P. Court of Appeal
No. Pf.III.20.089/2014/13

The Court of Appeal of P. in the case initiated before the Regional Court by the plaintiff (plaintiff's name, plaintiff's address), represented by Dr Tünde Fekete, public defender (attorney's address), against the first defendant (first defendant's name, first defendant's address), represented by legal counsel, the second defendant (second defendant's name, second defendant's address), represented by legal counsel, the third defendant (third defendant's name, "f.a.", third defendant's address), represented by the liquidator of I. Ltd. (B., liquidator's trustee), and the fourth defendant (fourth defendant's name, fourth defendant's address), represented by Dr Gabriella Révész, attorney (attorney's address), for compensation, ruled on the appeals submitted by the first defendant under entry number 117, the second defendant under entry number 118, and the fourth defendant under entry number 121, as well as on the cross-appeal submitted by the plaintiff under case number Pf.III.20.089/2014/4 against the judgment issued under entry number 112 on 30 January 2014, and rendered the following:

Judgment

The appellate court partially alters the judgment of the first-instance court in the appealed part, dismisses the claim against the fourth defendant in its entirety, omits the establishment of personality rights infringement concerning the first and second defendants, and reduces the amount of joint and several liability imposed on the first to third defendants, setting it at HUF 995,000 (nine hundred and ninety-five thousand) for the first and second defendants, along with default interest at the rate of the central bank base rate applicable on the last day of each affected calendar half-year, starting from 1 April 2006.

The plaintiff is ordered to pay procedural costs of HUF 100,000 (one hundred thousand) each to the first and second defendants and HUF 150,000 (one hundred and fifty thousand) to the fourth defendant within 15 days.

The court omits the obligation of the fourth defendant to reimburse costs advanced by the state and reduces the amount of joint and several liability imposed on the first to third defendants, setting it at HUF 61,500 (sixty-one thousand five hundred) for the first and second defendants.

The court partially modifies the ruling regarding the costs of the public defender's fee incurred in the first-instance proceedings, determining that 10% of the fee shall be borne jointly and severally by the first and second defendants, while 90% shall be borne by the plaintiff.

The plaintiff is ordered to pay procedural costs of HUF 50,000 (fifty thousand) each to the first and second defendants and HUF 75,000 (seventy-five thousand) to the fourth defendant within 15 days for the appellate proceedings.

It is established that 25% of the public defender's fee incurred in the appellate proceedings shall be borne jointly and severally by the first and second defendants, while 75% shall be borne by the plaintiff.

No further appeal is permitted against this judgment.

Reasoning

According to the facts established by the first-instance court, the third defendant, founded in 1994 and registered by the court under order number 12.Pk.....1994, has been engaged in activities supporting the social equality of disadvantaged groups since 1998. The third defendant established the fourth defendant on 26 November 2004, which was registered by the County Court under order number Pk./5.

In 2004, the O. F. Public Foundation launched a grant programme to support the labour market and social integration of young adults who had left child protection services due to reaching adulthood or had received after-care services but lacked qualifications and were unemployed. The programme, named L., aimed to employ the supported individuals, provide them with vocational training, renovate unused properties, create separate apartments within them to secure their housing, develop their ability to live independently, facilitate their employment, and support their long-term job retention. During the implementation of the programme, an agreement had to be concluded between the property owner and the applicant, in which the owner undertook either to grant ownership rights to each young adult or to lease the completed apartments for an indefinite period without a termination clause. In both cases, the young adults could utilise home creation support.

To implement the L. programme in P., the third defendant sought the support of the first defendant before submitting the grant application. The first defendant's general assembly adopted a resolution supporting the submission of the application to the O. F. Fund under the L. programme, designating the property located at P., I. 17. (hereinafter "the disputed property") as the implementation site. Based on the authorisation granted by the first defendant's general assembly in resolution number ....., the first defendant purchased the two-storey building with a basement, previously used by mine rescuers, from M. Plc. for HUF 2,500,000 plus VAT under a sale and purchase agreement dated 27 December 2004.

