

Completed acquisition by Topps Tiles Plc of certain assets of Tildist Realisations Limited (formerly CTD Tiles Limited)

Decision on acceptance of undertakings in lieu of reference

The Competition and Markets Authority's decision to accept undertakings in lieu of reference under section 73(2) of the Enterprise Act 2002 given on 24 April 2025. Full text of the decision published on 25 April 2025.

ME/7123/24

Contents

1.	INTRODUCTION.....	2
2.	THE UNDERTAKINGS OFFERED	2
3.	CONSULTATION.....	3
4.	ENFORCEMENT	3
	DECISION	4
	ANNEX 1	5
	ANNEX 2	10

INTRODUCTION

1. On 19 August 2024, Topps Tiles Plc (Topps) acquired certain assets (including the right to occupy 30 stores, selected stock, fixtures and fittings, all intellectual property, and employees transferred under TUPE regulations), formerly of CTD Tiles Limited (CTD) (the **Merger**). Topps and CTD are together referred to as the **Parties**, and, for statements relating to the future, the **Merged Entity**.
2. On 17 February 2025, the Competition and Markets Authority (**CMA**) decided under section 22(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger constitutes a relevant merger situation that has resulted or may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**). Unless otherwise stated, all defined terms are as defined in the SLC Decision.
3. On 24 February 2025, Topps offered undertakings in lieu of reference (**UILs**) to the CMA for the purposes of section 73(2) of the Act.
4. On 3 March 2025, the CMA gave notice to Topps, pursuant to section 73A(2)(b) of the Act, that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering Topps' offer (the **UIL Provisional Acceptance Decision**).
5. The text of the SLC Decision and the UILs Provisional Acceptance Decision are available on the CMA webpages.¹

THE UNDERTAKINGS OFFERED

6. As set out in the SLC Decision, the CMA found a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of Tiles to Retail customers and in the supply of Tiles to Trade customers in the local areas around six of the Parties' stores in the UK (the **SLC Areas**).
7. As set out in the UIL Provisional Acceptance Decision, to address the SLCs identified by the CMA, Topps has offered undertakings to divest a site or sites (operated by either CTD or Topps) in each of the SLC Areas, including store inventory, store-specific customer and supplier lists as well as store-level management and staff (the **Divestment Sites**), such that no areas would fail the CMA's decision rule following the divestment.

¹ See [Topps Tiles / CTD Tiles \(certain assets\) merger inquiry - GOV.UK](#).

8. Furthermore, the divestment will occur by the assignment or grant of leases to a purchaser or purchasers who would need to be approved by the CMA.

CONSULTATION

9. On 24 March 2025, pursuant to paragraph 2(1) of Schedule 10 to the Act, the CMA published the UILs (including the list of Divestment Sites at Appendix 1 to the UILs), inviting interested parties to give their views on them. The Notice of consultation is set out at Annex 1 of this decision.² For the reasons set out in the Notice of consultation accompanying the UILs, the CMA's preliminary view was that the UILs would resolve the SLCs identified in the SLC decision in a clear-cut manner, ie without giving rise to material doubts about the overall effectiveness of the UILs or concerns about their implementation.³
10. The CMA received no submissions during the consultation period to change its preliminary view that the UILs would be acceptable (and has not otherwise become aware of any information that might cause a change in this view).
11. The CMA therefore considers that the UILs offered by Topps⁴ are clear-cut and appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision.

ENFORCEMENT

12. Section 94 of the Act places a duty on any person to whom the undertakings accepted by the CMA relate to comply with them. Any person who suffers loss or damage due to a breach of this duty may bring an action. Section 94 of the Act also provides that the CMA can seek to enforce the undertakings accepted by the CMA by civil proceedings for an injunction or for any other appropriate relief or remedy. Under sections 94AA and 94AB of the Act, the CMA can impose financial penalties in respect of a failure to comply with the undertakings accepted by the CMA without reasonable excuse as set out in Annex 2 and the [Administrative penalties: Statement of Policy on the CMA's approach \(CMA4\)](#).

² The full consultation text was published on [Topps Tiles / CTD Tiles \(certain assets\) merger inquiry - GOV.UK](#).

³ [Merger remedies, \(CMA87\), December 2018](#), Chapter 3, in particular paragraphs 3.27, 3.28 and 3.30.

⁴ Since consultation, the CMA has agreed to non-material changes to the Interim Action provisions of the UILs. These non-material changes were made to take into account planned operational changes to CTD during the UILs implementation period.

