calls upon the financial service provider to delegate a person for the hearing who has the power to make a compromise or holds the necessary authorisation for that,
– calls upon the financial service provider to comply with its obligation to cooperate, if the deadline for reply expires without result,
– promptly sends the copy of the financial service provider's reply to the petitioner or, if this is not feasible, delivers the reply to be read out at the hearing,
– in the case of cross-border financial consumer disputes, 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 the professional positions agreed upon in advance with the other members of the panel,
– attempts to mediate a compromise, failing which – if the panel deems that justified – prepares the recommendation or the binding resolution and sees to the delivery of the instruments by post, and
– 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 head of the working group, if the financial service provider fails to attend the hearing,
– forwards the request for exclusion to the chair of the FAB (or if the petition is late, reports that fact) and notifies the parties of the measures taken by the chair of the FAB in relation to the request for exclusion,
– opens the hearing, ascertains the identities of the persons present, ascertains that rights of representation are properly confirmed, sees to the recording of the necessary data in the minutes and attaching to the documents the instrument confirming the right of representation,
– reminds the attendees that no device disturbing the order of the hearing may be used and video and voice recording is prohibited at the hearing; ensures that order is maintained during the hearing; and upon any severe disturbance of the order forthwith notifies the security staff and, if necessary, the police,
– informs the parties of their procedural rights,
– presides over the hearing and stipulates the sequence of actions to be performed at the hearing,
– in the absence of a compromise obtains the declaration of the attendees on maintaining or supplementing their statements made in the petition and the reply, and reminds the petitioner about the restrictions applicable to the modification or supplementation of the petition,

– rules 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 practical – for the purpose of clarifying important circumstances/questions or obtaining declarations, and
– announces the decision of the acting panel.

5. BOARD MEMBER ACTING ALONE

1. Financial consumer disputes related to an amount not exceeding fifty-thousand forints, or representing a dispute subject to simple judgement or containing a petition of equity, are 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 does not require professional consultation or special preparations, and the case is one that originates from common services occurring in widely in everyday life and/or generating a large number of disputes.
   • *Equity case*: a case aimed at the amendment of an already existing contract or the reduction of overdue debt, where the petitioner requests that such personal or financial circumstances be considered that arose after the contract's execution, given that these circumstances hinder him in the performance of the contract.

2. Regarding the cases assigned to the group, the head of the working group reviews whether there exist the conditions for a single board member to act. If so, he appoints from the members of the working group the board member who will act alone. Any member of the working group may be appointed for this. The head of the working group may change the appointment if the originally appointed member is not able.

3. The board member acting alone at the hearing oversees the keeping of 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 EXPULSION

1. In cases assigned to the working group by the office director, the head of the working group may not appoint an acting panel with any member whose family (as defined in the Civil Code), relative, close acquaintance or friend is involved or a stakeholder in the case, or the organisation involved in the petition is a financial service provider at which a member's close relative is an employee or senior official, such as a member of the Board of Directors or a supervisor (relation-based conflict of interest).

2. No panel member may be appointed as the member of the acting panel for whom unbiased judgement and/or objective resolution of the given case cannot be expected for other reasons (prejudice). Prejudice is determined if the member of the panel used or uses any services of the financial service provider based on an individual assessment under conditions that substantially differ from publicly announced ones.

3. Should an appointment be made despite the existence of relation-based conflict of interest or prejudice, the respective member must notify the head of the working group and the chair of the FAB of this fact in writing within one working day from noticing it, and the head of the working group must take immediate measures to eliminate these circumstances.

4. Either of the parties may submit an expulsion request against any member of the acting panel, if he can confirm such circumstances that raise doubts about the independence or impartiality of the member. A reasonable written request must be submitted within three working days from the date when the given party obtained knowledge of the composition of the acting panel. The expulsion request is decided on by the chair of the FAB after hearing the respective board member in the presence of the head of the competent

working group. If the expulsion request is justified, the chair of the FAB asks the head of the working group to appoint another panel member in the case. The chair of the acting panel notifies the parties in writing of the measures taken.

5. The member of the acting panel who reported the applicable reason for his expulsion 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 merits.