On 19 October 2004, the board of trustees of the O. F. Fund awarded a non-refundable grant of HUF 33,000,000 for the implementation of the third defendant's project named "Let's Build," as outlined in the grant application.

Under the agreement dated 17 December 2004, the first defendant undertook to make the disputed property available to the third defendant. The third defendant, with the involvement of the young adults participating in the programme, was responsible for converting the property into residential units, which were to be leased to the programme participants indefinitely at a non-market rent.

The investment and renovation works of the disputed property were carried out by A. Ltd. and V. Ltd. under a contract for services concluded with the third defendant.

On 21 March 2005, the plaintiff signed an agreement with the third defendant, in which the third defendant undertook to provide the plaintiff with housing as a tenant within one of the fifteen apartments to be developed under the L. programme by 31 December 2005. The third defendant also committed to ensuring that the plaintiff obtained training as a construction worker, engaged in regular income-generating activities during the programme, and had the opportunity to raise concerns and lodge complaints with the assistance of mentors and social workers involved in the programme. In return, the plaintiff undertook to contribute HUF 1,000,000 from their housing support towards the successful completion of the programme, enter into a training and employment contract with the third defendant, and actively participate in the mental support programme.

Under the adult education contract concluded on 1 March 2005, the plaintiff was to acquire a qualification as a construction worker over a five-month training period. The training fee, including the examination fee and study materials, amounted to HUF 236,870, of which HUF 118,435 was covered by the labour centre, while the remaining amount was borne by the third defendant. The plaintiff successfully passed the examination on 29 June 2005. An employment contract was also concluded between the plaintiff and the third defendant on 1 March 2005, covering a fixed term from 1 March 2005 to 31 December 2005. Under this contract, the third defendant employed the plaintiff as an unskilled construction worker for four hours a day at a gross monthly salary of HUF 28,500.

The plaintiff and the other selected supported individuals moved into the property in mid-December 2005. On 14 December 2005, the plaintiff signed a lease agreement with the first defendant. The agreement was concluded for a fixed term until 31 December 2010, with no rent payment obligation until 31 December 2006.

The third and fourth defendants entered into an agreement on 1 April 2005, under which they intended to cooperate to facilitate the implementation of the projects and programmes undertaken by the third defendant, as specified in Annex 1 of the contract, including the L. I. programme in P., free of charge, acting on behalf of and in the interest of the third defendant.

I. was one of the largest sites of M. Coal Mines, which became deserted following the cessation of mining activities. To the east of the mine's operational area, the first defendant owned mostly dilapidated miners' residences, which were already uninhabited at the time of the programme in question. The area was accessible via the local bus line No. 12, which operated every two hours on weekdays between 7:00 AM and 6:00 PM. The I. mine area was mainly inhabited by severely disadvantaged, unauthorised occupants, with no job opportunities in the vicinity.

At the time of moving into the disputed property, the plaintiff had no income and was unsuccessful in finding employment. Due to lack of income, they were unable to purchase firewood for the winter. They were repeatedly harassed by local residents and, in March 2006, permanently abandoned the leased apartment, never returning. Over time, not only the plaintiff but all other

tenants also left the building due to hostile behaviour from local residents, financial hardship, the deteriorated condition of the property, the extremely difficult transport connections, and the lack of nearby employment opportunities. The building was completely vandalised, both while some tenants were still residing there and after they had left.

In their amended claim, the plaintiff sought a declaration that the defendants had violated their right to equal treatment, human dignity, rest, physical integrity, health, and social security. They requested that the defendants be held jointly and severally liable for HUF 5,000,000 in non-material damages, as well as for HUF 995,000 plus default interest from the housing support provided under the programme due to the failure of their housing arrangement. Additionally, they claimed HUF 950,000 as compensation for work performed on the construction site and HUF 384,000 on the grounds that, had they not moved into the disputed property, they would have been entitled to housing support for sixteen months.