DECISION

13. For the reasons set out above, the CMA considers that the UILs provided by Topps are as comprehensive a solution as is reasonable and practicable and remedy, mitigate or prevent the SLCs identified in the SLC Decision and any adverse effects resulting from it. The CMA has therefore decided to accept the UILs offered by Topps pursuant to section 73 of the Act. The Merger will therefore not be referred for a phase 2 investigation.
14. The UILs, which have been signed by Topps and will be published on the CMA webpages, will come into effect from the date of this decision.

Joel Bamford
Executive Director, Mergers
Competition and Markets Authority
24 April 2025

ANNEX 1

Completed Acquisition by Topps Tiles Plc of certain assets of Tildist Realisations Limited (formerly CTD Tiles Limited)

NOTICE UNDER PARAGRAPH 2(1) OF SCHEDULE 10 TO THE ENTERPRISE ACT 2002 (THE ACT) – CONSULTATION ON PROPOSED UNDERTAKINGS IN LIEU OF REFERENCE PURSUANT TO SECTION 73 OF THE ACT.

ME/7123/24

Contents

1.	INTRODUCTION.....	5
2.	THE UNDERTAKINGS OFFERED	6
3.	CMA ASSESSMENT	6
4.	PROPOSED DECISION AND NEXT STEPS.....	7

INTRODUCTION

1. On 19 August 2024, Topps Tiles Plc (**Topps**) acquired certain assets (including the right to occupy 30 stores, selected stock, fixtures and fittings, all intellectual property, and employees transferred under TUPE regulations), formerly of CTD Tiles Limited (**CTD**) (the **Merger**). Topps and CTD are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
2. On 17 February 2025, the Competition and Markets Authority (**CMA**) decided under section 22(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger constitutes a relevant merger situation⁵ that has resulted or may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**). Unless otherwise

⁵ Pursuant to section 25(4) of the Act the four-month period mentioned in section 24 of the Act is extended while the CMA is seeking undertakings in lieu of reference.

stated, all defined terms are as defined in the SLC Decision. The text of the SLC Decision is available on the CMA webpage.⁶

3. On 24 February 2025, Topps offered undertakings in lieu of reference (**UILs**) to the CMA for the purposes of section 73(2) of the Act.
4. On 3 March 2025, the CMA gave notice to Topps, pursuant to section 73A(2)(b) of the Act, that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering Topps' offer (the **UIL Provisional Acceptance Decision**).

THE UNDERTAKINGS OFFERED

5. As set out in the SLC Decision, the CMA found a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of Tiles to Retail customers and in the supply of Tiles to Trade customers in the local areas around six of the Parties' stores in the UK (the **SLC Areas**).
6. As set out in the UIL Provisional Acceptance Decision, to address the SLCs identified by the CMA, Topps has offered undertakings to divest a site or sites (operated by either CTD or Topps) in each of the SLC Areas, including store inventory, store-specific customer and supplier lists as well as store-level management and staff (the **Divestment Sites**), such that no areas would fail the CMA's decision rule following the divestment. The Divestment Sites offered by Topps are listed in Annex 1.
7. Furthermore, the divestment will occur by the assignment or grant of leases to a purchaser or purchasers who would need to be approved by the CMA.
8. The text of the undertakings is available on the CMA webpages (the **Proposed Undertakings**).⁷

CMA ASSESSMENT

9. The CMA currently considers that, subject to responses to the consultation required by Schedule 10 of the Act, the Proposed Undertakings will resolve the SLC identified in the SLC Decision in a clear-cut manner, ie the CMA currently does not have material doubts about the overall effectiveness of the Proposed Undertakings or concerns about their implementation.⁸ This is because Topps proposes to divest the entire increment in each of the SLC areas, either through

⁶ See [Topps Tiles / CTD Tiles \(certain assets\) merger inquiry - GOV.UK](#).

⁷ See [Topps Tiles / CTD Tiles \(certain assets\) merger inquiry - GOV.UK](#).

