

Press release: CMA lifts the lid on estate agents' cartel

This is the second time the Competition and Markets Authority (CMA) has taken enforcement action against estate agents in recent years, and raises concerns that the sector does not properly understand the seriousness of anti-competitive conduct and the consequences of breaking competition law.

By publishing its [findings](#) in this recent investigation, together with a [short case study](#), the CMA reveals today exactly what the agents involved did, and is also reminding others to comply with competition law and avoid being fined.

A group of estate agents – all based in the Burnham-on-Sea area in Somerset – had a meeting and agreed to fix their minimum commission rates at 1.5% with the aim of making the agents involved more money, so denying local home owners the chance of getting a better deal when selling their property.

“With a bit of talking and cooperation between us, we all win!” was their rationale.

Email evidence also explained how “the aim of the meeting...will be to drive the fee level up to 1.5%” and “...it’s really important we all give it the priority it deserves (making as much profit as possible!)”.

At the meeting they agreed to form what is known as an illegal ‘cartel’ – when two or more businesses agree not to compete with each other.

The estate agents took steps to ensure the minimum fee agreement was kept to by emailing each other when a specific issue arose, such as accusations of “cheating” on their agreement.

Each business also took it in turn to “police” the cartel to make sure everyone was sticking to the agreement – parties were to report any issues “to the policeman immediately and get the matter resolved rather than let it fester and risk the agreement falling apart!!!!”.

Stephen Blake, Senior Director of Cartel Enforcement said:

Cartels are a form of cheating. They are typically carried out in secret to make you think you are getting a fair deal, even though the businesses involved are conspiring to keep prices high.

We are committed to tackling cartels regardless of the size of the businesses involved. We have taken action against estate agents before, and remain committed to tackling competition law issues in the sector.

James Munro, Head of the National Trading Standards Estate Agency Team, said:

We welcome the CMA's reminder to the property sector of the importance of competition law. Being part of a cartel can have serious consequences for both businesses and individuals, so it is crucial that estate agents are aware of their competition law obligations.

As the industry regulator we use cases like this as a trigger to assess the fitness of an individual or business to engage in estate agency work. This can lead to a formal warning or lifetime ban in engaging in this work.

The CMA imposed fines totalling £370,084 on 5 of the 6 estate agents involved in this cartel. The sixth business involved was not fined as it was the first to confess its participation in the cartel under the [CMA's leniency policy](#) and cooperated with the CMA's investigation.

Today the CMA is highlighting its range of [simple guides](#) to help businesses understand more about competition law, and be confident they are not inadvertently breaking it. If businesses believe they have information about an existing cartel or want to know what one is the [Stop Cartels](#) webpage explains all and tells people how to report one.

Notes for editors

1. More information on this investigation including details of the CMA's full decision can be found on the [case page](#).
2. The Competition Act 1998 prohibits agreements, practices and conduct that may have a damaging effect on competition in the UK. The Chapter I prohibition covers anti-competitive agreements and concerted practices between businesses ('undertakings') which have as their object or effect the prevention, restriction or distortion of competition within the UK or a part of it and which may affect trade within the UK or a part of it. Any business found to have infringed the Competition Act 1998 can be fined up to 10% of its annual worldwide group turnover.
3. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law.
4. For more information on the CMA see our [homepage](#) or follow us on Twitter [@CMAgovuk](#), [Flickr](#) and [LinkedIn](#). Sign up to our [email alerts](#) to receive updates on Competition Act 1998 and civil cartels cases.

5. Media enquiries should be directed to press@cma.gsi.gov.uk or call 07774 134814.