

CMA fines ComparetheMarket £17.9m for competition law breach

Press release

The CMA has fined ComparetheMarket £17.9 million after it found that clauses used in the company's contracts with home insurers breached competition law.



An investigation by the Competition and Markets Authority (CMA) has concluded that, between December 2015 and December 2017, the price comparison website ComparetheMarket breached competition law by imposing wide 'most favoured nation' clauses on providers of home insurance selling through its platform.

These clauses prohibited the home insurers from offering lower prices on other comparison websites and protected ComparetheMarket from being undercut elsewhere. They also made it harder for ComparetheMarket's rivals to expand and challenge the company's already strong market position as other price comparison websites were restricted from beating it on price.

As a result, competition between price comparison websites, and between home insurers selling through these platforms, was restricted. The CMA found that this is likely to have resulted in higher insurance premiums.

ComparetheMarket's clauses meant:

- The insurers bound by the contracts were prohibited from offering cheaper deals on other price comparison websites. In turn, this limited competitive pressures on all home insurers competing on price comparison websites.
- Rival comparison sites were restricted in gaining a price advantage over ComparetheMarket, for example, by lowering their commission fees to encourage those insurers to quote lower prices on their platforms.
- The competitive pressures ComparetheMarket itself was subject to were weakened. Without the clauses, it would have had to compete harder to get lower prices from the home insurers, for example by reducing the commission fees it charged.

Michael Grenfell, the CMA's Executive Director for Enforcement, said:

Price comparison websites are excellent for consumers. They promote competition between providers, offer choice for customers, and make it easier for consumers to find the best bargains.

It is therefore unacceptable that ComparetheMarket, which has been the largest price comparison site for home insurance for several years, used clauses in its contracts that restricted home insurers from offering bigger discounts on competing websites – so limiting the bargains potentially available to consumers.

Digital markets can yield great benefits for competition, and therefore for consumers. We are determined to secure those benefits, and to ensure that competition is not illegitimately restricted. Today's action should come as a warning – when we find evidence that the law has been broken, we will not hesitate to step in and protect consumers.

Further information on this investigation can be found on the [case page](#).

Notes to editors:

1. The CMA has addressed the decision to BGL (Holdings) Limited, BGL Group Limited, BISL Limited and Compare the Market Limited as the legal entities constituting the undertaking referred to as 'BGL', and to which the CMA has attributed joint and several liability for the Infringements. BGL is the undertaking that operates the ComparetheMarket price comparison website business.
2. The total financial penalty issued by the CMA on BGL for the infringements is £17,910,062.
3. The term 'insurers' in this case covers providers of home insurance, including underwriters, brokers and retail partners. Home insurance providers, and price comparison websites that enable consumers to compare financial products like home insurance, are authorised and regulated by the Financial Conduct Authority.
4. This investigation follows on from the CMA's market study into digital comparison tools. Further information on that study can be found on the [price comparison website page](#).
5. On 30 November 2017, two months after the launch of the CMA's investigation, ComparetheMarket contacted the insurers to inform them it would no longer be enforcing the 'wide most favoured nation' clauses.
6. The Chapter I prohibition in the Competition Act 1998 prohibits agreements and concerted practices between businesses which have as their object or effect the prevention, restriction or distortion of competition within the UK. Article 101(1) of the Treaty on the Functioning of the European Union (TFEU) covers equivalent anti-competitive agreements and concerted practices which may affect trade between EU member states.
7. Any business found to have infringed these prohibitions can be fined up

to 10% of its annual worldwide group turnover, taking into account a range of factors including the seriousness of the infringement and any mitigating or aggravating factors.

8. Media queries should be directed to press@cma.gov.uk, or 020 3738 6460

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