⁸ Merger remedies guidance ([CMA87](#)), December 2018, paragraph 3.28.

the divestment of the local CTD store, or through the divestment of all Topps stores that fall into the relevant catchment area.⁹

10. The CMA also considers that the Proposed Undertakings would be capable of ready implementation. This is because Topps has provided evidence that:
 - a) The Divestment Sites are viable, commercially attractive sites that could be operated on a standalone basis, which include all assets required to compete as a viable basis such as goodwill, staff, store-specific customer lists, equipment, fixtures and fittings forming part of the divestment package for each of the Divestment Sites.³
 - b) There are several potential purchasers for the Divestment Sites, whether they are divested individually or in combination. Topps submitted that it has already received expressions of interest covering all of the Divestment Sites from a range of potential purchasers, and that the UK tile market is generally dynamic with sites regularly being transferred both on a single and multi-site basis.⁴
11. The above is consistent with evidence seen by the CMA during its investigation that prior to the Merger, each of the relevant CTD Divestment Sites was subject to interest and offers from potential purchasers other than Topps. Topps has also submitted financial figures (current and forecasted) for each of the Divestment Sites. In each of the SLC Areas there is at least one store which is profitable, by a significant margin, and is forecasted to remain that way for at least the next two years.
12. For these reasons, the CMA does not consider that it is necessary for the CMA to approve the identity of the purchaser or purchasers prior to final acceptance of the undertakings.⁵

PROPOSED DECISION AND NEXT STEPS

13. For the reasons set out above, the CMA currently considers that the Proposed Undertakings are, in the circumstances of this case, appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision and form as comprehensive a solution to these concerns as is reasonable and practicable.
14. The CMA therefore gives notice that it proposes to accept the Proposed Undertakings in lieu of a reference of the Merger for a phase 2 investigation. The text of the proposed undertaking is available on the CMA webpage.¹⁰

⁹ Merger Remedies Form submitted on 28 February 2025 (**Merger Remedies Form**), paragraphs 1.2–1.3.

¹⁰ See [Topps Tiles / CTD Tiles \(certain assets\) merger inquiry - GOV.UK](#).

15. Before reaching a decision as to whether to accept the Proposed Undertakings, the CMA invites interested parties to make their views known to it. The CMA will have regard to any representations made in response to this consultation and may make modifications to the Proposed Undertakings as a result. If the CMA considers that any representation necessitates any material change to the Proposed Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.¹¹
16. Representations should be made in writing to the CMA and be addressed to:

Philippa Allan

Assistant Director

Email: philippa.allan@cma.gov.uk

Deadline for comments: 8 April 2025

¹¹ Under paragraph 2(4) of Schedule 10 to the Act.

ANNEX 1 TO THE NOTICE OF CONSULTATION

Divestment Sites

SLC locality	CTD Sites	Topps Sites
Aberdeen	CTD, Aberdeen	Topps Tiles, Aberdeen Wellington
Inverness	CTD, Inverness	Topps Tiles, Inverness
Edinburgh	CTD, Edinburgh Seafield	Alternative suitable Topps site(s)
Dorking	CTD, Dorking	Topps Tiles, Redhill

ANNEX 2

ENFORCEMENT OF UNDERTAKINGS GIVEN UNDER SECTION 73 – IMPOSITION OF CIVIL PENALTIES

Imposition of civil penalties

1. Under section 94AA(1), the CMA may impose a penalty on a person—
 - (a) from whom the CMA has accepted an enforcement undertaking, or
 - (b) to whom an enforcement order is addressed,where the CMA considers that the person has, without reasonable excuse, failed to comply with the undertaking or order.
2. In deciding whether and, if so, how to proceed under section 94AA(1) the CMA must have regard to the statement of policy which was most recently published under section 94B at the time of the failure to comply.
2. **Amount of penalty**
3. A penalty under section 94AA(1) is to be such amount as the CMA considers appropriate.
4. The amount must be—
 - (a) a fixed amount,
 - (b) an amount calculated by reference to a daily rate, or
 - (c) a combination of a fixed amount and an amount calculated by reference to a daily rate.
5. A penalty imposed under section 94AA(1) on a person who does not own or control an enterprise must not—
 - (a) in the case of a fixed amount, exceed £30,000;
 - (b) in the case of an amount calculated by reference to a daily rate, exceed £15,000 per day;
 - (c) in the case of a fixed amount and an amount calculated by reference to a daily rate, exceed such fixed amount and such amount per day.
6. A penalty imposed under section 94AA(1) on any other person must not—

- (a) in the case of a fixed amount, exceed 5% of the total value of the turnover (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom it is imposed;
- (b) in the case of an amount calculated by reference to a daily rate, for each day exceed 5% of the total value of the daily turnover (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom it is imposed;
- (c) in the case of a fixed amount and an amount calculated by reference to a daily rate, exceed such fixed amount and such amount per day.

7. In imposing a penalty by reference to a daily rate—

- (a) no account is to be taken of any days before the service on the person concerned of the provisional penalty notice under section 112(A1), and
- (b) unless the CMA determines an earlier date (whether before or after the penalty is imposed), the amount payable ceases to accumulate at the beginning of the day on which the person complies with the enforcement undertaking or enforcement order.