

Response to CMA market investigation into Veterinary services for household pets: Provisional decision report

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About the respondents

We are legal academics with research interests collectively spanning competition law, business law, data protection/management and foreign direct investment. In December 2023, we launched a research project on UK veterinary markets, which explores (through a multi-stakeholder lens): (i) the experience of vulnerable pet owners and their ability to engage with the market, (ii) the impact of corporate consolidation, and (iii) the role played by private equity investment. We have sought to adapt the scope and focus of our project according to the salient themes emerging from key milestones in the CMA’s investigation. The project also serves a knowledge exchange function, whereby we provide objective commentary to the sector on the nature of market investigations, the institutional arrangement of the CMA, and the wider UK political context (via public webinars, the veterinary press, and the mainstream media).

1. General remarks

- 1.1 Given the considerable complexity of the investigation, the Inquiry Group should be commended for proposing a remedies package that speaks to each of the major concerns it has identified.
- 1.2 The transparency remedies stand to address a number of consumer-side concerns and, for the most part, these stand to achieve the CMA’s aim of ‘empowering’ pet owners to make informed decisions. However, it is likely the transparency remedies require complementary remedies (beyond those proposed) in order to facilitate more effective switching by pet owners, and one should be cautious in overstating the potential benefits of the PCW remedy.

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- 1.3 Regarding remedies to promote an effective procedure for complaints and redress, while precedent on such remedies in previous market investigations is limited, we have concerns about the political appetite for overhauling the regime via legislative reform. This places even more significance on the ability of Remedies 14-16b to address this specific AEC.
- 1.4 UK merger control is no longer guaranteed to offer an effective safeguard against future market concentration, so the Inquiry Group should be particularly mindful of how its remedies package may have the unintended consequence of promoting further consolidation of the sector by the LVGs, at the expense of smaller independents.

2. Transparency remedies are to be welcomed, but ‘empowering’ pet owners is insufficient to address pet owner inertia

- 2.1 Transparency (of prices, ownership, alternative purchasing opportunities, etc) has been a major theme of this investigation, so we appreciate that transparency-centric remedies were always likely to be at the centre of efforts to, as the PDR describes it, “empower consumers” to make informed decisions. We note that, in the context of market investigations, these types of remedies are not out of the ordinary, but they are still to be welcomed insofar as they proactively engage with the information asymmetries that stand to detriment consumers in veterinary markets. However, we are also mindful that empowering consumers represents only half the challenge in overcoming the AEC that is tied to low switching rates. There is no guarantee that greater price transparency for procedures/services will stimulate meaningful improvements in price competition (and thereby temper price increases, or prompt price reductions), as suggested by some of the media commentary by CMA representatives, following the release of the Summary PDR.
- 2.2 The investigation has uncovered clear obstacles to price competition (including veterinary businesses facing a lack of significant demand-side constraints from pet owners and insurers), which greater transparency alone will not solve. For example, when choosing a first opinion practice (the critical moment for competition to take place), the CMA has found that consumers are not typically guided by price, and nor are they particularly interested in seeking out this information, regardless of how easy it is to come by.
- 2.3 For other reasons (some peculiar to veterinary markets), the CMA had identified a low propensity for consumers to switch between providers (due to e.g. a trusting relationship with a particular vet, continuity of care, difficulties transferring pet medical records, concerns around portability/validity of pet plans, etc), even when they have knowledge of potential cost savings elsewhere. Save for the remedies related to veterinary medicines (which we consider elsewhere in this response), none of the remaining proposals have been designed to address the switching costs/barriers which the CMA identifies as creating a disincentive for consumers to switch providers. Similarly, we note that the CMA’s recognition of the inherent context-specific vulnerability of pet owners in the course of selecting treatment options

(afforded ample mention in the February working papers) is far less prevalent in the PDR, with the exception (once again) of decision-making in respect of veterinary medicines.