The first-instance court ruled that the defendants had violated the plaintiff's rights to non-discrimination and social security by relocating them in 2005 to the property at P., I. 17, which was owned by the first defendant. The court ordered the defendants to jointly and severally pay the plaintiff HUF 3,995,000 but dismissed the remainder of the claim and made rulings regarding the costs of the first-instance proceedings. In its reasoning, the court noted that the O. F. Fund's grant and the L. programme aimed to facilitate the social integration of disadvantaged youth. The programme sought to provide suitable housing, employment, and support for young adults who were difficult to integrate into society. However, the plaintiff did not receive the intended benefits of the programme. Based on an expert opinion obtained during the proceedings, the first-instance court found that some of the works specified in the approved construction plans were not carried out, the completed works were entirely of second-class quality, and the first defendant had not maintained the property properly. The plaintiff was placed in a substandard residence that, considering contemporary building standards, norms, and living conditions, was unsuitable for long-term habitation. Witness testimonies established that the selected property was located in one of the most disadvantaged areas of P., with difficult access and no local employment opportunities. This area was used to accommodate young individuals with inadequate social skills, repeated conflicts with the law, and insufficient independence, including the plaintiff, who had no income or employment and faced difficulties in using public transport. Given these circumstances, the first-instance court concluded that the plaintiff was subjected to discriminatory treatment and unlawful segregation by being placed in a residence using their housing support, from which they had no realistic chance of integrating into society.

The court also determined that the plaintiff's right to social security had been violated, as the entire programme and its implementation had the opposite effect of what was intended, placing the plaintiff in worse social conditions than before. However, it did not find a violation of the right to rest and work, as the defendants were not the plaintiff's employers. Additionally, it found no direct causal link between the defendants' actions and the plaintiff's physical integrity or health, making it impossible to establish a violation of these personality rights. Examining the liability of each defendant separately, the court concluded that the first, third, and fourth defendants actively participated in selecting the property but failed to oversee the construction and ongoing

maintenance. The second defendant, who had full knowledge of the plaintiff's background and care history, should have foreseen that the plaintiff would not be able to integrate into society under the provided conditions. It was noted that the defendants' unlawful actions caused harm to the plaintiff, as they were forced to leave the disputed property where they could have started an independent life. The plaintiff became homeless and had to relocate to another city, where they found employment but could not secure independent housing due to the lack of housing support. The first-instance court determined that, based on current market conditions, HUF 3,000,000 was an appropriate sum to approximate compensation for the plaintiff's non-material damages arising from the defendants' unlawful conduct. Regarding financial claims, it was established that the HUF 1,000,000 housing support was spent on construction costs and could no longer be used for securing future housing. Therefore, the defendants were ordered to pay the plaintiff HUF 995,000 on this basis. However, the court rejected the claim for HUF 384,000 in damages related to the loss of aftercare support and the HUF 950,000 claimed as compensation for construction work performed, reasoning that the plaintiff could have immediately reapplied for aftercare support upon leaving the programme. Furthermore, they received a gross monthly wage of HUF 28,500 during employment and participated in five months of training, for which they were partially responsible for covering examination and training fees.

The first-instance judgment was appealed by the first and second defendants, as well as the fourth defendant, while the plaintiff filed a cross-appeal.