6. The chair, the members of the FAB and the staff of the office may not submit a petition to the 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, in court.

7. EXAMINATION OF PETITIONS AND REPLY

1. The panel acting in the case examines the petition within seven days from the start of the proceedings to assess whether it falls within its competence. 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, or
   d) the subject of the petition is not a financial consumer dispute.

If based on the petition it cannot be established beyond doubt whether or not the FAB has competence in the case, the petition should be returned to the petitioner for supplementation. After supplementation, it can be decided whether the panel will investigate the case on its merits or, due to lack of competence, the petition should be transferred or rejected.

2. 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 days from receipt thereof – to the petitioner for supplementation, specifying shortcomings and allowing sufficient time. The petition is incomplete, if it does not contain
   a) name, place of residence or abode of the petitioner,
   b) name and registered office of the financial service provider involved in the dispute initiated by the petitioner,
   c) a brief description of the petitioner's position, and the supporting facts and evidence,
   d) the petitioner's declaration on the attempted settlement of the dispute,
   e) the rejected complaint,
   f) the petitioner's declaration that he did not initiate any mediation or civil lawsuit in the case,
   g) a proposed decision,
   h) the instruments – copies or excerpts thereof – that the refers to as evidence, in particular the contract concluded with the financial service provider and documents related to the creation, termination, modification, fulfilment or rejected fulfilment of the contract, or
   j) 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 a private deed of full probative value or a public instrument.

3. The FAB rejects the petition without fixing a hearing, if
   a) the submission of the petition was not preceded by an investigation of the petitioner's complaint on the petitioner's initiative at the respective service provider,
   b) the complaint was not rejected,
   c) there is an ongoing lawsuit between the parties in respect of the same right originating from the same factual basis or a final judgement on the case has already been passed,

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,
e) there is a procedure in progress that involves a warrant for payment,
f) there is a mediation procedure in progress or a mediation procedure has previously been launched,
g) the time allowed for supplementation ended unproductively, or
h) the petition cannot be judged even after supplementation.

4. 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 to it the copy of the petition. In such notice, he sets the date of the hearing within 60 days from the commencement of the procedure. He determines the date of the hearing in such a way that, as far as possible, multiple hearings involving the same financial service provider are held on the same date, one after the other. The notice must contain the names of the members of the appointed acting panel. 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 conducting the procedure in writing. Omission of the hearing is subject to both parties' written consent.

5. In the notice sent to the financial service provider, the chair of the acting panel calls upon the financial service provider to make a declaration in reply within eight days of the receipt of the notice on
   a) the legitimacy of the petitioner's claim,
   b) the circumstances of the case,
   c) the failed assessment of the complaint, and
   d) the acceptance of the decision of the acting panel as binding on it (i.e. on the submission).

In the notice, he warns the financial service provider that if it fails to make a declaration on the merits of the case, the acting panel will decide on the basis of the available data. He calls upon the financial service provider to ensure that the hearing is attended by a person authorised to effect a compromise and to meet its obligation to cooperate. He warns it that the FAB may publish the name and registered office of a financial service provider, as well as its activity involved in the procedure, which in spite of the notice fails to make a declaration on the merits of the case with content that complies with the law, fails to attend the hearing, or hinders the procedure, and thereby the reaching of a compromise, in any other way. If the financial service provider makes an omission, the chair of the acting panel reports this to the chair of the FAB, who – after considering the circumstances – initiates with the Deputy Governor having competence based on the provider's activity a launch of consumer protection proceedings against the non-cooperating financial service provider.

6. In its reply, the financial service provider must indicate, in addition to declarations concerning the questions listed in subsection 5, the facts supporting its allegation and evidence thereof, and attach the copies of the instruments that it refers to as evidence. If the reply of the financial service provider returned within the deadline does not comply with the provisions of the notice, it may remedy the shortcomings within eight additional days. In the reply sent by the deadline, it must indicate which instruments and declarations the supplementation refers to. The acting panel promptly sends the copy of the financial service provider's reply to the petitioner. If it is not feasible to send the reply prior to the hearing, the chair of the acting panel delivers it to the petitioner at the hearing and upon request reads it out.

