

MARKET INVESTIGATION INTO VETERINARY SERVICES

Overview of our working papers

06 February 2025

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Contents

1. Overview	4
2. Our working papers and evidence sources	15
3. The framework for our assessment	18
4. Responding to these working papers	24

1. Overview

Introduction

- 1.1 We have published five papers which set out the extensive evidence we have gathered to date and our emerging views on how the veterinary services market is working. In this overview paper, we summarise our concerns, outline the evidence we have relied on and provide some context around the vet sector and our enquiry. The structure of this paper is as follows:
- (a) A summary of our concerns at this stage;
 - (b) The context in which we are considering our analysis;
 - (c) An overview of our working papers and the evidence sources we have used;
 - (d) How to respond to our consultation;
 - (e) An overview of the framework for our assessment.

Summary

- 1.2 Well over half of all UK households have pets¹ and most people care deeply about their animals, considering them to be part of their family. Unlike NHS care for humans, there is no state funded animal healthcare in the UK and therefore, apart from a few charities, veterinary services are provided to pet owners on a commercial basis. The Office for National Statistics (**ONS**) estimated that UK consumer spend on veterinary and other services for pets was around £6.3 billion in 2023, increasing by an average of around 10% annually since 2013 and around 20% annually between 2020 and 2023.²
- 1.3 In order that animals are protected and well cared for, we need a thriving veterinary industry, staffed by dedicated and capable vet professionals. It is important that the provision of this service – which is essential to many people and their animals – works well for consumers. When purchasing veterinary services, pet owners need to be able to make choices that suit them and their animals and know that they are getting a good deal.
- 1.4 Pet owners and veterinary professionals feel strongly about the way that veterinary services are provided. When we invited responses to a call for information, over 56,000 replied including over 11,000 members of the veterinary profession. This level of response – particularly from the veterinary profession – indicated that

¹ Paw-some new pet population data released by UK Pet Food | UK Pet Food and Historical Pet Data | UK Pet Food

² ONS, Other recreational goods Veterinary and other services for pets CP NSA £m .

there were some general concerns about whether this market was working as well as it could for consumers, and indeed for vets and vet nurses themselves.

- 1.5 We are aware that this is a sector which has undergone significant changes over the last 10 to 15 years. Some important points to note are the following:
- (a) Developments in medicine and clinical practice have made an increasingly advanced range of clinical options available for pets, meaning that some conditions can now be diagnosed and treated when, in the past, the only option would have been to euthanise the animal.
 - (b) Pet ownership increased during the Coronavirus (COVID-19) pandemic,³ and many of these new pet owners are inexperienced purchasers of vet services. Some estimates indicate that the proportion of UK households owning a pet increased from 41% in 2019/20 to 60% in 2023/24.⁴
 - (c) Vets have reported general staff shortages and challenges in retaining staff.
 - (d) There has been extensive consolidation in the industry. In 2013 only 10% of local practices were owned by large veterinary groups (**LVGs**), but this share is now 60%. Some of these large groups have also, to differing extents, invested in related services such as online pharmacies, crematoria, referral centres and diagnostic laboratories.
 - (e) The legislation governing the sector dates from 1966 and has not kept up with changes to the industry. A particular concern is that, although the majority of veterinary practices are now owned by non-vets, only individual veterinary surgeons (and not vet businesses) are regulated by The Royal College of Veterinary Surgeons (**RCVS**).
- 1.6 We started looking into this sector because we had some preliminary concerns that prices appeared to have risen faster than inflation, that consumers were not receiving sufficient information (for example on prices, treatment options and who owns their local vet) and that the regulatory framework was no longer fit for purpose. We also wanted to assess the impact of the considerable consolidation and vertical integration that had taken place in this industry and explore whether vet businesses had the incentive and ability to influence consumer choices in a detrimental way.
- 1.7 Following a period of intense evidence-gathering, industry engagement and analysis (which we describe in paragraphs 1.26 to 1.28 below), we now have a

³ For example, PDSA estimates that there were 21.1 million pets (cats, dogs and rabbits) in 2020, rising to 23.1 million in 2023, but then falling to 22.2 million in 2024. [UK pet populations of dogs, cats and rabbits - PDSA](#)

⁴ [Paw-some new pet population data released by UK Pet Food | UK Pet Food](#) and [Historical Pet Data | UK Pet Food](#)

detailed understanding of how veterinary services are sold, and how consumers engage with this market.

