FOR PRIVACY PROTECTION AND STATE TRANSPARENCY Tatari tn 39 / 10134 Tallinn / 627 4135 / info@aki.ee / www.aki.ee Registration code 70004235 PRELIMINARY WARNING in personal data protection case no. 2.1.-1/23/130-402-9 Injunction maker Data Protection Inspectorate lawyer Kirsika Kuutma Time and place of injunction 06.04.2023 in Tallinn Addressee of injunction - personal data processor Krediidiregister OÜ, registry code 12400621 address: Harju county, Tallinn, Kesklinna district, A. Weizenbergi tn 20, 10150 e-mail address: art@krediidiregister.ee Responsible person of the personal data processor Board members RESOLUTION: § 56 subsection 1, subsection 2 point 8, § 58 subsection 1, § 10 subsection 1, subsection of the Personal Data Protection Act (IKS) 2 point 3 and on the basis of Article 58 paragraph 2 points a, b and f, Article 6 paragraph 1 point f, Article 14 paragraphs 1 and 2 and Article 21 paragraph 1 of the General Regulation on Personal Data Protection (IKÜM)) regarding payment default submitted by Julianus Inkasso OÜ on 13.12.2018 in the amount of 82.12 euros (as of 20.03.2023) in the payment default register and delete XXX payment default data. I set the deadline for the execution of the order to be 21.04.2023. Report compliance with the order to the Data Protection Inspectorate by this deadline at the latest. REFERENCE FOR DISPUTES: This order can be challenged within 30 days by submitting either: - an appeal under the Administrative Procedure Act to the Data Protection Inspectorate or - an appeal under the Code of Administrative Procedure to the Administrative Court (in this case, the appeal in the same matter cannot be reviewed). Challenging a precept does not stop the obligation to fulfill it or the implementation of measures necessary for fulfillment. EXECUTION MONEY WARNING: If the injunction has not been complied with by the set deadline, the Data Protection Inspectorate will impose an extortion fee of 25,000 euros on the recipient of the injunction based on § 60 of the Personal Data Protection Act. A fine may be imposed repeatedly - until the injunction is fulfilled. If the recipient does not pay the penalty, it will be forwarded to the bailiff to start enforcement proceedings. In this case, the bailiff's fee and other enforcement costs are added to the enforcement money. MISCONDUCT PUNISHMENT WARNING: Failure to comply with the prescription under Article 58(2) of the Personal Data Protection General Regulation may result in a misdemeanor proceeding based on § 69 of the Personal Data Protection Act. For this act, a natural person may be fined up to EUR 20,000,000, and a legal person may be fined up to EUR 20,000,000 or up to 4 percent of its global annual turnover of the previous financial year, whichever is greater. The out-of-court procedure for a misdemeanor is the Data Protection Inspectorate. FACTUAL CIRCUMSTANCES: On 14.02.2023, the Data Protection Inspectorate XXX (complainant) received a complaint regarding the processing and disclosure of his personal data to third parties in the default register maintained by Krediidiregister OÜ (www.taust.ee). According to the complaint, information about

unpaid parking fines was published in the non-payment register maintained by Krediidiregister OÜ (www.taust.ee), dated 16.06.2019. According to the applicant, some time after receiving the fine, he had a telephone conversation with Ühisteenused AS, which manages the parking lot, who agreed with the applicant's reasoning regarding the legality of parking (parking was registered in a machine according to the applicant and free of charge for moviegoers), and after that call he was not contacted again. The applicant learned about the debt claim only on 12.04.2022, when he was contacted by Julianus Inkasso OÜ. The applicant objected to the claim, pointing out that he registered the parking in the machine, there was no violation and that he has already objected to the claim once (to Ühisteenused AS) and was not contacted after that. The applicant also found that the debt underlying the payment defaults is not true (parking was not illegal) and the debt claim has expired. Among other things, the complainant pointed out that the creditor uses the payment default register as a coercive tool, which is not the real purpose of the register, and that the data processor (payment default register) has not sent him a notification that his data has been disclosed in the register. The applicant requested the data processor to remove the default related to him from the register and to delete his data, but the default register continued to publish the debt data. According to the applicant, there is no legal basis for publishing the payment default. On 07.03.2023, the inspectorate sent an inquiry to Krediidiregister OÜ, in which it explained the requirements for disclosure of personal data and asked additional questions (see appendix). Together with the inquiry of 07.03.2023, the inspection proposed to the data processor to stop publishing the applicant's payment default, if the