- 2.4 To the point of potential switching costs created by perceptions pet owners have towards the portability (or lack thereof) of their pet’s medical records, we encourage the Inquiry Group to revisit the qualitative data they have acquired about these perceptions. In particular, the remedies package can be informed by ascertaining whether this switching barrier arises from consumers’ lived experiences or a ‘mere’ perception that transferring medical records between FOPs is onerous on consumers. If such a barrier exists and is contributing to an AEC, engagement with this qualitative data will afford the Inquiry Group a better sense of *where* remedies to address such a barrier should be targeted (i.e. on the supply-side and/or demand-side). If there is evidence of a ‘lived experience’ of pet owners struggling to make arrangements for their pet’s medical records to be transferred to a new FOP, we are concerned of an absurd outcome whereby pet owners may be deterred from switching in the future because of the difficulties they encountered when switching in the past. We also encourage the Investigation Team to explore whether the specific electronic patient record (EPR) systems used by each veterinary practice/group are so unique that there is no simple way to export medical record data from one provider and import it on to another provider’s EPR system. We make no assertions about the existence or prevalence of this issue, but believe that a deeper dive into the question of data portability unlocks the potential for the Inquiry Group to consider recommendations along the lines of e.g. imposing requirements on providers to ensure their EPR systems offer export and import compatibility.¹
- 2.5 The value of market transparency will always be capped by the opportunities for consumer to exercise choice and the practical ability to switch. This leaves a number of lingering questions in the PDR: Is it unfeasible to encourage meaningful switching and price competition in relation to services and (routine) procedures? Is medicine (and possibly cremation services) the only feasible avenue for unlocking meaningful competition on price? Is the purpose of the transparency remedies solely to “*increase [pet owners’] confidence in vet businesses and the profession*”, rather than to lay the foundations for consumer switching?
- 2.6 We would therefore wish to seek further clarity on the intended impact of transparency remedies that are not supplemented by measures to tackle switching costs/barriers. Is there purpose to: (i) assist with reducing average vet bills (which many pet owners are now expecting, after the headlines in the mainstream media that accompanied the release of the

¹ i.e. That data must be exportable in a common format that can easily be read and imported into another provider’s system. While this would be a reasoned recommendation in theory, we appreciate the complexities and challenges of implementing such changes in practice, including the onus on veterinary providers and EPR system providers. If these issues are to be pursued further as part of the investigation, we encourage the CMA to also consider the approach the UK GDPR takes to data portability (specifically Article 20, and recital 68), as well as the requirements placed upon data controllers regarding interoperable formats. While we acknowledge that the data portability requirements of the UK GDPR do not apply in this context, the principle of data portability and the need for interoperability across providers merits consideration.

PDR Summary), or (ii) merely remove the surprise element of a high vet bill or prompt consumers to consider choosing more affordable treatment options (which comes with a guilt factor, as the CMA has also acknowledged). We are concerned that the PDR appears to frame transparency remedies (so often a starting point for addressing market failure) as an end-point solution, when perhaps they should be laying the foundations for more substantial initiatives.

- 2.7 This is not to downplay the potential positive impact the proposed remedies could have on the price of veterinary medicines. The investigation has demonstrated that this is an area in considerable need of simplification. However, while welcoming the £16 price cap on written prescriptions, we are concerned by the potential for unwanted consequences to be created by the supplementary proposal to require FOPs to make pet owners aware of the opportunity to buy medicines cheaper online (albeit, this will likely become common knowledge in any case). We have heard legitimate concerns about how this combination of remedies will impact consultation/service fees that have historically been subsidised by higher markups on medicines, particularly in smaller independent practices. Moreover, as medicine accounts for roughly 20% of FOP revenues and, insofar as this offers a proxy to the proportion of expenditure for the average pet owner, savings on the average bill may be limited.