- 1.8 During the course of the inquiry, we have had significant dealings with many vets and vet nurses from different types of practice. We have been hugely impressed by the dedication and commitment to pet owners and their animals shown by individual vets and vet nurses. While we are interested to explore the pressures faced by vets as employees and owners of businesses, nothing in our work should be taken to cast doubt on the professionalism, clinical skills or ethics of the vast majority of individual veterinary practitioners. This commitment and trust in the profession was clearly reflected in our [pet owner survey](#): 88% of respondents agreed that their vet focused on the highest standard of care for their pet's health.
- 1.9 Some aspects of the way that veterinary services are sold appear to be working well. We have spoken to owners of new vet businesses about their experience when opening their practice, and it appears that new vet practices are able to start up and grow. Our analysis indicates that between 2014 and 2024, there were around 745 new vet practices (both independent and belonging to large groups). Our analysis also indicates that in most of the country pet owners are served by at least three competing vet practices albeit there is a small number of areas where there are more limited (or no) options.
- 1.10 We do have some concerns about some aspects of the market, however. In order to test these concerns with interested parties we have set them out in detail, along with supporting evidence and analysis, in a series of working papers. These concerns include the following:
 - (a) Consumers face difficulties in making informed choices about the services they buy. There appears to be limited information available to pet owners about price, options available, quality of services and (in some cases) ownership of vet businesses.
 - (i) Our initial research found that 84% of vet practices' websites had no pricing information at all, even for basic services, though some vet businesses have told us that they have put prices on their website since the start of our inquiry.
 - (ii) Less than half (43%) of respondents to our pet owner survey said that they were given price information in advance of non-routine treatment, and a similar proportion of respondents (43%) reported not being offered alternative treatment options, albeit we recognise that there may not have been suitable alternatives in some cases.
 - (iii) In terms of ownership, 21% of respondents to our pet owner survey reported considering practice ownership when choosing a practice, with 68% of these preferring an independent practice. However, only a

minority of respondents at practices owned by Vet Partners (19%), IVC (22%), CVS (33%) and Linnaeus (36%) – who do not change the branding when they acquire a local practice – were aware that their practice was owned by an LVG.

- (b) Consumers appear to place relatively little weight on price when choosing a veterinary practice or when making decisions about treatment. Less than half of pet owners in our survey considered more than one practice when choosing a vet; location was the most common main reason for choosing a particular practice, followed by personal recommendations. Only 18% of respondents to our pet owner survey indicated that they compared prices between different practices when choosing their current vet practice.
- (c) Pet owners often do not shop around or switch providers even when they might get lower prices, or a service better suited to their circumstances, elsewhere. Switching rates between first opinion practices (**FOPs**) are low (3% annually for reasons relating to the competitive offerings of FOPs as opposed to, for example, moving home), and of the overall low proportion of pet owners who do switch, only a small fraction do so to get cheaper prices.
- (d) There has been a long period of sustained price rises for the delivery of vet services, higher than the level of inflation, and increases in vet salaries. Our current analysis suggests that treatment prices increased by over 60% between 2015 and 2023, compared to general inflation for services of 35%,⁵ and an increase in vet salaries of 20% to 34%.⁶
- (e) Vet businesses have high retail prices for veterinary medicines, which have increased significantly in recent years. In some cases, vet businesses apply large mark-ups to their purchase costs of medicines, which means that they are sold at prices several times the cost of procuring them, though we have been told that this may allow prices for other services to be lower than they might otherwise be. 38% of pet owners are not aware that they can ask their vet for a prescription and purchase medicines online, potentially at a lower cost, and only 16% of pet owners in our survey purchased medicines from a third-party retailer.
- (f) Our initial analysis suggests that around 6% of local areas are served by only one or two FOPs. This may or may not impact prices in those areas but, even if it does not, there may be potential concerns as to whether the lack of

⁵ The ONS consumer price inflation (CPI) for services grew by 25% between January 2015 and December 2023.

⁶ We note that our analysis of these price increases does not reflect whether services have improved in quality, and only covers services for which insurance claims were made, which excludes common items such as vaccinations. However, the ONS CPI index for veterinary and other services for pets (which, as we understand it, includes booster vaccinations and kennel costs) rose by over 67% from May 2015 to December 2024. [CPI INDEX 09.3.5.0 Veterinary and other services for pets 2015=100 - Office for National Statistics](#)

⁶ Depending on whether full time or part time salaries are considered.

consumer choice has wider current or future detrimental impacts. It is not always made clear to consumers when local vet practices with different names and branding are owned by the same large group, which could create the illusion of more choice in a local area than exists in reality.