The first defendant sought a partial modification of the judgment to dismiss the claim against it in full. It argued that it had not violated the plaintiff's right to non-discrimination by providing them with a municipal rental apartment at the disputed property. The municipality owned multiple rental apartments in less favourable locations, further from the city centre and with difficult access via public transport. However, it contended that leasing such properties did not constitute a violation of tenants' rights to non-discrimination. The first defendant emphasised that it had not applied for the L. programme; the third and fourth defendants had proposed the property's selection, and the plaintiff was aware of its location before entering the programme. Furthermore, the municipality was under no obligation to provide the plaintiff with housing, as no housing application had been submitted. It fulfilled its commitment by concluding a lease agreement and making the property available. The first defendant had no knowledge of the plaintiff's background, as it was not responsible for state care services. Additionally, the municipality had no obligation to participate in the development of the property, as it was not the builder. The apartments were habitable upon occupancy, as confirmed by the use permit issued by the Notary of P. City. By the time it could have assigned P. Plc. to manage and maintain the apartments, the tenants had already contributed to their deterioration, making repairs an unreasonable financial burden. A letter submitted in the proceedings to the Guardianship Office also indicated that there was no causal link between the plaintiff's departure from P. city and the location or condition of the property. The second defendant's appeal similarly sought a partial modification of the judgment to dismiss the claim in full. It argued that it had not participated in submitting the O. F. Fund application but merely offered programme participation to eligible young individuals within the designated target group. It maintained that it had acted with due diligence in informing the young adults and overseeing the programme's implementation. Although it was not within its responsibilities, it

allocated funds from its budget to employ a social worker for two years to assist the participants. The second defendant had no authority over the allocation of housing support, as the competent guardianship office made decisions regarding its use for each participant. It also had no discretion in selecting the building's location, merely offering a transitional opportunity based on the O. F. Fund grant programme. Furthermore, the young adults voluntarily joined the programme with full knowledge of the pre-selected property and its location.

The fourth defendant also requested a partial modification of the first-instance judgment, seeking the full dismissal of the claim. It emphasised that it had not participated in selecting the property, nor in preparing or carrying out the construction. During the programme, it acted under the instructions of the third defendant within the framework of the grant requirements. It had no decision-making authority, did not enter into contracts, and had no ability to amend contractual relationships arising from agreements it had inherited but had not concluded itself. It also disagreed with the finding of unlawful segregation, arguing that the disputed property and its surroundings were still inhabited and that not everyone could be accommodated in the city centre. According to its view, the first-instance judgment implied that unlawful segregation could be established for any individuals residing in P. city's less accessible and unfavourable areas. It asserted that the plaintiff and other supported individuals bore obligations regarding integration and the maintenance of the property, which they failed to fulfil. Furthermore, based on the evidence presented in the first-instance proceedings, it was not established that the plaintiff's situation had worsened compared to their previous circumstances.

In the cross-appeal, the plaintiff requested a partial modification of the first-instance judgment to fully uphold their claim. The plaintiff argued that although the third defendant selected and recommended the disputed property to the first defendant, the first defendant proceeded with the purchase despite having other properties more suitable for the programme's objectives. The disputed property was located in a segregated area with underdeveloped infrastructure, high unemployment, and low-standard housing, where residents had low educational attainment. The first defendant's responsibility primarily lay in its selection of the property, which significantly hindered the plaintiff's ability to start an independent life. Expert opinions confirmed that the property was uninhabitable upon move-in, and as the property owner, the first defendant should have overseen construction and undertaken major maintenance work as the lessor. The second defendant, despite providing aftercare services, failed to offer effective support and did not exercise due diligence. The third defendant selected a segregated property for the programme in contravention of grant guidelines, thereby establishing its liability for damages. The fourth defendant actively participated in the programme's implementation as a successor organisation, handling nearly all tasks from 1 May 2005 onwards and maintaining contractual relationships with the plaintiff. Construction invoices were issued in the fourth defendant's name, and as the contracting party, it was responsible for exercising due diligence as if the property were its own. The plaintiff argued that the requested HUF 5,000,000 in non-material damages was necessary to fulfil the L. programme's intended goals—securing non-segregated housing, furnishing the home, and ensuring personal safety. Additionally, the plaintiff sought default interest on the HUF 995,000 awarded, as interest had been claimed from April 2006 in the original statement of claim.

