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ECJ: Commission must pay interest on fines unduly imposed in competition matters

The European Court of Justice decided today that the Commission must pay interest on fines it has unduly imposed in competition matters and which it has provisionally collected. That interest is intended to compensate, at a standard rate, the undertaking concerned for the loss of the amount in question.

Background

In 2014, the European Commission imposed on Deutsche Telekom AG a fine of approximately €31 million for abuse of a dominant position on the Slovak market for broadband telecommunications services.

Deutsche Telekom brought an action for annulment of that decision before the General Court of the European Union, while provisionally paying the fine on 16 January 2015. The General Court upheld that action in part and reduced the amount of the fine by approximately €12 million. Therefore, the Commission repaid that amount to Deutsche Telekom on 19 February 2019.

Deutsche Telekom requested the Commission to pay default interest on that amount for the period from the date of payment of the fine to the date of repayment of that amount for a period of over four years which the Commission refused.

Decision

According to established case-law, in the event of annulment or reduction with retroactive effect, by a Court of the European Union, of a fine imposed by the Commission for infringement of the competition rules, that institution must repay all or part of the fine provisionally paid, together with interest for the period from the date of provisional payment of that fine to the date of its repayment. That obligation exists even where the financial returns on the investment by the Commission of the amount of that fine during that period were zero, or even negative. The issue does not concern default interest, but interest intended to compensate the company at a standard rate for loss of enjoyment of the amount at issue.

Reference:

ECJ, judgment of 11 June 2024 **C-221/22 P** Commission v Deutsche Telekom; Press release **No 97/24**.

Keywords

compensation, fine, interest