- (g) There may be limited consumer choice of services such as referral centres for more advanced diagnostics and treatment, especially for highly specialised services. In some parts of the United Kingdom this may be because of limited availability of such facilities. In other cases, this may reflect ownership links or referral recommendations made by vet practices which deny consumers the full range of options that might otherwise be available.
- (h) Many local vet practices have little choice of supplier when they outsource their obligations to provide out of hours services. Our analysis suggests that over 40% of those vet practices that wish to outsource their out of hours obligations have the choice of just one or two providers in their local area. This may result in their facing less advantageous contract terms, and pet owners paying higher prices, than they would if there were greater competition among suppliers of this service.
- (i) Consumers may be offered more complex, higher cost services without being given the option of simpler, lower cost alternatives that may be equivalent or better for animal welfare and which some consumers may prefer. Many vets have told us that they aim to provide 'contextualised care' which takes into account the individual circumstances of the pet and its owner, but some vets have said that they find this difficult and that they do not always have the training or support to offer it. We have also heard that some vet businesses (especially some of the larger groups) have targets for their practices which relate to the number and types of treatments sold.
- (j) We are concerned that the regulatory framework does not help drive competitive processes and good consumer outcomes in the way we would expect in a well-functioning market.⁷ It does not appear to result in consumers having relevant and timely information on price, quality and treatment options that helps them engage with the market and make informed decisions and keep prices at a level one might expect if the market is working well. In particular:
 - (i) Veterinary medicines regulation gives no material consideration to competition and consumer issues, which appears to result in higher prices and less choice for consumers in some circumstances.

⁷ We set out more detail on the framework for our assessment and how we use the concept of a 'well-functioning market' in section 3.

- (ii) Vet businesses (and managers who are not vets) have considerable influence on pricing, investment, staffing and processes in ways which impact the cost and quality of veterinary services, but these entities and actors are excluded from the scope of veterinary services regulation.
- (iii) Even within its current scope, the existing regulatory system has a number of limitations. First, it may be too narrow in its focus and not give appropriate weight to competition and consumer issues. Second, it lacks an approach to monitoring and enforcement that can give confidence that shortcomings can be effectively identified or deterred. Third, it does not offer an accessible, comprehensive system of consumer redress.

1.11 We are concerned that some of these aspects of the market might mean that consumers could be paying more than they otherwise might for veterinary services (including medicines), or not choosing the options that best meet their (or their pet's) needs. If consumers are not able to access the most suitable care for their pet at affordable prices, this could have a detrimental effect on animal welfare.

1.12 The extent of these concerns indicates the importance of undertaking a thorough and well-evidenced review of the way that veterinary services are bought and sold. We need to take the time to properly assess the evidence and explore our potential concerns, for three reasons.

1.13 First, this is a hugely complex market. There are thousands of vet businesses which sell a wide range of services (some of which are sophisticated and expensive) reliant on expert knowledge, to millions of pet owners. Veterinary professionals and businesses are working in the context of developments in clinical practice, a changing market structure, staffing challenges and increased pet ownership. Important elements of animal welfare and public health can be impacted by the types of veterinary services that pet owners buy. It is necessary that we take time to develop a sufficiently sophisticated and deep understanding of this complex and important industry that affects more than half of all UK households.

1.14 Second, the vital importance of a thriving, commercial vets sector means that we must take care to understand whether there are any factors that would weigh against or modify the concerns outlined above. In publishing these working papers, we are keen to hear from those who understand and have a stake in the market to help refine and shape our thinking.

1.15 Third, the CMA has the power to impose powerful remedies at the end of a market investigation if our concerns are borne out by the evidence. We do not take this responsibility lightly. It is important for us to evidence any concerns thoroughly and consult on them with interested parties. We must, and will, also fully consult on

any potential remedies before deciding to implement them, should we conclude that they are necessary. We will engage with interested parties to understand the potential implications of any remedies we are considering for consumers, vet businesses and veterinary professionals, as well as for public health and animal welfare.

Our approach to assessing our concerns and remedies

- 1.16 In this section, we set out some observations about the veterinary services market and how we are considering the various interactions between outcomes for consumers, commercial imperatives and animal welfare.
- 1.17 Animal welfare and the protection of wider public interests (for example through restrictions on the use of antimicrobials) are rightly at the heart of veterinary practice. Society is largely reliant on commercial enterprises to deliver these necessary outcomes. This makes veterinary services very different from human health care in the UK where services are mainly provided by the NHS free of charge.
- 1.18 While there are important differences in the scale and scope of the largest veterinary businesses compared to smaller practices, what all veterinary practices (other than the small charities sector) have in common is that they are businesses. To survive and grow and continue to provide services to consumers, they must make a reasonable financial return.
- 1.19 There are important implications of this reliance on commercial enterprises:
- (a) For the market to deliver good outcomes for consumers and their pets, businesses (whether these be owned by individual vets or large companies) must be incentivised to enter, expand and innovate and this requires the opportunity to make a profit. This in itself is not exploitative of animals or consumers; rather it is a necessary precondition for meeting consumer requirements and ensuring animal welfare.
 - (b) Because this is a market that serves important public interests, the delivery of good outcomes is not just a matter for vets, business owners and pet-owners. There are some outcomes, relating in particular to animal welfare and public health, that we cannot rely on commercial incentives alone to deliver effectively. This is one reason why we need effective regulation of vets and medicines.
 - (c) The larger vet businesses (and some others) are owned by non-vets and important management roles may be filled by non-vets. People who are not trained in animal care and welfare are therefore sometimes taking decisions which affect how veterinary care is provided. These could include, for

example, decisions (or recommendations) on pricing, staffing levels, performance incentives or targets, and investments. However, the regulatory system, which was designed in 1966 when only vets owned veterinary practices, does not apply to non-vet owners and managers.