3. The remedies package, in its current form, risks further consolidation across the sector – increasing the risk of high local market concentration, which UK merger control is no longer guaranteed to address

- 3.1 We note the Inquiry Group’s provisional finding that local market concentration is not widespread and, as such, is unlikely to have contributed to price increases in the sector at large. However, the CMA has identified that pet owners pay (on average) 16.6% more at LVGs (compared to independents) and that M&A activity by “at least 3 of the LVGs”² has resulted in a 9% increase in average prices vs. practices that remained independent (not including an increase in insurance claims values). **We therefore remain concerned over the potential for corporate concentration to increase further**, if M&A activity returns (as expected) to pre-investigation levels and/or independents feel forced to sell to a corporate if the cost of implementing/maintaining these remedies becomes prohibitive.
- 3.2 In this regard, the PDR stressed the importance of ensuring that the administrative costs of implementing the remedies ‘do not distort the market by imposing disproportionate burdens on some competitors compared to others’. While we acknowledge that the remedies apply equally to all competitors, we are concerned that the relative administrative costs experienced by LVGs and smaller independents (with fewer resources) very likely stands to impose a greater burden on the latter. Moreover, these unequal outcomes stand to be exacerbated by the combination of the prescription cap and online medicine disclosure

² While the identities of the three LVGs have been redacted, the PDR narrows down the potential candidates to CVS (private listed) and IVC, VetPartners and Medivet (private equity-owned).

requirement, which we believe are capable of facilitating a disproportionate benefit to LVGs that are also operating in the adjacent market for online veterinary medicine.

- 3.3 The Inquiry Group has previously expressed confidence in merger control acting as a safeguard against excessive local market concentration, and reiterates this (albeit more subtly) in the PDR, where it clarifies that *“the CMA will continue actively monitoring merger activity in the veterinary sector”* (we thank the Investigation Team for providing this clarification). However, we are mindful that monitoring for anticompetitive mergers can only go so far. There must be confidence that the CMA will continue to have confidence in its power to intervene in these smaller ‘below-threshold’ transactions and roll-up cases – confidence that would now appear to have been undermined by recent changes to the CMA’s jurisdictional guidance for merger control, brought about by calls for the CMA to narrow its approach to the ‘share of supply’ test under the Enterprise Act 2002 (which the CMA has relied upon in all previous merger interventions in the veterinary services market). Whereas the CMA has previously been creative in its use of the share of supply test to exert jurisdiction over below-threshold mergers, the scope for utilising the test in this way (especially in light of the government’s strategic steer to the CMA, and the emphasis on growth and investment) appears considerably more limited going forward. We therefore fear the provisional findings put misplaced faith in the ability of merger control to keep further consolidation in check, especially insofar as further consolidation limits consumer choice (the CMA having found consumers attributing value to independent offerings), and risks local market concentration in the future.

4. Doubts remain over the political appetite for complaints/redress reform under the Remedy 17 recommendation to government

- 4.1 We are mindful that, whereas the government appears to be generally committed to updating the Veterinary Surgeons Act 1966, it is difficult to observe what political appetite exists for the Inquiry Group’s recommendations for legislative reform (Remedy 17) in pursuit of ‘an effective complaints and redress system’ and strong powers for ‘regulating veterinary businesses and the practices they own’.
- 4.2 Recommending that government establishes a ‘comprehensive system for complaints handling and redress’ (which would include an independent decision-maker, possibly an ombudsman) sends the right signals about the need for effective accountability to underpin standards and quality in the market (albeit, questions remain as to whether competition on quality is feasible in any one of the veterinary markets the CMA is investigating).³ We also acknowledge (and commend the intentions behind) the non-legislative initiatives outlined

³ We would wish to receive further clarity from the Inquiry Group on whether an enhanced complaints/redress regime would have the purpose of unlocking the potential for competition on quality or, rather, is limited to *“support[ing] relationships between the profession and pet owners”*.

under Remedies 14-16b, aiming to facilitate a more coherent system of initial complaint handling at the practice and regulatory levels.

- 4.3 Assuming that effective redress does indeed require an overhauled regime underpinned by primary law change, the Inquiry Group will be conscious that this remedy is at the mercy of a government that is taking steps to curtail redress schemes and private collective actions that risk deterring investment (counter to its ‘Go for growth’ policy position). By deferring to the government a remedy proposal that is underpinned by legislation might, on the one hand, demonstrate the Inquiry Group’s desire for a complete overhaul of the complaints/redress regime but, on the other, may indicate a reluctance to unilaterally pursue more ambitious measures beyond Remedies 14-16b without government approval. To be clear, we are not implying that the Inquiry Group is engaging in mere virtue signalling by including this proposal within Remedy 17, but we would urge the Inquiry Group to consider (i) the ability of Remedies 14-16b, in their standalone form, to address the AEC it has identified in respect of complaints and redress procedures, and (ii) to make a strong case for fundamental change of the complaints/redress regime (through legislation), which articulates the importance of an effective redress regime to the growth mission.