data processor considers that the processing of the applicant's payment default is not in accordance with the IKÜM and asked to inform the inspection and the applicant about this. On 20.03.2023, the data processor responded to the inquiry, but did not stop publishing the applicant's payment default in the payment default register. PERSONAL DATA PROCESSOR EXPLANATION: Krediidiregister OÜ (data processor) did not agree with the objections of the complainant. First, the data processor pointed out that the creditor had repeatedly informed the person about the indebtedness before the expiration date of the debt claim and that the debt claim was also entered in the default register before the debt claim expired. The data processor also draws attention to the fact that there is a legal basis for disclosing the debt claim, because the applicant's substantive objection to the claim (parking was not illegal) is not correct, as the guest must register his vehicle at a kiosk in the cinema in order to park for free. The applicant did not do the latter, thereby also violating the parking conditions. According to the data processor, it processes the applicant's payment default data in accordance with IKS § 10 and for the legitimate purposes arising from IKS § 10 and IKÜ Article 6(1)(f). The data processor is of the opinion that it has sufficiently

verified the correctness of the payment default data and sufficiently verified the excessive damage to the applicant. It is also indicated that the creditor informed the applicant about the disclosure of payment default and the circumstances of IKÜM art 14 paragraphs 1-2. The data processor took into account the truthfulness of the payment default information, the number of debts, the size of the debt, the age of the debt, the fact that the debt obligation is still unpaid, when assessing the excessive damage to the applicant. The data processor has also taken into account the fact that it is not known that the disclosure of payment default has resulted in any damage. The data processor used a scoring model to assess the excessive damage to the applicant, which means that the excessive damage was assessed through a change in category, i.e. the assessment is based on how much the disclosure of the disputed payment defaults affects the credit rating given to the person. When analyzing the results of the scoring model, the data processor took the position that the publication of payment irregularities does not excessively harm the rights and interests of the data subject. The data processor found that due to the circumstances taken as a basis for checking the applicant's excessive damage, it is justified to publish the payment default data until 30.06.2027. GROUNDS FOR THE DATA PROTECTION INSPECTION: Legal basis 1. Pursuant to § 10 (1) of the IKS, the disclosure of personal data related to the violation of a debt relationship to a third party and the processing of the transmitted data by a third party for the purpose of assessing the creditworthiness of the data subject or for other similar purposes is permitted, and only if the data processor has checked the correctness and legal validity of the transmitted data. basis for the transfer of personal data and has registered the data transfer. 2. Regardless of the above, in accordance with IKS § 10, paragraph 2, it is not permitted to process personal data related to the breach of a debt relationship for the purpose of assessing the creditworthiness of the data subject or for other similar purposes, if: − it is a special type of personal data; − it is data about the commission of an offense or becoming a victim of it before a public court hearing or a decision in the case of an offense or the termination of the case proceedings; − it would excessively harm the rights or freedoms of the data subject; − less than 30 days have passed since the breach of the contract; − more than five years have passed since the end of the breach of obligation 3. When disclosing data to the requesters, the disclosing party of payment irregularities may also rely on Article 6(1)(f) of the IKÜM, i.e. legitimate interest, but essentially this requires at least the implementation of measures equivalent to the processing of debt data based on IKS § 10 . In addition, it must be taken into account that, based on a legitimate interest, data processing may more likely prove to be excessively harmful to the person and therefore impermissible, to the extent that there are no additional criteria for the disclosure of personal data prescribed by § 10 of the IKS (e.g. regarding the time of