- (d) Some outcomes, relating to pricing and the quality of service, benefit from effective market interactions between vet businesses and pet owners. Where these work well, we would expect to find a range of good quality services which serve the needs of animals and their owners at competitive prices. This does not mean that prices would necessarily be static or falling in a competitive market. There are good reasons why, in some circumstances, prices will rise, even in competitive markets, for example if costs are increasing or service levels improving. Effective competition depends on there being appropriately informed consumers interacting with responsive businesses.

1.20 Competition between commercial enterprises, large and small, therefore plays an important role in ensuring investment in, and growth of, veterinary services to meet consumer demand. Another contributing factor to whether competition works well in the interest of consumers is the effectiveness and proportionality of the regulatory system. Although it is not for us to make judgements about the public purposes that regulation is seeking to advance, we are interested in the impact that the regulation of vets and animal medicines has on the choices open to consumers, the information they have access to, the prices they are paying, their ability to complain whether to their vet's practice, the regulator or an independent body, and the regulatory tools available to respond to those complaints. We also do not want to propose changes that might benefit competition but disproportionately harm public interests protected by regulation.

1.21 A well-functioning market requires that consumers are sufficiently well informed to make choices about the services they are buying. Those choices are particularly influenced by price and service quality; the level and type of information provided; the advice of veterinary professionals, and the fact that different pet owners may have different expectations about what is best for their pet and the type of service that best suits them. There are, it appears to us, limits as to how far one can rely on consumer choices in veterinary services markets to incentivise suppliers and ensure good outcomes, for two reasons:

- (a) Animals cannot speak for themselves and require a level of protection that cannot just be left to the individual choices of pet owners and non-vet owners and managers of vet businesses. That is an important reason why there are rules about who can practise veterinary medicine and the duties and responsibilities of those providing veterinary services.

- (b) Vets are highly trained professionals working in often complex and sometimes time critical environments. Consumers cannot be expected to judge all aspects of quality and, particularly for more complex diagnostics and treatment, it is difficult to make price comparisons. What is an appropriate level of service, or a 'fair' or 'competitive' price, is therefore hard for pet owners to judge. This is not because vet businesses set out to exploit or deceive consumers. It is an inherent aspect of a complex professional service.
- 1.22 At the heart of our work is ensuring competition is effective at delivering good outcomes for consumers including investment and growth in services that best meet consumer needs. In this market investigation we seek to understand and analyse the interaction between the need to invest in and grow profitable vet businesses, serve wider public purposes and ensure that service quality, prices and choices are subject to effective competitive constraints. We currently have some concerns that these interactions may not be sufficient to deliver desirable outcomes. To the extent that we find features of the market that are problematic we must address them.
- 1.23 There is a sharp divide, in terms of size and business scope, between the six largest veterinary groups and other vet businesses. There are also differences between the LVGs themselves, for example as to business model, the extent of vertical integration, the autonomy granted to individual practices and (possibly) prices and margins. Similarly, not all independent vets are the same, some are more financially successful than others and they have differing approaches to business, for example, as to pricing, the ranges of services they provide, participation in medicine buying groups and out of hours provision.
- 1.24 Some businesses may be more efficient than others in reducing their costs, for example larger LVGs may be in a position to negotiate bigger rebates and discounts on medicines and to develop specialist expertise in areas such as technology and HR. Other businesses may be able to achieve some of these benefits through participating in buying groups or using specialist consultancies or advice services. Some veterinary businesses may be better than others at relating to their local communities and providing longer term continuity of care.
- 1.25 While it is positive that businesses are efficient, it does not necessarily follow that savings and efficiencies achieved by vet businesses give rise to benefits, such as lower prices, to consumers. Neither does it automatically follow that stronger links into a local community give rise to better service in all respects. How far these differences in business practices reflect (or result in) competitive pressures and are material in offering consumers effective choices is something we are considering. As noted above, our current assessment indicates that consumers face challenges in assessing quality and prices and this may have implications for

the incentives and ability of veterinary businesses to pass on any efficiency benefits and offer competitive prices and choices to pet owners.