5. A note of caution on transparency facilitated by PCWs

- 5.1 While we welcome the Inquiry Group’s proactive proposals to enhance price transparency for consumers in the veterinary services market, and were expecting this,⁴ we are cautious of its role and whether it will achieve the same effect in this particular market as we would expect to observe in more ‘traditional’ or ‘typical’ markets.
- 5.2 Exploring the application of price comparison websites, we would expect to see that enhanced price transparency will help empower consumers to compare prices and enable – and to an extent encourage – price switching behaviour and competition between firms.⁵ For example, if we take the market for car insurance, consumers can once a year compare prices across the market with their information and identify simply which is the cheapest (and meets the requirements they need), and then choose this insurance provider.
- 5.3 However, the veterinary services market is different in a number of ways, which means it is unclear if the ‘typical’ economic price comparison thinking will operate or deliver outcomes in the same way. To begin, often when choosing a pet care provider, it is a choice that is made prior to care being needed, with consumers then being unlikely to switch or change provider

⁴ Indeed, we were expecting this; please see, our comments in interview here – Josh Loeb, ‘[More transparency needed on pricing](#)’ (*Vet Record*, Volume 196, Issue 7, 28 March 2025), as an example.

⁵ Though these sites can also lead to an increase in prices even for those that do not use them, e.g. see D. Ronayne, ‘Price comparison websites’ *Internat. Econom. Rev.*, 62 (3) (2021), pp. 1081-1110.

on a regular basis,⁶ i.e. consumers will usually make that decision once and are then unlikely to change.

- 5.4 Second, when considering car insurance, any provider could be utilised as the company location makes no difference. However, when it comes to pet care, location is key,⁷ as pet owners can often only travel locally for pet care and cannot travel too far with their pet.⁸ Because of this, it means that only local providers could be considered, so this comparison will be much smaller (as not all providers in the market can effectively be considered).
- 5.5 Third, if there is a limited choice in local providers,⁹ the above issue is then further compounded, and price transparency is even less likely to help permit effective comparison, as there is no real choice for switching, owing to a limited number of options in that local area/region. Indeed, the Inquiry Group has observed this point in the 'Vet Users Survey' responses, where 55% of respondents reported the reason they felt they did not have a choice in practice was because there was only one vet practice in their area.¹⁰ This perception remains significant, in spite of the PDR's provisional findings on local market concentration.
- 5.6 Given the above, it is felt further consideration is warranted to ensure the remedies package may, as far as is practically possible, give effect to the main benefits of price transparency and switching within the market. Currently, there is a concern that the transparency remedies can be interpreted as creating a situation of transparency for transparency's sake (see Section 2, above), with no guarantee they will achieve what is typically expected when these remedies are used.

⁶ From the CMA Survey there appears to be a number of factors for this here, CMA, 'Vet Users Survey' January 2025, see pp 21-37.

⁷ This is supported from the findings of the CMAs own survey where 68% of respondents to the CMA vet users survey noted location of the practice was a key consideration, CMA 'Vet Users Survey' January 2025, pp 27.

⁸ We would again note here the further risk relating back to previous concerns we have raised around vulnerable consumers in our responses to the Inquiry Group, e.g. see David Reader and Scott Summers, '[Response to CMA market investigation into Veterinary services for household pets: Remedies working paper](#)' (*Consultation response*, 27 May 2025) page 4 and David Reader and Scott Summers, '[Response to CMA Market Investigation into Veterinary Services for Household Pets: Working Papers](#)' (*Consultation response*, 27 February 2025).

⁹ This is of particular concern as where there are limited providers in certain regions and where a roll up and local closure strategy maybe occurring.

¹⁰ CMA 'Vet Users Survey' January 2025, p 25.