During its review of the appeals, the appellate court observed that the first-instance court had summoned the third defendant by public notice as an entity with an unknown registered office and had served the judgment to a court-appointed guardian. However, according to the judicial registry of civil organisations, the appellate court found that the Regional Court had ordered the third defendant's liquidation in a final decision dated 16 July 2013. The liquidation was published on 16 September 2013. Upon the appellate court's inquiry, the liquidator appointed by the court, I. Ltd., reported that due to the lack of assets and records of the third defendant, the regional court concluded the liquidation proceedings in a simplified manner on 12 November 2014 and dissolved the entity. It was further clarified during the appellate proceedings that the plaintiff had not filed a creditor's claim in the liquidation process, and the third defendant remained registered at the time of the appellate ruling.

As a result, the third defendant had an appointed liquidator who could have been summoned during the first-instance proceedings. Under Section 101(2) of the Code of Civil Procedure, this could render the public notice service and subsequent proceedings invalid. However, the third defendant's representative, having been aware of the first-instance judgment and appeals, implicitly approved the proceedings by not objecting, rendering the proceedings valid under Section 101(3) of the Code of Civil Procedure. Thus, the appellate court found no grounds for annulling the first-instance judgment on this basis.

The appellate court found the appeals of the first and second defendants partially well-founded, the appeal of the fourth defendant entirely well-founded, and the cross-appeal of the plaintiff unfounded.

The appellate court supplemented the facts established by the first-instance court as follows:

On 27 May 2005, the plaintiff concluded an agreement with the second and third defendants, stipulating that the HUF 1,000,000 housing support allocated to them would be used by the third defendant for the investment costs of the municipal rental housing under construction. In return, based on their right to nominate tenants, the second and third defendants recommended the plaintiff as a tenant for one of the newly constructed rental apartments. Consequently, the first defendant agreed to enter into a lease agreement with the plaintiff for a minimum term of five years.

Approximately six months after moving out of the property, on 15 November 2006, the plaintiff contacted the County Territorial Child Protection Service, stating that they had been placed in an entirely hopeless situation due to the programme's implementation. They reported being placed on the outskirts of P., in an environment where they could not sustain themselves. They were repeatedly attacked, beaten, and robbed by local residents. They received no assistance in education, employment, or alleviating their vulnerable situation. As a result, the plaintiff moved out of the property in March 2006 and had no intention of returning due to ongoing threats. The plaintiff reiterated these issues in a letter to the Mayor's Office of P. City on 4 July 2008.

The appellate court deemed unnecessary and omitted the findings related to the renovation of the disputed property as recorded from the sixth paragraph of page 10 to the end of the second paragraph on page 12 of the first-instance judgment.

Taking into account the above modifications to the facts, the appellate court drew partially different legal conclusions than the first-instance court.

During the first-instance proceedings, the plaintiff repeatedly amended their claim, alleging violations of personality rights and breaches of contracts concluded for participation in the L. programme, seeking compensation from the defendants.

According to undisputed facts in the case, the L. I. programme implemented in P. aimed to provide housing for young adults who had aged out of child protection services or were receiving aftercare, equip them with basic vocational qualifications, and develop their employability and ability to live independently. To achieve this goal, the first defendant purchased the disputed property, which was renovated using the HUF 33,000,000 grant provided by the O. F. Public Foundation to the third defendant, along with housing support provided to the young adults and their own labour. Subsequently, rental agreements were concluded with the supported individuals. The first-instance proceedings established that most tenants left the property due to harassment by local residents, conflicts among supported tenants, the deteriorating condition of the building, difficulties with transportation, and a lack of employment opportunities. Concurrently, while some tenants still resided there and after their departure, the building was completely vandalized and partially dismantled by unknown individuals.

The plaintiff moved into the allocated apartment under the L. programme in December 2005 but left in March 2006. In a letter sent to the County Territorial Child Protection Service, referenced in the supplemented facts, the plaintiff detailed the reasons for leaving. Since the case did not concern an overall evaluation of the L. programme, which was implemented with the involvement of parties not subject to the proceedings, but rather focused on determining whether the defendants had engaged in harmful or personality rights-violating conduct towards the plaintiff, the appellate court primarily examined whether the defendants bore liability for the factors leading to the plaintiff's withdrawal from the programme and their failure to remedy these issues.

