THE LOAN COMPANY MOGO PENALISED FOR ILLEGALLY CHARGING ADDITIONAL FEES

* **The President of UOKiK Tomasz Chróstny has made his decision: over PLN 320,000 of the total penalty imposed on MOGO for adopting practices that violate collective consumer interests and the obligation to eliminate their lasting effects.**
* **The entrepreneur is to reimburse the affected consumers who have been unlawfully charged – complaints should be filed for this purpose.**
* **The activities of the company violated the Consumer Credit Act and the Competition and Consumer Protection Act and were contrary to good practices.**

**[Warsaw, 26 January 2021]** MOGO sp. z o.o. based in Warsaw is a company granting loans and credits for the purchase of a car or against the car. **The company charged its customers additional fees** for arrears on loan repayments**. If the consumer did not repay the loan, MOGO took over the assigned car. However, before the car was sold, the vehicles were parked in a paid parking lot and the entrepreneur charged additional fees, the so-called Parking Fees, which were to be paid by the consumer. Another form of extra fees that were not included or mentioned in the contract was towing fees. These practices also created additional costs for debtors.**

**The company did not specify what it charges for or what the catalogue is. The agreements did not provide any information on the amount of charges for arrears on loan repayment**, **and as a result consumers were not aware of the final amount of debt on the loan taken out. MOGO provided consumers with incomplete information on credit costs, which did not include fees for debt collection activities. In addition, the total amount of cash charged by the company for arrears on loan repayments in some cases exceeded the legal limit.**

**“*The loan company MOGO has violated the collective consumer interests with its practices. The entrepreneur took advantage of customers’ unfamiliarity with the real costs associated with the contract – he did not specify what he would charge for and what catalogue they had. This was not only against the law but also good practices. In addition, the company charged consumers who were late in repaying the loan with fees that exceeded the legal limit,”* explains Tomasz Chróstny, President of the Office of Competition and Consumer Protection.**

**During the ongoing process, MOGO submitted an application to the Office of Competition and Consumer Protection for a commitment decision, but** the measures proposed by the entrepreneur were inadequate – they would not adequately protect the interests of consumers in the future.

***“The company*** *is a credit institution and its unfair practices affect consumers who are often in a difficult financial situation. What also matters in this case is a broad territorial scope of these measures, which covers the entire country. Taking these circumstances into account, I* ***imposed on the MOGO loan company a fine of over PLN 320,000 and obliged the company to eliminate the lasting effects of the violation of collective consumer interests,”* adds the President of UOKiK.**

**MOGO is to remove the negative effects of its practices after the decision has become final in the following way:**

* **The entrepreneur must now inform every consumer** who has been billed for arrears in repaying the loan exceeding the legal limit of the **possibility of a complaint**.**Consumer: if you have been charged with maximum interest or any additional fees for arrears, you may apply to the entrepreneur for reimbursement of the overpaid loan amount.**
* **Based on consumer complaints, MOGO will reimburse consumers for debt collection fees taken from them while charging maximum interest for late repayment of the loan**. The company must perform the above within **30 days from the date of submission of the complaint**.
* **MOGO is also requested to post a statement on its website, in which it admits to resorting to the challenged practices. This should increase awareness among consumers of the provisions protecting their rights, as the statement indicates which actions taken by entrepreneurs against consumers may be considered unlawful.**

For more information, please read [the UOKiK decision.](https://www.uokik.gov.pl/download.php?plik=25231) The decision is not final. The entrepreneur has the right to appeal to the court.

**UOKiK glossary:**

The President of the Office reaches [decisions](http://decyzje.uokik.gov.pl/bp/dec_prez.nsf) prohibiting the use of practices violating the collective consumer interests, decisions rendering a povision of contract template prohibited and prohibiting its use, and imposes a [financial penalty](http://www.uokik.gov.pl/wyjasnienia_w_sprawie_kar3.php) of up to **10% of the turnover achieved in the financial year preceding the year of imposition of the** **penalty**. In issued decisions, the President of UOKiK may also specify measures to remove the lasting effects of an unlawful practice of the entrepreneur.

**Commitment decision –** the possibility of terminating proceedings concerning competition-restricting practices and practices violating collective consumer interests by way of a commitment decision. Sometimes, **it allows the proceedings to be terminated sooner.** This decision enables the President of the Office for Competition and Consumer Protection **to amicably terminate the proceedings conducted on the basis of the Competition and Consumer Protection Act, in which a breach of law has been made clear.** After the initiation by the President of UOKiK of proceedings concerning competition-restricting practices or practices violating collective consumer interests, the entrepreneur **may propose a commitment,** the implementation of which **will make it possible to eliminate the practice or its effects**. The President of the Office of Competition and Consumer Protection **may find** that the proposed commitment will enable the achievement of these objectives and oblige the entrepreneur to fulfil these commitments (by way of a commitment decision). It is **a right, not an obligation of the President of UOKiK.** Sometimes, the commitment proposed by the party is not sufficient.

**Consumer support:**

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[Consumer advocates](https://uokik.gov.pl/pomoc.php) – in your town or district