publication). By their nature, the weighing of the rights of the affected person against their own business interests on the basis of legitimate interest, as well as the assessment of excessive damage to the rights of the person based on § 10 of the IKS, are similar. 4. The data processor has stated in its explanation that it processes and publishes the debtor's personal data on the basis of § 10 of the IKS with the aim of making them available to companies making credit decisions, and on the basis of the legitimate interest of Article 6 (1) of the IKÜM for the following purposes: - disclosure of information to contractual customers for the purpose of credit assessment (both payment failures and data from public sources); - providing a credit score when the customer orders a service in this regard; - publication of connections between a company and a person and between persons related to the company on the company's profile and publication of connections on the profile of a natural person; - the right to monitor customers of a selected circle. Excessive damage to the data subject 5. Based on the above, both IKS § 10 and IKÜ Article 6 (1) point f) when publishing a person's debt data in the default register and transmitting it to third parties, the damage to the debtor's rights and freedoms must be assessed. The degree of damage to a person's legitimate interests must be assessed, i.e. each time, based on the circumstances of a specific case, it must be considered whether the need to transfer personal data to third parties without the person's consent outweighs the infringement of the person's rights and interests1. This is also supported by the data processor's obligation to prove the legality of data processing arising from Article 21, paragraph 1 of the IKÜM in a situation where the debtor has submitted an objection to the data processor. After submitting an objection, it is the duty of the data processor to reassess the current state of damage to legitimate interests. 6. According to the data processor, in the case of the specific complainant, the accuracy of the payment default information, the number of debts, the amount of the debt and the age of the debt have been verified. The data processor has also taken into account the fact that it is not known that the disclosure of payment default has resulted in any damage. The data processor further notes that no statute of limitations has been applied to the debt. There is also a reference to the evaluation model and the principles of its implementation. A mere list of the circumstances that are checked when publishing debt data and a reference to the assessment model do not provide clarity in this case, why the applicant has come to such a conclusion that his debt data will be disclosed further. 7. In the opinion of the Data Protection Inspectorate, the data processor has not sufficiently explained and presented evidence as to which specific breach of debt relationship (including the creation of a debt relationship) and the generally descriptive characteristics of the debtor, and based on which criteria for the necessity of disclosure of debt data, he has come to the conclusion that his legitimate interest outweighs the rights of the individual. 8. Violation of the obligation

cannot be assumed, and in order to publish debt data within the maximum period (5 years), the data processor must rely on specific facts that would explain why the data processor has come to such a conclusion. 9. In the opinion of the Inspectorate, the following circumstances excessively harm the applicant's rights, which cause the legitimate interest of the data processor not to outweigh the harm to the applicant's rights. It is: 1) a small debt (less than 100 euros); 2) the debt claim arose almost 4 years ago; 3) with a single debt that does not show a consistent pattern of behavior on the part of the applicant; 4) the planned time for disclosure of debt data (maximum time of 5 years) is not in proportion to the circumstances characterizing the debt and the debtor's behavior. 10. The inspection is of the opinion that the purpose of disclosing the applicant's payment default data is not so weighty as to outweigh the long-term interference with the applicant's rights and freedoms, which is accompanied by the disclosure of an expired debt claim of less than 100 euros (a single parking fine) - for more than 5 years, the applicant will be into question regarding future transactions. 1 of the Supreme Court on 12.12.2011. a decision in administrative case No. 3-3-1-70-11, p. 21; Decision of the Supreme Court of 14.03.2008 in civil case No. 3-2-1-5-08, p-d 25-26. For all kinds of potential transaction partners, the inclusion of a person's data in the payment default register is a signal not to do transactions with the person or to do them under less favorable conditions compared to people without payment defaults. If a person does not actually have payment difficulties or constantly arising debts, keeping him in the default register and treating him differently by transaction partners is unjustified and excessively damaging, and does not fulfill the original purpose of the register. 11. The data processor indicates that the creditor started the procedure and the debt claim was published in the default register before the limitation period arrived. Despite this, the data processor has failed to take into account the expiration date when considering excessive damage to the debtor's legitimate interests after receiving the objection. The longer the period after which personal data is processed, including transmission, the more intensively it infringes on the basic rights of the data subject, in particular the privacy, and the more compelling must be the need to transmit data to third parties. The data processor has not pointed out any such exceptional circumstances that would confirm the necessity of transferring the applicant's data to third parties for such a long period of time for creditworthiness assessment or for other similar purposes. 12. Expiration also gives the obliged person a lasting objection to refuse performance. As a result of a correct assessment of the circumstances, the data processor should have been able to foresee that the debtor would object to the publication of his data, based on, among other things, the expiration date. By publishing an expired debt claim in the default register and thereby trying to pressure the debtor to pay the claim, in respect of which the creditor has failed to fulfill its obligation to collect the debt

on time, the continued publication of the debt has become a kind of coercive mechanism. Taking into account the arguments presented above, in this context, pressuring the debtor to fulfill an expired claim can be considered as behavior contrary to good manners on the part of the data processor.2 13. Disclosure of payment default cannot be a coercive mechanism for debt payment, but is for the protection of both the person himself and future lenders, in order to assess the persons solvency. The Supreme Court has considered the disclosure of expired indebtedness to be unlawful if the creditor has not made other efforts to collect the debt.3 Separately, it is doubtful whether a single unpaid parking fine (amount of 30-40 euros) should be a real basis for assessing a person's ability to pay with subsequent creditors. 14. Merely an abstract listing of the prerequisites for the publication of payment defaults and the analysis of the data processor's general legitimate interest do not provide an assessment in a specific case of how the need to publish debt data outweighs the infringement of a person's rights and interests. So the mere mention that the debtor has violated the obligation intentionally (including without providing any physical evidence or explanation in this regard), failed to pay the debt, was in communication with the creditor, as well as the fact that the data of the payment default is true from the point of view of the data processor, does not constitute consideration. The prerequisites for the publication of payment default must be evaluated in essence, based on the circumstances of the specific case. Objection of the data subject 15. The Data Protection Inspectorate does not agree with the data processor's position that one of the prerequisites for publishing a payment default can be the debtor's failure to notify how the publication of debt data excessively harms his rights and freedoms. The fact that the debtor has not provided information about excessive damage, and the person disclosing the payment default does not have information about the damage caused by disclosing the payment default, does not release the data processor from the obligation to assess excessive damage to the legitimate interests of the data subject arising from IKS § 10 (2) point 3 and IKÜ Article 6 (1) point f). The obligation to consider arises 2 Tallinn District Court civil collegium decision no. 2-22-3662 d 8.1. 3 2-22-3662 https://www.riigiteataja.ee/kohtulahendit/fail.html?fid=330825669 in the non-payment register itself every time before he intends to publish or even collect (ICS § 10 (2)) personal debt data. 16. Pursuant to Article 21(1) of the IKÜM, the data subject has the right, based on his specific situation, to submit objections to the processing of personal data concerning him at any time, and upon receipt of an objection, the controller does not have the right to further process the personal data, unless the controller proves that the processing is effective and lawful for a reason that outweighs the interests, rights and freedoms of the data subject. The data subject also has the right to demand the deletion of his personal data in accordance with IKÜM

Article 17(1)(c) and (d). 17. The data subject has the right to contact any controller with a request for data deletion, i.e. both the creditor and the default register. This helps to facilitate the use of the rights granted by Article 17 of the IKÜM and to ensure the individual's right to effective data protection. In the opposite case, the data subject should contact each responsible processor separately, which would make the exercise of rights (deletion of personal data) particularly difficult, which in turn contradicts the idea of IKÜM.4 18. As far as is known, the debtor has repeatedly submitted an objection to the inspection (included in the correspondence with the debtor to the reply to the inquiry sent by the data processor). 