Within the L. programme, the first defendant was primarily responsible for securing the property required for implementation and concluding rental agreements with the supported individuals once the properties were constructed. The Housing Development and Management Committee's proposal indicated that both the committee and the first defendant were aware of the programme's objectives, the target group, the housing support available to young adults, and the requirement for their own labour contributions. The proposal also suggested compiling a list of suitable properties for the programme. However, before this could be completed, the third defendant learned that M. Plc. intended to sell the disputed property, deemed it suitable for achieving the programme's objectives, and informed the first defendant. Based on this, the first defendant's general assembly passed resolution No. ..... supporting the L. programme, leading to the conclusion of the purchase agreement on 27 December 2004. Agreements concluded on 27

December 2004 between the first and third defendants, and on 27 February 2006 involving the fourth defendant, confirmed that the residential property constructed using grant funds and housing support—subject to a mortgage in favour of the O. F. Public Foundation—became the property of the first defendant. As the property owner, the first defendant entered into a rental agreement with the plaintiff on 14 December 2005, committing to provide housing until 31 December 2010, with no rent obligation until 31 December 2006, considering the HUF 1,000,000 housing support incorporated into the property's renovation. While the third defendant played a decisive role in selecting the property, the first defendant, as a party supporting and facilitating the programme with knowledge of local conditions and the area's severe disadvantages, was expected to exercise due diligence. Given these factors, it should have been aware that the young adults selected under the stated criteria, including the plaintiff, could not maintain residence in the building for the contractually agreed period without continuous security measures in place.

However, the appellate court disagreed with the first-instance court's finding that the property was uninhabitable at the time of occupancy. The Notary of P. City issued a use permit on 25 January 2006 under decision No. ....., and expert opinions confirmed that, while some work was of second-class quality, this did not render the property uninhabitable. Photographic evidence from the case file, taken upon move-in, also demonstrated the condition of the apartments. Clause 6 of the rental agreement unequivocally placed the responsibility for maintenance, upkeep, and the operability of central systems on the first defendant as the lessor. The severe moisture issues and mould infestation, which significantly impacted the habitability of the property, only emerged well after the plaintiff had moved out, as confirmed by testimony from tenants who remained in the property longer. Consequently, there was no causal link between the first defendant's failure to meet maintenance obligations and the plaintiff's withdrawal from the programme. Furthermore, in letters written after leaving the property, the plaintiff did not cite defects in the property as a reason for their departure.

On 27 May 2005, the second defendant undertook an obligation to recommend the plaintiff as a tenant for the newly constructed rental housing to the competent committee of the first defendant, in agreement with the third defendant, in exchange for the housing support provided. Thus, like the first defendant, the second defendant also deemed the programme suitable at the selected location and under the known contractual conditions to support the housing and social integration of young people, including the plaintiff. Consequently, the second defendant actively participated in its implementation and in identifying potential tenants. Beyond this, the second defendant, like the first defendant, was aware of the location's disadvantages and also knew that the programme participants were inadequately socialized, lacked independence, and were unfamiliar with community norms. The relocation of these individuals, including the plaintiff, during the winter period, despite their apparent lack of financial savings, lack of job opportunities in the vicinity, and significant transportation difficulties to more distant workplaces, rendered the programme ineffective from the outset. The aftercare system described in the grant documentation and individual contracts was essentially incapable of mitigating these disadvantages. Years later, the head of the second defendant admitted that placing dozens of poorly socialized young people in a single building was highly risky. The location was also unsuitable, as a higher-than-average number of unemployed and previously convicted individuals resided there, providing inadequate

role models for the former state care beneficiaries. Despite being aware of these fundamental deficiencies, the second defendant entered into a contract with the plaintiff concerning the non-recoverable housing support.

