



Paris, 9 March 2018

The Court of Cassation challenges the subsidising of mobile handsets in France

In its decision handed down on 7 March 2018, based on European legislation, the Court of Cassation has challenged the system of subsidising mobile handsets.

Free submitted the question to the courts in May 2012, considering the subsidising of terminals as part of a mobile telephone contract to in reality be a payment facility equivalent to a consumer credit loan that flouted legal obligations.

The Court of Cassation has ruled in favour of Free, stating *“the definition of a credit transaction, [...] covers, in particular, all payment facilities”*.

The Court ruled that the company involved *“is indeed required to apply the provisions of the French Consumer code that behoves all professionals offering payment facilities to their clients”*.

The decision made by the Court of Cassation therefore makes it impossible, without complying with the rules governing consumer credit loans, to allow payment for telephone handsets to be spread over time as part of a mobile phone contract, a system deemed to be *“rotten to the core”* by one particular consumer protection association.

The recognition of subsidies as a form of consumer credit could nullify certain contracts, which would carry all the implications that may result in such circumstances.

Free will now be able to compete in a previously inaccessible market of 17 million people currently tied in to this kind of contract.

About Free

Free – an Iliad Group subsidiary – is the inventor of the Freebox, the first multiservice box on ADSL. Free is behind numerous innovations in the Broadband and Ultra-Fast Broadband access segment (VoIP, IPTV, flat-rate calling plans to multiple destinations, etc.). For example, the Freebox Revolution, the 6th generation of Freebox units, includes an NAS and a Blu-Ray™ drive, and the Freebox mini 4K was the first Android TV™ and 4K box on the French market. Free was the first operator to include calls from landlines to mobile phones in its offerings and also calls to French overseas departments (DOM). Since January 2012, Free has brought mobile phone usage within everyone's reach with straightforward, no-commitment offerings at very attractive prices. The Free Mobile Plan includes all year round roaming communications from more than 35 countries: unlimited calls, texts and MMS from Europe, the French overseas departments, the United States, Canada, South Africa, Australia, New Zealand and Israel (to those same countries) and 25GB/month of 3G data roaming from Mexico, Switzerland, Turkey, Algeria and Thailand. Free also includes unlimited 4G in Metropolitan France in its €15.99/month Mobile Plan for Freebox subscribers. As at September 30, 2017, Free had nearly 20 million subscribers (6.5 million Broadband and Ultra-Fast Broadband subscribers and 13.4 million mobile subscribers).