

Completed acquisition by Dye & Durham (UK) Limited of TM Group (UK) Limited

Summary of the CMA's decision on relevant merger situation and substantial lessening of competition

ME/6963/21

SUMMARY

1. On 8 July 2021, Dye & Durham Limited (**D&D**), through its subsidiary Dye & Durham (UK) Limited (**D&D UK**), acquired TM Group (UK) Limited (**TMG**) from TMG's former shareholders, Countrywide Group Holdings Limited (**Countrywide**), Connells Limited (**Connells**), and LSL Property Services plc (**LSL**) (together, the **Sellers**) (the **Merger**). D&D and TMG are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of D&D and TMG is an enterprise; that these enterprises have ceased to be distinct as a result of the Merger; and that the share of supply test is met. The four-month period for a decision, as extended under sections 25(1) and 25(2) of the Enterprise Act 2002 (the **Act**), has not yet expired. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
3. The Parties overlap in the supply of property search reports as part of single 'search packs' (**Property Search Report Bundles**) in England and Wales (**E&W**). Property Search Report Bundles are ordered by conveyancers (eg law firms and licensed conveyancers) and intermediaries (eg panel managers that arrange for property transactions and typically refer a consumer to a conveyancer, estate agents, lenders, and mortgage brokers) during the due diligence process in property transactions, for the ultimate benefit of buyers and sellers of residential and commercial properties in E&W.
4. The CMA considered evidence relating to current market structure, closeness of competition between the Parties, and competitive constraints imposed on the Parties from other suppliers of Property Search Report Bundles in E&W. The CMA found the Merger raises significant competition concerns as a result of horizontal unilateral effects in the supply of Property Search Report Bundles in E&W because:

- (a) The supply of Property Search Report Bundles in E&W is becoming more concentrated, with only four main suppliers (the Parties, Landmark Information Group (**Landmark**) and Australian Technology Innovators (**ATI**)). There is also a tail of smaller, often regional suppliers. The Merger would create a clear market leader and reduce from four to three the number of large national suppliers of Property Search Report Bundles in E&W.
 - (b) The Parties compete closely with each other for a significant volume of sales. The Parties are also expected to compete even more closely in the future.
 - (c) Customers are insensitive to price increases and the CMA has seen evidence of D&D's intention to raise prices post-Merger.
 - (d) ATI and Landmark compete closely with the Parties and are expected to continue to compete closely with the Merged Entity after the Merger. However, the constraints from ATI and Landmark are unlikely to be sufficient to prevent a significant reduction in competition.
 - (e) Smaller competitors constitute only a limited constraint on the Parties and there is no evidence that they would act as a more significant constraint on the Merged Entity in the future.
5. The CMA also believes that there are material barriers to entry and expansion and that entry of new suppliers or expansion by smaller suppliers would not be timely, likely and sufficient in response to the Merger. As such, the CMA believes that entry or expansion in E&W would not be sufficient to prevent competition concerns as a result of the Merger.
 6. The CMA therefore believes that the Merger gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the supply of Property Search Report Bundles in E&W.
 7. The CMA is therefore considering whether to accept undertakings under section 73 of the Act. D&D has until 16 December 2021 to offer an undertaking to the CMA that might be accepted by the CMA. If no such undertaking is offered, then the CMA will refer the Merger pursuant to sections 22(1) and 34ZA(2) of the Act.