

Press release: Estate agent cartel directors disqualified

This follows an investigation that resulted in 5 Somerset estate agents being fined more than £370,000 last year for secretly agreeing between themselves the fees they charged.

Mr David Baker and Mr Julian Frost were, at the time, both directors of Abbott and Frost Estate Agents Ltd. in Burnham-on-Sea. This was one of a group of estate agents who agreed to fix their minimum commission rates at 1.5%, so denying local home owners the chance of getting a better deal when selling their property.

During the investigation, the Competition and Markets Authority (CMA) identified that a number of directors were actively involved in the cartel or were aware of it and failed to take any steps to stop it.

The CMA secured legally binding undertakings from two of these directors – Mr Baker and Mr Frost – which have the effect of disqualifying them as directors and preventing them from being involved in the management of any UK company.

Mr Baker has been disqualified for 3.5 years, and Mr Frost has been disqualified for 3 years.

The CMA is continuing to investigate whether to seek the disqualification of other directors of companies involved in the fee-fixing agreement.

The CMA has the power to seek the disqualification of an individual from holding company directorships, under the Company Directors Disqualification Act 1986, where they have been director of a company which has breached competition law and their conduct makes them unfit to be a director.

This is the second time a disqualification has been secured on grounds that the company broke competition law, the previous case being in December 2016.

[Michael Grenfell](#), Executive Director for Enforcement at the CMA, said:

Agreeing prices with competitors is one of the most serious ways a company can break competition law, as it harms individuals, businesses and the economy.

When, as in this case, estate agents agreed among themselves commission fee rates, the effect is to stop people from shopping around for the best deal on one of the biggest financial decisions any of us make – selling a house.

Company directors have an important responsibility to ensure that their companies don't engage in illegal anti-competitive practices.

Today's news should send a clear message to directors that if their companies breach competition law they risk personal disqualification.

Notes to editors:

1. More information on this investigation including details of the CMA's full decision can be found on the [case page](#)
2. On 31 May 2017 the CMA imposed fines totalling £370,084 on 5 of the 6 agents involved- the 6th was granted immunity as part of a leniency agreement as they were the first to report the cartel to the CMA
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. Under the Company Directors Disqualification Act 1986, the CMA has the power to apply to the court for an order disqualifying a director from holding company directorships or performing certain roles in relation to a company for a specified period if a company of which he or she is a director has breached competition law. The Act also allows the CMA to accept a disqualification undertaking from a director instead of bringing proceedings. A disqualification undertaking has the same legal effect as a disqualification order
5. The Competition Act 1998 prohibits agreements, practices and conduct that may have a damaging effect on competition in the UK. The Chapter I prohibition in the Act prohibits 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. Any business found to have infringed the Competition Act 1998 can be fined up to 10% of its annual worldwide group turnover
6. 3 out of the 6 estate agents qualified for [leniency](#), which means the CMA will not seek disqualification against their cooperating directors, as long as the estate agents continue to comply with the terms of their leniency agreements with the CMA
7. The disqualification of Mr David Baker takes effect from 11 April 2018 for a period of 3 years and 6 months and the disqualification of Mr Julian Frost takes effect from 24 April 2018 for a period of 3 years. Mr Baker resigned as a director of Abbott and Frost on 31 January 2018

8. For more information on the CMA see our [homepage](#) or follow us on [Twitter](#), [Facebook](#) and [LinkedIn](#). Sign up to our [email alerts](#) to receive updates on Competition Act 1998 and civil cartels cases
9. Media enquiries should be directed to press@cma.gsi.gov.uk, or call 020 3738 6460