Our work so far and next steps

- 1.26 Using the CMA's market investigation tool gives us statutory powers to compel businesses (and other organisations) to provide evidence including internal documents and financial information. Over the past few months, we have been gathering a great deal of evidence using our statutory powers, as well as more informal engagement, and undertaking various pieces of analysis based on the information we have received.
- 1.27 We have invested time engaging with the profession, veterinary businesses and pet owners to get a full picture of how the sector works. We have held teach-ins with, and been on site visits to, each of the LVGs, as well as site visits at independently owned practices during which we have had the chance to talk formally and informally with senior executives and the people on the ground. We have held roundtables with veterinary professionals from different backgrounds including the heads of vet schools, chief veterinary officers at charities, vet nurses, students and newly established vets. We have had discussions with consumer groups, animal charities, representative bodies and regulators.
- 1.28 We have commissioned two pieces of market research which have been published alongside these working papers: a survey of pet owners and [qualitative research](#) based on interviews with vets and vet nurses. These reports and our many conversations have been hugely valuable in giving us an understanding of the challenges facing the sector, the complexities of professional life and business, the experience of pet owners and the possibilities for change.
- 1.29 We are continuing to develop our understanding, which we will do through additional information gathering and analysis, and through consultation on these working papers. We plan to publish three further working papers in the spring:
 - (a) A paper setting out our econometrics analysis of pricing and treatment data from two large insurance companies. We have analysed millions of insurance claims to explore trends in pricing and differences between vet businesses. We have shared this paper with the LVGs and their advisers and are currently considering representations they have made, which challenge some of our analysis and findings. We plan to publish a revised version of this paper, taking into account comments from the LVGs and their advisers.
 - (b) A working paper which will set out our emerging views on possible remedies and on which we will invite written comments in response.

- (c) Analysis of levels of profitability in the provision of veterinary services. This paper will set out our analysis of profitability of vet businesses (LVGs and independent vets), following the approach outlined in our profitability methodology working paper (and taking into account responses to this paper).

2. Our working papers and evidence sources

- 2.1 There are various stages during our inquiry when we consult on our thinking with interested parties (such as veterinary professionals, vet businesses, industry bodies and pet owners). In July 2024 we published our [issues statement](#) which set out our initial potential concerns and the analysis we intended to do to evaluate them. In November 2024 we published a working paper on our approach to profitability and financial analysis. We have published the responses we received to both of these consultations on our [case page](#).
- 2.2 We have published a range of working papers. They do not set out conclusions, or even provisional conclusions, but provide our current assessment of evidence and analysis of a range of relevant issues with a view to inviting comments.⁸ The evidence base and our analysis and assessment of that evidence may change as the investigation continues. We are carrying out a review of profitability in the veterinary industry – for both the LVGs and a sample of smaller firms.⁹ We have not yet completed this exercise and hence the outcome of this analysis is not reflected in these working papers. As noted above, we will publish a working paper which sets out this analysis in the spring and this will inform our provisional findings.
- 2.3 We have published [five working papers](#) on different aspects of the veterinary services market:
- (a) **How pet owners choose and purchase veterinary services:** this examines the ‘demand-side’ issues and explores whether consumers might face barriers to making effective choices (including lack of information).
 - (b) **Competition in the supply of veterinary medicines:** this assesses whether pet owners may be overpaying for medicines because of weak competition between FOPs as well as between FOPs and third-party retailers. It also considers whether differences in negotiating power across FOPs and third-party retailers could impact competition in the supply of veterinary medicines.
 - (c) **Business models, provision of veterinary advice and consumer choice:** this sets out the evidence to date on whether vet businesses may have the incentive and ability to raise prices and/or offer higher cost treatments (at the expense of simpler, lower cost options). It also explores whether groups that own both FOPs and referral centres may have the ability and incentive to send consumers to their own referral centres, potentially restricting choice,

⁸ See [CMA Guidance CC3](#) paragraph 72 and footnote 50. The CMA has consulted on but not yet finalised updated guidance which describes working papers in a similar way – see paragraph 5.41 of the [draft procedural guidance](#).

⁹ This is based on the methodology which we consulted on in an earlier [Working paper](#).

and whether consumers are given information on a range of referral locations in vet practices generally.

- (d) **The regulatory framework for veterinary professionals and veterinary services:** this assesses the current legislation and broader regulatory system which applies to vets, vet nurses and vet businesses.
- (e) **Analysis of local concentration:** this sets out our analysis in which we estimate the proportion of local areas which may face limited competition in FOPs, out-of-hours suppliers and referral centres.

2.4 We welcome submissions in response to the evidence and provisional analysis that we set out in these working papers. We explain how to respond to this consultation in the following section.