During the preparation and execution of the contracts, the first and second defendants failed to exercise the necessary care and diligence, resulting in the plaintiff using their HUF 1,000,000 housing support on a programme that was incapable of achieving its intended purpose. Since the housing support was non-recoverable at the time, the plaintiff lost the opportunity to use it in another manner to secure housing and take a step towards integration. Therefore, under the applicable provisions of the 1959 Civil Code—specifically, Section 205(3) (and Section 205(4) at the relevant time), in conjunction with Section 318(1), and liability under Section 339(1) applied jointly and severally pursuant to Section 344(1)—the first and second defendants were required to compensate the plaintiff for the claimed HUF 995,000 from the housing support amount and pay default interest from 1 April 2006 as per Section 360(1) and (2) and Section 301(1) of the 1959 Civil Code.

The third defendant, a foundation playing a key role in the programme—including selecting the disputed property, coordinating its renovation, organizing training and employment for young people, and providing psycho-social support—was placed under liquidation during the first-instance proceedings. Under the applicable laws governing associations, public benefit status, and the operation and funding of civil organizations (Act CLXXV of 2011), combined with the provisions of the Bankruptcy and Liquidation Act (Act XLIX of 1991, Section 38(2)), a claim must be registered with the liquidator within one year (currently 180 days) from the start of liquidation. The plaintiff failed to meet this requirement, resulting in the loss of their claim as per Section 37(3) of the Act. However, since the third defendant did not invoke this forfeiture during the first-instance proceedings and did not appeal the judgment, the appellate court could not set aside its liability in the second-instance proceedings, as per Section 253(3) of the Civil Procedure Code, particularly given that there was no joint litigation among the defendants under Section 51(a) of the Civil Procedure Code.

According to the contract dated 1 April 2005 between the third and fourth defendants, the fourth defendant was established to improve the efficiency of the third defendant's tasks. The third defendant transferred the ongoing programmes, including the L. I. programme, to the fourth defendant, which was to execute them on behalf of and under the instructions of the third defendant while accounting for the received funds. Although the agreement referenced a form of "quasi-successorship," it did not result in a transfer of contractual rights and obligations concerning contracts between the plaintiff and the third defendant. Consequently, the fourth defendant functioned merely as an agent under the 1959 Civil Code (Section 474), executing the third defendant's obligations in relation to the plaintiff. Therefore, any claims related to breaches of these obligations or improper performance could only be asserted against the third defendant, rendering the plaintiff's compensation claim against the fourth defendant unfounded.

Beyond the amount of the housing support, the plaintiff was not entitled to additional financial damages based on the well-founded reasoning of the first-instance court. Accordingly, the plaintiff's cross-appeal, which omitted any reasoning on these claims, could not be granted.

Unlike the first-instance court, the appellate court concluded that the first, second, and fourth defendants had not violated the plaintiff's personality rights related to equal treatment or social security. Additionally, it did not find grounds for establishing the further violations alleged in the cross-appeal.

The L. programme, based on its repeatedly stated objectives, focused on socially disadvantaged groups. The grant guidelines explicitly acknowledged that young adults leaving child protection services faced significantly worse prospects in the labour market than other young adult groups due to homelessness, lack of qualifications, unemployment, and poverty. To mitigate these disadvantages, the programme aimed to provide housing, personality development, and psychological support to facilitate their social integration. It was implemented with substantial state funding, as housing support was provided by the notary from the central budget under Section 26(3) of Act XXXI of 1997 on the Protection of Children and Guardianship Administration, and the grant funds allocated by the O. F. Foundation originated from the Labour Market Fund, also financed by the budget.The programme sought to address these disadvantages through preferential treatment (positive discrimination) under Section 11(1) of Act CXXV of 2003 on Equal Treatment and the Promotion of Equal Opportunities (Equal Treatment Act) to enable young adults from state care to catch up with other groups of young adults. However, due to the inadequately considered site selection and poorly executed implementation, the programme failed to achieve its objectives, including supporting the integration and housing of participants, including the plaintiff. The failure of the programme and the dissipation of benefits from positive discrimination did not constitute a violation of Sections 9 and 26(3) of the Equal Treatment Act or the requirement of equal treatment. As noted by the Equal Treatment Authority in its letter dated 16 February 2009, a violation of this personality right occurs when an individual or group is subjected to less favourable treatment due to a protected characteristic, compared to another person or group in a comparable situation without that protected characteristic. The plaintiff participated in the programme precisely because of their protected status as a young adult leaving state care. The alleged harm did not arise due to this status but from the poor implementation of the programme. Furthermore, no evidence suggested that the plaintiff suffered a disadvantage due to characteristics constituting their personality's essence (BH2008.12.), meaning that their claim of a violation of human dignity related to equal treatment was unfounded.