19. Despite receiving an objection, the data processor continued to publish the debtor's debt data, failing to provide evidence confirming the legality of the disclosure of default and the analysis of the debtor's legitimate interest, and failing to assess the extent of damage to the debtor's legitimate interests. In the opinion of the Data Protection Inspectorate, the data processor has thus violated the obligation to provide evidence pursuant to Article 21, paragraph 1 of the IKÜM. According to Article 21(1) of the IKÜM, verification is a prerequisite for further data processing and disclosure. Informing the data subject 20. The information provided in paragraphs 1 and 2 of Article 14 of the GDPR must be provided to the data subject within a reasonable time, but no later than one month after receiving the personal data, or if the personal data is intended to be disclosed to another recipient, then at the latest during the first publication of the data (Article 14 paragraph 3 of the GDPR). 21. Pursuant to IKÜ Article 14(5)(a) and (b), the data processor may fail to fulfill the duty of active notification to the debtor if the data subject already has this information or providing this information turns out to be impossible or would require disproportionate efforts. Namely, the person disclosing a payment default can fail to inform the debtor about the publication of debt claims if the creditor has already informed the person and provided information about the payment default register and the data protection conditions of this register (IKÜM § 14). If the creditor himself does not notify the debtor, the obligation to notify falls on the non-payment register upon receipt of the debt data.5 Even if the debt is assigned and a new creditor is created, the new creditor, as a new responsible processor, who also has its own processing purpose and conditions, must inform the debtor about the new creditor and its data protection conditions. . 4 ECJ judgment C□129/21 Proximus NV v Gegevensbeschermingsautoriteit, p 72 et seq. 5 Decision of the civil panel of the Supreme Court of 13.03.2019 in civil case No. 2-17-1026, p. 30. 22. Failure to notify on the grounds that it requires disproportionate efforts on the part of the data processor can be especially in a situation where the data processor does not have the contact details of a specific natural person. For example, if the data processor should collect additional personal data only in order to fulfill the obligation of active notification. 23. According to the explanations of the

publicist of the payment default, he has checked the debtor's notification of the payment default based on the documents made available by the person entering the payment default information system, including notifications sent by the creditor through the information system. The data processor submitted a notification in which the creditor informs a specific debtor on 29.04.2022 of the publication of default, that in case of non-fulfillment of the debt claim, the debt will be disclosed in the default register taust.ee from 16.05.2022. 24. The data processor further explained that it informs the debtors about the circumstances of paragraphs 1-2 of Article 14 of the IKÜM through the data processing conditions on the website taust.ee. 25. In the opinion of the Data Protection Inspectorate, the data processor has not fulfilled the notification obligation arising from paragraphs 1 and 2 of Article 14 of the IKÜM. In the submitted creditor's payment default disclosure notice, the creditor informs the debtor of its intention to disclose the payment default, but there is no information about the circumstances of paragraphs 1-2 of Article 14 of the IKÜM. There is no evidence that the original creditor, the defaulter, or the keeper of the default register has informed the debtor of the circumstances of paragraphs 1-2 of Article 14 of the IKÜM. Publishing the said information on your website is not enough to fulfill the notification obligation, the corresponding information must be made available to the debtor together with the notification of the publication of default. The notification must be made to the debtor before the payment default is published. Otherwise, the data processing would not be predictable or transparent for the person (IKÜM art. 12). Summary Taking into account the above, the inspection is of the opinion that in this case the data processor has not fulfilled the requirements arising from IKS § 10 (1) and (2) point 3 and IKÜ Article 6 (1) point f, Article 21 for publishing the debtor's payment default in the payment default register kept by him on the website taust.ee. In addition, the data processor has erred against the basic principles set forth in Article 5(1)(a) of IKÜM - the processing of the applicant's personal data has not been legal, fair or transparent. The data processor has failed to fulfill the obligation to inform the data subject arising from paragraphs 1-2 of IKÜM art. (digitally signed) Kirsika Kuutma lawyer under the authority of the director general