Information sources and evidence

2.5 In writing these working papers, and in our investigation more generally, we have relied on a range of information sources:

- (a) Responses to information requests (using our statutory powers) from the LVGs, including internal documents, financial information and other evidence (such as strategy documents and consumer research they have commissioned);
- (b) Responses to information requests (using our statutory powers) from a sample of small and medium vet business, including single site independents. This includes internal documents, financial information and other evidence;
- (c) Meetings with, and responses to both informal and statutory information requests from other stakeholders in the sector. These have included: FOPs and the vets and nurses who work there; regulators (the RCVS and Veterinary Medicines Directorate (VMD)); medicine manufacturers; independent referral centres, diagnostic laboratories and crematoria; insurance companies; private equity owners of vet businesses, and industry consultants and accountancy firms, and academics.
- (d) A [survey of pet owners](#) who have purchased veterinary services within the last two years, commissioned from an independent research agency;
- (e) [Qualitative market research](#) with vets and vet nurses, commissioned from an independent research agency;
- (f) Datasets of millions of claims submitted to two insurers, including treatment category, customer location, name of vet practice and price.

- (g) A series of [roundtable conversations](#) with members of the veterinary profession and other relevant parties (such as representatives of consumer organisations);
- (h) A series of site visits to a range of FOPs and veterinary hospitals in different parts of the UK, both independently owned and part of LVGs;
- (i) Attending industry conferences;
- (j) Relevant academic literature and industry publications (for example from the RCVS, British Veterinary Association (**BVA**) and British Veterinary Nursing Association (**BVNA**)).

2.6 There are areas of differentiation between different LVGs and independent practices and the way in which they operate. However, to protect business and respondent confidentiality, references to research and internal documents in these working papers are anonymised to category level of 'Independent practice' or 'LVG practice' rather than naming the practice or specific LVG at this stage.

2.7 The CMA does not have a prescribed list of evidence that it must take into account in every case nor is there any set hierarchy between the different types of evidence.

2.8 In this investigation, we have consulted the range of sources described because we think those are the sources that will help us make fair and informed decisions. We have thought about how much we are able to and should rely on different pieces of evidence (and we will continue to do so, including in any decisions we go on to make). In doing this, we take account of the nature and quality of the evidence, for example, whether it is in contemporaneous business documents, financial data, or quantified or qualitative evidence, and whether it is consistent with other evidence. Whether the working papers rely on appropriate evidence in appropriate ways is one of the matters on which we invite comments.

2.9 We invite comments on our analysis to date and any further evidence that parties can provide to inform our assessment.

3. The framework for our assessment

- 3.1 In coming to our current views, as set out in this paper and our working papers, we have applied the framework described in the following paragraphs. It reflects the more formal statutory requirements that govern investigations like this one.
- 3.2 We keep in mind that market investigations are about whether competition is working effectively in a market. We are required ultimately to, ‘... decide whether any feature, or combination of features, of each relevant market prevents, restricts or distorts competition in connection with the supply or acquisition of any goods or services in the United Kingdom or a part of the United Kingdom.’¹⁰ If so, there is an adverse effect on competition (**AEC**).^{11,12}
- 3.3 The relevant features that may have or contribute to an AEC include the structure of the market (such as market shares and concentration). They can also include the conduct of those who supply or acquire services (such as the way suppliers give (or do not give) consumers information and the way consumers respond).¹³
- 3.4 The following sub-sections summarise the approach to assessing whether there is an AEC in a market, what a well-functioning market (**WFM**) for the relevant veterinary services might look like, our theories of harm (**ToH**)¹⁴ and the features that may be causing an AEC. These provide the context for the working papers we have produced.

Approach

- 3.5 The Enterprise Act 2002 (**EA02**) does not specify a theoretical benchmark against which to measure an AEC. We use as a benchmark the idea of ‘a well-functioning market.’ That is, generally, a market for the relevant services that displays the beneficial aspects of competition,¹⁵ but not an idealised, perfectly competitive market.

¹⁰ Section 134(1) EA02.

¹¹ Section 134(2) EA02.

¹² If the Group decides that there is an AEC, it must also decide whether the CMA or others should take action for the purpose of remedying, mitigating or preventing the AEC or any detrimental effect on customers so far as it has resulted from, or may be expected to result from, the AEC and, if so, what action should be taken and what is to be remedied, mitigated or prevented: section 134(4) EA02.

¹³ See section 131(2) Enterprise Act 2002 (EA02).

¹⁴ The hypotheses the Group is testing.

