

M. VENUGOPAL REDDY VS. TRANS UNION CIBIL LIMITED. & OTHER

Case No. 36/2018

Decision date: 08/11/2018

Keywords: credit scoring agency, usage of fake data, privacy breach, abuse of dominance.

Issue: Whether refusal to modify low credit score, allegedly calculated based on fake data and causing breach of privacy concerns would amount to a contravention under Section 4 of the Act.

Rule: Sec. 4 of the Competition Act, 2002.

The case arose out of allegations made by Mr M Venugopal Reddy against Trans Union CIBIL Limited (“CIBIL”), a credit information providing company, regarding the reduction of Mr’ Reddy’s CIBIL score, and failure to update the score despite having received a legal notice from Mr. Reddy. Mr. Reddy was denied credit approvals in various forms, including loans, credit cards and so on, on the basis of CIBIL’s credit report, which showed a low CIBIL score for Mr. Reddy. In the legal notice that Mr. Reddy subsequently sent to CIBIL, he alleged that CIBIL had not renewed his score, had built its scores on the basis of fake data, had not updated its data, and was breaching his privacy by disclosing personal details such as his PAN number, passport number, voter ID number, etc. Mr. Reddy also submitted that CIBIL had not replied to this legal notice.

In order to determine whether there was any abuse of dominant position, the CCI first held the relevant market to be the “market for the provision of services by credit information companies in India”. The CCI was of the *prima facie* view that CIBIL enjoys a dominant position in the relevant market because a) CIBIL has gained prominence over time and has established itself as a key player in the market, and b) credit institutions largely rely upon CIBIL scores to determine the credit worthiness of a borrower.

The CCI held that the Credit Information Companies (Regulation) Act, 2005, which governs CIBIL, already provides adequate safeguards for issues like breach of data and accuracy of data, therefore causing no competition concerns in the present case. On the allegation of usage of fake data, the CCI observed that CIBIL is statutorily banned from modifying credit

information unless it received confirmation from relevant credit institutions, thereby making this allegation untenable as well.

The CCI concluded that there is no *prima facie* case of contravention of Section 4 of the Act.