7. The FAB delivers the documents to the parties by post. The delivery takes place in accordance with the special legal provision governing the delivery of official documents. In respect of the presumed delivery, the laws applicable to the delivery of official documents must be followed.

8. THE HEARING

1. The acting panels hold their hearings in the 3rd floor meeting rooms of Magyar Nemzeti Bank in Budapest, District I, Krisztina krt. 39. Hearings are held on every working day; the dates and precise venue of these are

collectively determined by the heads of the working groups one month in advance. The hearing is presided over 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 opposing parties and their representative(s) may pose questions.

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 shall ignore such facts and data.

3. The hearings are not public without the consent of both parties. In this case, an audience – limited in 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 identities of the attendees, and ascertains the proper confirmation of the rights of representation; 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 notification of the hearing was made properly to the party. If so, the hearing must be deemed as ignored by the respective party. If either party fails to attend the hearing despite proper notification or does not present evidence, the acting panel conducts the proceedings and decides on the basis of the available documents and data. If the hearing is ignored by the financial service provider, the chair of the acting panel reports this omission via the head of the working group to the chair of the FAB, who – after giving due consideration to the circumstances – initiates a launch of consumer protection procedures against the non-cooperating financial service provider with the Deputy Governor with competence for the provider's activity, if the omission qualifies as a violation of the obligation to cooperate.

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 be also recorded in the minutes of the hearing. If the proxy or authorised representative attending the hearing on behalf of the party fails to confirm his right of representation, he may not represent the party at the hearing.

6. After ascertaining the identities of the attendees and the confirmation of the rights of representation, the chair of the acting panel opens the hearing and warns the attendees that no device that disturbs the order 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 the fact that failure to fulfil the compromise and the binding resolution voluntarily entails enforcement by the court,
   c) the submission and the consequence of non-submission,
   d) whether in the given case the respective financial service provider has submitted itself to the FAB proceedings, and
   e) that the proceedings do not prejudice the enforcement of the claims in court.

7. The acting panel attempts to mediate a compromise between the parties. It reminds the parties that the fastest and simplest way to settle their dispute is to effect a compromise. Therefore, if they settle their dispute by reconciling their positions 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 reach a compromise, the acting panel approves the compromise and delivers it – after announcement thereof – to the attendees in writing, which is put down in the minutes or in a separate instrument, and declares the hearing closed. If the compromise proposal in writing submitted by an absent party 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 reached 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.

8. If no compromise is reached, the chair of the acting panel obtains a declaration from the attendees whether they maintain their position stated in the petition or reply or whether they wish to supplement it verbally. This 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. Afterwards, the representative of the financial service provider may present the facts and evidence underlying its declaration and may request that its written declaration be supplemented. After the declarations and 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 proposes that the compromise be effected. If this necessitates the consent of a person absent at 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.

9. 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, and thus no on-site inspections are possible,
   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 such evidence the purpose of which is clearly to hinder the proceedings,
   d) instruments containing classified data may be used at the hearing in accordance with relevant provisions of the law, and
   e) if the presented facts or data are not substantiated or confirmed, the acting panel will ignore them when making its decision.

10. At the mutual request of the parties submitted at the hearing, 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 a new hearing. The acting panel may postpone the hearing only ex officio and for an important reason, stipulating that 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 reach a compromise and at the same time they consent to conducting the procedure in writing, no subsequent hearing will be held.

11. If during the hearing the parties make no additional declarations and the members of the acting panel also have no additional questions, the chair of the acting panel – after warning the parties to this effect – declares the hearing completed. In the absence of a compromise, the panel retires to deliberate. If during the deliberation any such circumstance or question arises in respect of which it would be practical to obtain the parties' declaration, the chair of the acting panel reopens 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 evidence placed at its disposal. The acting panel makes its decision in camera by a simple majority of votes.

12. The members of the acting panel decide in camera whether in the absence of a compromise they will pass a binding resolution or make a recommendation on the given case. They also decide whether to announce the resolution then or if it should be announced during an additional hearing. In the latter case, the resolution is committed to writing within fifteen days of 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 a brief justification thereof. If the acting panel does not announce the binding resolution or recommendation at the hearing, it verbally informs the parties about the date of the next hearing. The acting panel does not send any separate written notice to the parties about this date.