¹⁵ Where, for example, there is a process of rivalry as firms seek to win customers’ business, which creates incentives for firms to meet the existing and future needs of customers as effectively and efficiently as possible—by cutting prices, increasing output, improving quality or variety, or introducing new and better products, often through innovation; supplying the products customers want rewards firms with a greater share of sales. Beneficial effects may also come from expansion by efficient firms and the entry into the market of new firms with innovative products, processes and business models, and the exit of less successful ones. Vigorous competition between firms also fosters economic growth, as firms respond to competitive pressure by striving for efficiency and directing their resources to customers’ priorities. Customers have an important part to play in stimulating rivalry between suppliers by making informed decisions which reward those firms that best satisfy their needs or preferences. Markets work best when both the supply side (the

- 3.6 The WFM benchmark will generally be the relevant market viewed without the features we consider may be causing an AEC. There may, however, be some features that are intrinsic to the market that may have anti-competitive effects and which would be features even in a WFM. Where that is so, we take those into account in the way we think about the WFM.
- 3.7 In broad terms, the objectives of a market investigation could be seen as:
- (a) to compare the actual market to the WFM, to see if they match; and
 - (b) to decide, if not:
 - (i) why not – are there features of the market having or contributing to an AEC? and
 - (ii) what should be done to remedy the AEC and its detrimental effects on customers?

Well-functioning market for relevant veterinary services

- 3.8 This investigation relates to the market for the supply of veterinary services for household pets in the United Kingdom, including the supply of prescribed veterinary medicines for such pets.
- 3.9 In this market, services are provided by vets, vet nurses and other staff in FOPs (that is, general veterinary practices such as high-street surgeries), referral services and centres,¹⁶ and animal hospitals, and by crematoria. Consumers (pet owners) access services (tests and diagnosis, treatment, referrals to other services, prescriptions and medicines and out of hours services) through FOPs, either purchasing them directly from the FOPs or from third parties. The professional conduct of vets and vet nurses is regulated by the RCVS, including by its Code.¹⁷ The authorising and prescribing of veterinary medicines is also regulated.
- 3.10 A WFM for the relevant services could therefore be thought of as one in which, where density of population and practices allows:
- (a) A number of providers (firms employing vets, including those at FOPs) engage in rivalry to offer and promote a range of treatments (including

firms) and the demand side (the customers) interact effectively. See [CMA Guidance CC3](#) paragraphs 10-12, 30 and 319-320 and paragraphs 2.2-2.3 and 2.35-2.39 of the [revised guidance](#) on which the CMA is currently consulting and which will, subject to that consultation, replace the existing guidance.

¹⁶ Referral centres are veterinary practices or animal hospitals that offer services accessed via a referral from one qualified vet to another and where such referral work forms a substantial part of the site's offering (ie they have Veterinary Hospital accreditation by the RCVS). Vets at a referral centre may have a particular specialism, and referral centres may, for example, offer specialist imaging, dentistry or complicated surgery

¹⁷ See [Regulatory Framework for Veterinary Professionals and Veterinary Services](#) working paper.

advanced and more basic treatment options, referral services and medicines)¹⁸ to reasonably well-informed consumers who are able to make choices between different providers and treatments, based on some knowledge of the cost implications, potential outcomes, and risks;

- (b) Vets and firms have incentives to meet customers' existing and future needs as effectively and efficiently as possible – by cutting prices, increasing output, improving quality or variety, or introducing new and better products, including through innovation – because they are rewarded with greater sales if they do;
- (c) Investment, increases in the standard and intensity of treatment, and referrals by vets in FOPs to other services, including vertically integrated services within the same corporate group, and any price increases, are driven by (reasonably well informed) consumer demand; and
- (d) Prices reflect costs, and providers do not significantly cross subsidise between services and customer groups, nor make excess profits, over a sustained period.

3.11 Even a WFM, however, may have some features that may be intrinsic to some extent such that the relevant market cannot realistically exist without them. For example, it may be the case that:

- (a) FOP vets necessarily play a 'gatekeeper' role in terms of advice and access to certain services and medicines;
- (b) There will always be some uncertainty and judgement involved in the diagnosis and treatment of unwell pets;
- (c) There will always be some imbalance in the expertise of vets and consumers and some deference flowing from the latter to the former; and
- (d) There are some areas where the population and level of demand cannot support more than one provider in a local area.
- (e) It is also likely to be the case that the WFM for veterinary services will be subject to a regulatory framework protecting the welfare of animals, governing the conduct of veterinary professionals and to protect consumers.

¹⁸ Taking into account that, in many cases, a range of treatments and tests could be appropriate for a pet and the pet owner, ranging from doing nothing to a fully comprehensive, risk-averse test and treat programme.

