

Property search services merger could mean homebuyers pay more

Following an in-depth Phase 2 investigation, the Competition and Markets Authority (CMA) has provisionally found that the acquisition of TM Group by Dye & Durham substantially lessens competition in the supply of property search services.

Property search reports are used to make sure that buyers and sellers have all the facts they need about a property – including title deeds, access rights, planning restrictions, water and sewerage services, flood risk and other important information – before a sale goes ahead. The reports are ordered from firms like Dye & Durham and TM Group by conveyancers, solicitors, estate agents, and mortgage brokers on behalf of people and businesses buying and selling properties. Charges for property search services arise in almost every property transaction and are typically included within the conveyancing fees paid by homebuyers.

Dye & Durham, an international provider of cloud-based software and technology solutions, announced the £91.5 million purchase of Swindon-based TM Group in July 2021. Both businesses offer property search services to clients in the UK under a variety of different brands.

The firms chose not to notify the CMA about the deal but, as part of its ongoing monitoring of mergers and acquisitions, the CMA identified potential concerns and began an initial investigation in October 2021. It was referred for an in-depth investigation, overseen by an independent inquiry group, in December 2021.

The CMA's in-depth investigation has considered a wide range of evidence, including from the merging businesses' own strategic documents and a survey of customers, as well as extensive information provided by customers, competitors and other industry players.

The CMA has provisionally found that this evidence shows that Dye & Durham and TM Group are 2 of the largest players in the supply of property search services in the UK and competed closely before the merger. It also shows that the combined business would be by far the largest player in the market and face only limited competition from other suppliers. On this basis, the CMA is concerned that the deal could result in higher prices for property search services (or lower quality services, including less innovation). This could result in higher fees or worse service standards for people and businesses buying or selling residential and commercial properties across the UK.

In light of this loss of competition, the CMA has also set out its initial view that the only effective way to address the issues it has identified would be for Dye & Durham to sell TM Group to a suitable buyer.

Richard Feasey, chair of the group conducting this inquiry, said:

Buying and selling property can be a challenging experience for many people and one of the most significant purchases most of us make.

We need to ensure that fees for search reports are competitive and that we continue to see innovation in digital services to make the process easier and faster.

By reducing competition in an already concentrated market, we have found that Dye & Durham's purchase of TM Group could increase the costs and reduce quality in these services.

For more information, visit the [Dye & Durham/TM Group merger inquiry page](#).

1. The CMA invites submissions on its provisional findings by 8 June 2022 and its notice of possible remedies, which sets out potential options for addressing its provisional concerns, by 1 June 2022. The CMA plans to issue its final decision by 16 August 2022.
2. The UK merger control regime is voluntary, which means that merging businesses are free to choose whether to notify a merger to the CMA. The fact that a merger has not been voluntarily notified to the CMA does not mean that the CMA will not review it. The CMA has a duty to track merger activity to determine whether any unnotified merger may give rise to a substantial lessening of competition. The CMA's Mergers Intelligence Committee, which keeps merger activity under review, decided to call in the merger for review after Dye & Durham acquired TMG in July 2021.
3. There are 2 routes by which the CMA may come to review a merger (details of which can be found in the CMA's [quick mergers guidance](#), paragraph 2.5). Businesses can formally notify a merger to the CMA by completing a Merger Notice or the CMA's Merger's Intelligence Committee can investigate mergers that have not been notified to it.
4. Before the merger, the Parties were 2 of the 4 largest suppliers of property search reports, with the other 2 large competitors being ATI and Landmark.
5. The CMA has found that the limited entry and expansion of new suppliers into the market is unlikely to be sufficient to offset its concerns about the merger. Neither does the evidence show that smaller firms providing similar services offer a significant competitive threat to the merging firms.
6. Canadian-based Dye & Durham has expanded globally over the last few years, into territories such as Australia and Ireland, as well as the United Kingdom. Since 2016, it has acquired 11 firms based in England and Wales, including PIE, PSG Connect, Index, York Place, Terrafirma and Future Climate Info (FCI), and one in Northern Ireland.