13. 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 recommendation must contain the brief decision in the operative part, as well as
    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 their representatives, as well as 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 reason for this,
    e) justification of the content of the operative part,
    f) a notice to the effect that the resolution or recommendation of the panel does not prejudice the consumer's right to enforce his claim in court,
    g) a notice to the effect that no appeal may be made against the binding resolution or the recommendation, and that an annulment of that may be requested from the court,
    h) the date of committing the resolution to writing,
    i) in the binding resolution a decision on costs and the party paying them, and
    j) if the acting panel made a decision, at least partially, in favour of the petitioner, information on the legal consequences of the financial service provider's failure to perform voluntarily.

14. The acting panel terminates the proceedings by its resolution, if
    a) the petitioner withdraws his claim,
    b) the parties agree on termination of the proceedings,
    c) it is impossible to continue the proceedings, or
    d) in the view of the acting panel it is unnecessary to continue the proceedings for any reason, including the petition's lack of grounds.

15. 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 names 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) and 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 reach a compromise,
    d) if a compromise was reached, 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 the recommendation,
    i) other circumstances, data and information relevant to the case and/or the hearing.

The members of the acting panel or the parties may request that certain declarations that they have made be recorded verbatim in the minutes. Prior to the conclusion of 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 for supplementation, if it *does not* contain any information that is materially new or if it significantly 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 absent parties by post.

9. MAINTAINING ORDER AND THE DURATION OF THE PROCEEDINGS

1. Maintaining order during the hearing is the duty of the chair of the acting panel. The chair of the acting panel warns any party disturbing the order of the hearing that his conduct is hindering the hearing and that

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 the conduct of the party on the basis of which the hearing had to be cancelled. Upon severe disturbance of order, the members of the acting panel will promptly notify security staff and, if necessary, the police.

2. The acting panel must conclude the proceedings within 90 days from their commencement and close the case with a resolution. If it is justified, the chair of the acting panel may approach the chair of the FAB with a reasonable request in writing prior to the expiry of the deadline, making use of the option provided by law to authorise an 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 in which the respective consumer's place of residence or abode is in Hungary, whereas the registered office, business site or permanent establishment of the financial service provider is in another EEA member state, or vice versa.

2. An additional condition for the launch of 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 the FAB's procedure and thereby acknowledge its decision as binding on it. In the absence of submission, the acting panel
   a) informs the petitioner of an alternative dispute resolution forum participating in FIN-Net in another EEA member state, with power and competence in relation to the dispute,
   b) provides information on the special rules applicable to the proceedings of said forum, particularly on the need for 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 with 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 for a hearing, with the proviso that upon initiating the hearing the parties' attention must be drawn in the notification to the need for 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 conducts the proceedings in writing, the acting panel may request the parties to provide it with written information or documents, 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 promptly be delivered to the parties once it is passed.

4. The language of the procedure is English. The acting panel will deliver its judgement 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. On the proposal of the chair of the acting panel, the chair of the FAB may prolong the deadline of the procedure in justified cases on one occasion per case by 90 days.

11 RULES PERTAINING TO PROCEEDINGS APPROVING THE COMPROMISE

1. The consumer may request the FAB to approve a compromise reached with the financial service provider in order to settle the financial consumer dispute. The launch of the proceedings is conditional upon compliance of the written request, submitted by the consumer with regard to the approval of the compromise, with statutory content. The attachments to the request should include
   a) the draft wording of the compromise mutually agreed upon in advance by the parties, also covering the payment of costs,
   b) the financial service provider's written declaration that it also requests that a compromise, with identical content as included in the attached draft, be approved, and
   c) a statement about whether the parties request a hearing be held or whether the acting panel should approve the compromise without a hearing (in written proceedings).