Theories of harm and market features

3.12 We are investigating the following ToHs. These are hypotheses about why competition may not be working well in the relevant market at present:¹⁹

- (a) pet owners might not engage effectively in the choice of the best veterinary practice or the right treatment for their needs;
- (b) concentrated local markets, in part driven by sector consolidation, might be leading to weak competition in some geographic areas;
- (c) large integrated groups might have incentives to act in ways which reduce choice and weaken competition;
- (d) pet owners might not engage effectively and might lack awareness of their options when a pet dies and may be overpaying for cremations;
- (e) pet owners might be overpaying for medicines or prescriptions; and
- (f) the regulatory framework may no longer be fit for purpose and may operate in a way that does not facilitate a WFM.

3.13 There may be a range of features of the market, individually or in combination, having an AEC. These could include:

- (a) vets in FOPs play a 'gatekeeper' role in that consumers can only access certain treatments, tests or prescriptions for medication through them;
- (b) there is a lack of easily accessible and comparable information on the services provided, including on prices, quality and the ownership of those providing the services;
- (c) consumers' responses to prices, quality of services and veterinary advice are limited²⁰ on account of, for example, their reliance on vets' clinical expertise and the emotional and often urgent nature of the decisions they have to make;
- (d) around 60% of practices are owned by one of the six LVGs (rather than individual vets), some of whom have achieved a significant level of vertical integration of FOPs and related services, the sale of all of which services increases their profits;

¹⁹ These are in some cases refined or developed from those set in our Issues Statement, to reflect ongoing work and current thinking.

²⁰ Or in competition assessment terms, 'weak'.

- (e) the rest of the market is made up of smaller veterinary groups and independent vet businesses owned by vets or non-vets with a partnership stake;
- (f) in some local areas, and for some services, there is a high-level of concentration which means that consumers have a limited choice of vet providers; and
- (g) the regulatory framework places limited focus on the consumer interest and competition, is narrow in scope because it regulates individual vets, not vet practices (in other words, not the practices or entities for which vets work and who are responsible for providing veterinary services to pet owners), and is subject to limited monitoring and enforcement.

3.14 These features may mean, for example, that consumers do not, and cannot, make the choices they would in a WFM and, even if they could, do not have the range of choices available to them that we would expect in such a market. Those providing the services may not be subject to the competitive constraints that would exist in a WFM, and prices, treatment costs and profits may be higher, and the range and quality of the services and the veterinary advice offered narrower or lower, than would be the case were the market working well.

3.15 Should we identify one or more AECs, we are required to determine:

- (a) whether we should take action ourselves, or whether we should recommend others to take action for the purpose of remedying, mitigating or preventing the AEC or any detrimental effect on customers, so far as it has resulted from, or may be expected to result from the AEC;
- (b) where we consider that we should take action ourselves, whether that should be through exercising our order-making powers or through accepting undertakings from parties;
- (c) what action needs taking, including whether a single remedy or a package of two or more remedies is required.²¹

3.16 When deciding whether any remedial action should be taken and, if, so, what action should be taken, the EA02 requires the CMA 'in particular to have regard to the need to achieve as comprehensive a solution as is reasonable and practicable' to the AEC(s) and any detrimental effects on customers so far as resulting from the AEC(s).²²

²¹ [CC3 \(Revised\), Guidelines for market investigations](#), paragraphs 325 to 328

²² Enterprise Act 2002, section 134(6).

- 3.17 On 9 July 2024 we set out in our issues statement potential remedies we were considering and invited views on those early remedy proposals. We have considered submissions that were made to us in response to the Issues Statement and are at the early stages of further developing our thinking on possible remedies, and/or a possible remedies package.
- 3.18 As noted above, we intend to publish a remedies working paper in Spring 2025 which will set out our emerging views on possible remedies and consult on these.

4. Responding to these working papers

- 4.1 Any submissions must be provided no later than **5:00pm on Thursday 27th February 2025** by emailing: VetsMI@cma.gov.uk.
- 4.2 We intend to publish all responses from businesses and other organisations on our case page except those marked as confidential. Please clearly highlight any confidential information in your submission and provide a non-confidential version of your submission for publication.
- 4.3 We may decide to publish anonymised submissions from individuals on our case page. Please clearly mark your submission as confidential if you do not want it to be published and let us know if you would prefer not to be named.
- 4.4 We will redact, summarise, or aggregate information in published reports where this is appropriate to ensure transparency whilst protecting legitimate consumer or business interest. While the information you provide will primarily be used for the purposes of this investigation, where appropriate, we may also use information provided as part of this consultation in relation to the CMA's other functions. For example, we may share your information with another enforcement agency (such as local Trading Standards Services) or with another regulator for them to consider whether action is necessary.
- 4.5 Personal data received in the course of this consultation will be processed in accordance with our obligations under the UK GDPR, the Data Protection Act 2018, and other legislation designed to protect individual privacy.