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.-1/23/2721-6 Injunction maker Data Protection Inspectorate lawyer Kirsika Kuutma Time and place of injunction 16.03.2023 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 2 point of the Personal Data Protection Act (IKS) 3 and on the basis of Article 58(2)(a), (b) and (f), Article 6(1)(f), Article 14(1) and (2) of the General Regulation on the Protection of Personal Data, I issue a mandatory injunction: Terminate XXX (identity code XXX) by Julianus Inkasso OÜ on 13.12 .2018 publication of the payment default in the amount of 83.09 euros (as of 17.01.2023) in the payment default register and delete XXX payment default data. I set the deadline for the fulfillment of the injunction as 30.03.2023. 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. WARNING: If the injunction has not been complied with by the set deadline, the Data Protection Inspectorate will impose a fine of 25,000 euros on the addressee 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 14.11.2022, 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 kept by Krediidiregister OÜ (www.taust.ee). According to the complaint, in the default register

kept by Krediidiregister OÜ (www.taust.ee), data was initially published about two unpaid parking fines, which were drawn up for vehicles that are/were in his name. According to the applicant, he found out about the requirements only on 26.09.2022, when he received a negative answer from the bank to the home loan application due to current payment defaults. Regarding one parking fine (dated 28.07.2020), the complainant pointed out that the vehicle in the complainant's name was used by an acquaintance of his on that day. However, regarding the second parking fine (dated 29.11.2018), the applicant relied on the expiration of the debt claim. The applicant also found that the debts underlying the payment defaults have not been checked or verified of their truth. Among other things, the applicant pointed out that the creditor never contacted him before submitting the objection and uses the default register as a means of coercion, which is not the real purpose of the register. The applicant requested the data processor to remove the non-payment related to him from the register, but the non-payment register continued to publish the debt data. According to the applicant, there is no legal basis for publishing the payment default. On 05.01.2023, 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 05.01.2023, the inspectorate proposed to the data processor to stop publishing the applicant's payment default, if the data processor finds that the processing of the applicant's payment default is not in accordance with IKÜM and asked to inform the inspection and the applicant about this. On 17.01.2023, 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 only one payment default is displayed per person, and based on the settlement fine issued on 28.07.2020, the payment default is not disclosed (its disclosure was stopped after the complainant's objection). 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 checked the correctness of the payment default data, properly informed the applicant about the publication of the payment default and the circumstances of paragraphs 1-2 of article 14 of the IKÜM, and sufficiently checked the excessive damage to the applicant. When assessing the excessive damage to the applicant, 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 unfulfilled, the fact that the debtor has been in communication with the creditor, etc. 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 payment default data until 2033, applying the 10+5 rule, which is based on Supreme Court decision 3-3-1-70-11 and the Personal Data Protection Act (see appendix). 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; - monitoring right for selected circle customers. 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, the age of the debt, the fact that the debt obligation is still unfulfilled, the fact that the debtor has been in communication with the creditor, etc. 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 (10+5 years), the data processor must rely on specific facts that would confirm the intentional violation of the debt relationship. Willful violation must be proved by the creditor. Failure to fulfill the obligation alone (also intentionally) is not a sufficient argument considering

the goals of the statute of limitations.2 9. In the opinion of the Inspectorate, the following circumstances excessively harm the rights of the applicant, which cause the legitimate interest of the data processor not to outweigh the harm to the rights of the applicant. It is: 1) a small debt (less than 100 euros); 2) the debt claim arose more than 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 infringement of 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) - over 10 years, the applicant's credibility will be established into question regarding future transactions. For all kinds of potential transaction partners, the inclusion of personal data is 1 Supreme Court ruling 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. 2 Decision of the Civil Board of the Supreme Court No. 3-2-1-79-09 p. 11. in the default register, it would be a signal not to do transactions with a 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 has neglected to take into account the expiry when considering the excessive damage to the debtor's legitimate interests. 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 obligated 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 obviously 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.3 13. The failure to assess the circumstances characterizing the creditor in the context of the need to publish debt data is also unclear. The data processor has not assessed the creditor's actions before the payment default was disclosed, namely whether the creditor has used all possible legal remedies to collect the debt and whether the debtor was aware of the debt and received notifications from the creditor before the debt claim expired, etc. Disclosing a payment failure 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 solvency of the persons. The Supreme Court has considered the disclosure of expired indebtedness to be illegal if the creditor has not made other efforts to collect the debt himself.4 Separately, it is doubtful whether a single unpaid parking fine (amount of 30-40 euros) should even 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. Thus, 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 non-payment are 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 exempt the data processor from IKS § 10 3 Tallinn District Court Civil Panel Decision No. 2-22-3662 p 8.1. 4 2-22-3662 https://www.riigiteataja.ee/kohtulahendit/fail.html?fid=330825669 from the obligation arising from point 3 of paragraph 2 and point f of Article 6 of IKÜM to assess excessive damage to the legitimate interests of the data subject. The obligation to consider arises on the non-payment register itself every time before it intends to publish or even collect (ICS § 10 (2)) a person's 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.5 18. As far as is known, the debtor has objected to the inspection at least three times (includes the appendix to the response to the inquiry sent by the data processor in correspondence with the debtor), requested the deletion of his data from the non-payment register and objected to the publication of the non-payment, referring to the expiration of the debt claim and stating that he was not aware of the claim that had arisen. 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 inform the debtor, the duty of notification lies with the insolvency register upon receipt of the debt data. 6 Even if the debt is assigned and a new creditor is created, the new creditor, as the new responsible processor, which also has its own processing purpose and conditions, must inform the debtor about the new creditor and its data protection conditions. . 5 ECJ judgment C□129/21 Proximus NV v Gegevensbeschermingsautoriteit, p 72 et seq. 6 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. The data processor has forwarded correspondence with the creditor, in which a debt notice regarding the parking fine dated 28.07.2020 has been submitted, but there is no debt notice regarding the second parking fine. However, it can be concluded that the creditor had the debtor's contact information. The debt notice also shows that the creditor has informed the debtor of one already published default. Therefore, notifying the debtor of the disclosure of debt information would not entail a disproportionate effort for the non-payment discloser. 24. According to the explanations of the non-payment discloser, he has checked the notification of the debtor's non-payment based on the documents made available by the person entering the non-payment 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 about the publication of payment default (fine dated 28.07.2020), but with regard to the second parking fine, there is no debt notification as well as notification of payment default. 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 debt notice, the creditor informs the debtor of the already published default, which, among other things, has been removed from the default register, and the debt notice does not contain information about the circumstances of paragraphs 1-2 of Article 14 of the IKÜM. There is no debt notification regarding the debt claim still published in the non-payment register. The data processor has not provided evidence that the original creditor, default entry or keeper of the default register has informed the debtor about the transfer of debt data to the default register before publishing them in the register. From the debt notice and other evidence presented, it is not clear that the debtor was also informed about 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