2. If the request complies with all requirements, it is complete and the parties request that a hearing be held, the chair of the acting panel sets the date of the hearing for the approval of the compromise on a date that is within 30 days from the receipt of the complete request by the FAB and notifies the parties in writing about the date and venue of the hearing. If the compromise between the consumer and the financial service provider complies with the law, the acting panel – after the declarations made by the parties or their representatives at the hearing – records it in the minutes and approves it with a resolution; failing that, it refuses the approval and rejects the request. In written proceedings without a hearing, after verifying compliance with the law, if the compromise complies with the laws, the acting panel approves it with a resolution; otherwise it refuses the approval and rejects the request.

12 PUBLICATION OF THE DECISIONS

1. The FAB publishes its binding resolutions and 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 with a summary of the approved compromise.

2. If an annulment of any recommendation of the FAB was requested in 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, a recommendation whose force was maintained may be published.

3. If the financial service provider fails to comply with the recommendation and 60 days from the delivery of the recommendation to the financial service provider has elapsed, and an 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.

13 RECESS

The 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 span of time does not count for the purpose of calculating the procedural deadlines.

The exact time, start and end date of the recesses are published by the chair of FAB on the website at least one month before the start of the recess.

14. CONTACT DETAILS

1. The Financial Arbitration Board can be contacted by telephone on working days between 8 am and 5 pm at its customer service number or via central customer service. The staff of the office provides information to anybody about the rules of the proceedings. Information on proceedings in progress is provided to the stakeholder petitioner and the financial service provider.

The Board may be contacted as follows:
- On the website: www.mnb/felügyelet/pbt
- in person at the central customer service office: Budapest, Krisztina krt. 39.
- in a letter sent by post: 1525 Budapest, Pf. 172.
- through the direct FAB customer service line: +36-1-489-9700
- through the central facsimile: +36-1-489-9102
- by e-mail: pbt@mnb.hu or pbttitkarsag@mnb.hu

2. The petitions addressed to the FAB may be submitted at any of the locations listed below:
- in person in the Civil Affairs Bureaus
- in person at the MNB Central Customer Service, Budapest I , Krisztina krt 39, ground floor
- addressed directly to the FAB (Budapest I. , Krisztina krt 39) by post
- as an e-instrument via the e-government portal on the www.ugyfelkapu.magyarorszag.hu page, if the petitioner has the necessary registration.

4. In the Network of Financial Advisory Offices at 11 locations nationwide, where consultants are available to provide help for the proper completion of petitions.

ANNEX 9

Laws related to settlement and conversion into forint

- Laws
- Decrees of the Governor of the MNB
- Ministers' Decrees

Laws

- Act XXXVIII of 2014 on the Settlement of certain issues related to the Curia's uniformity ruling on financial institutions' consumer loan contracts
- Act XL of 2014 on the Rules of the settlement laid down in Act XXXVIII of 2014 on certain issues relating to the Curia's uniformity decision on household loans and on certain other provisions
- Act LXXVII of 2014 on the Settlement of the issues related to the modification of the currency of certain consumer loan agreements and issues relating to interest rate rules

Decrees of the Governor of the MNB

- MNB Decree 42/2014 (XI. 7) on the General rules pertaining to the methodology of the settlement necessary in view of the invalid contractual provisions of the financial institutions' consumer loan contracts
- MNB Decree 54/2014 (XII. 10) on the Special rules pertaining to the methodology of the settlement necessary in view of the invalid contractual provisions of the financial institutions' consumer loan contracts
- MNB Decree 55/2014 (XII. 10) on the Estimation procedure and the deadline for the cash settlement in view of the invalid contractual provisions of the financial institutions' consumer loan contracts
- MNB Decree 58/2014 (XII. 17) on the Consumer protection regulations related to the settlement necessary in view of the invalid contractual provisions of the consumer loan contracts and to the modification of the consumer loan contracts

Ministers' Decrees

- Ministry of National Economy Decree 53/201 (XII. 31) on the Amendment of the maturity of the consumer loan contracts affected both by the exchange rate cap arrangement and the conversion to forint
- Ministry of National Economy Decree 56/2014 (XII. 31) on Certain rules related to the provision of information with regard to the loans extended to consumers

ACTIVITIES OF THE HUNGARIAN FINANCIAL ARBITRATION BOARD

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