The first-instance court provided detailed reasoning for why the defendants' actions did not infringe on the plaintiff's health and physical integrity, with which the appellate court concurred.

Among the rights alleged to have been violated by the defendants in the plaintiff's claim, the rights to social security and rest are not personality rights but fall under economic, social, or cultural rights within the broader category of human and civil rights. Personality rights protect an

individual's physical and mental functions, unity, and freedom, independent of social context. Consequently, neither political nor economic, social, or cultural rights fall within this category, as they derive from an individual's role and position in society. The primary duty to ensure these rights lies with the state, which must guarantee political freedoms and facilitate the realization of economic, social, or cultural rights (Commentary on the Civil Code of 2013, Opten Informatikai Kft., 2014, pp. 250-251). Therefore, the defendants could not be held liable for violations of these rights (except for the violation of the right to social security established against the third defendant, which was not contested in the appeals).

Since, in civil law, liability for non-material damages is generally based on a violation of personality rights—as provided by Section 84(1)(e) of the 1959 Civil Code—the lack of such a violation required the dismissal of non-material damage claims against the first, second, and fourth defendants. Consequently, the plaintiff's cross-appeal seeking an increase in non-material damages was also unfounded.

In light of the above, the appellate court partially modified the first-instance court's judgment under Section 253(2) of the Code of Civil Procedure, dismissing the claim against the fourth defendant in its entirety, omitting the establishment of personality rights violations concerning the first and second defendants, and reducing the amount of joint liability imposed on the first to third defendants to HUF 995 000 along with default interest from 1 April 2006.

As a result of the appellate court's decision, the plaintiff was predominantly (90%) unsuccessful in the first-instance proceedings based on the total claims pursued. Therefore, under Section 78(1) of the Code of Civil Procedure, the plaintiff was required to pay the second-instance legal costs incurred by the first, second, and fourth defendants, consisting of legal counsel and attorney fees. The appellate court determined these costs based on the work performed, in accordance with Sections 3(2)(a), (5), and (6) of Decree No. 32/2003 (VIII.22.) IM on legal fees in court proceedings. The reduction of the judgment amount also necessitated a decrease in the state-advanced costs payable by the first and second defendants.

In the appellate proceedings, the fourth defendant's appeal was entirely successful, while the first and second defendants' appeals were largely successful. Consequently, under Section 81(1) of the Code of Civil Procedure, the plaintiff was required to pay the legal counsel and attorney fees for the appellate proceedings, calculated based on Sections 3(2)(a), (5), and (6) of the above-mentioned decree. Since the plaintiff was granted personal cost exemption and the first and second defendants were exempt from court fees, the state bore the appeal fees under Section 74(3) of Act XCIII of 1990 on Duties, as applied via Sections 13(1) and 14 of Decree No. 6/1986 (VI.26.) IM on cost exemption. The obligation to bear the costs of the legal aid attorney's fees was determined under Section 87(2) of the Code of Civil Procedure.

P., 12 February 2015

Dr. Erzsébet Szentpéteriné Dr. Bán, Chair of the Panel Dr. Tünde Kutasi, Reporting Judge Dr. Ferenc Zóka, Judge

For the authenticity of the copy: