

Construction suppliers fined £15m for breaking competition law

Following an investigation by the Competition and Markets Authority (CMA), 2 UK-based companies who supply groundworks products to some of the nation's largest construction firms, Vp plc and M.G.F. (Trench Construction Systems) Ltd, have been fined more than £11.2m and £3.7m, respectively.

The CMA found that the companies colluded illegally to reduce competition and maintain or increase prices. This involved sharing confidential information on future pricing and commercial strategy. They also coordinated their commercial activities to reduce uncertainty, including monitoring each other's prices and challenging quotes they deemed too low.

The CMA has found that illegal collusion between Vp and M.G.F. lasted for periods totalling nearly 2 years, and a third groundworks company, Mabey Hire Ltd, took part for a single period of 5 months. Mabey has not been fined as it brought the illegal activity to the CMA's attention and fully cooperated with the investigation, under the CMA's [Leniency Programme](#).

Groundworks products are used to protect excavations – such as those made for building foundations or for laying pipes – from collapse and are crucial for safe construction work. The companies supply these products for a range of major housing and road developments, railway line works and water pipe upgrades.

Michael Grenfell, Executive Director of Enforcement at the CMA, said:

Today's announcement shows that the CMA continues to crack down on illegal cartel behaviour and protect consumers. The CMA will not tolerate illegal conduct which weakens competition and keeps prices up at the expense of consumers.

This is the fourth time in the last 2 years that the CMA has fined a cartel in the construction sector. It is essential that the sector, which is crucial to the success of our country's economy, can benefit from a competitive marketplace to deliver value, innovation and quality.

The CMA runs a [Cheating or Competing campaign](#), which aims to educate businesses about which practices are illegal and urges people to come forward if they suspect a business has taken part in illegal behaviour. There's also a range of [guidance to help businesses](#) understand more about competition law.

More information is available on the [case page](#).

For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.

Notes to editors

1. The final fines for each of the firms were: £11,235,660 (Vp) and £3,773,910 (M.G.F.).
2. In calculating financial penalties (fines), the CMA takes into account a number of factors including the seriousness and duration of the infringement, turnover in the relevant market, any mitigating and/or aggravating factors, deterrence and the proportionality of the penalty relative to each company's individual circumstances. Differences in fines should not be taken to indicate relative culpability.
3. Recent examples of the CMA's action against cartels involving the construction industry include:
 - [Fining office fit out companies](#) £7 million with 6 directors disqualified,
 - [Fining pre-cast concrete pipe firms](#) £36 million with 2 directors disqualified and disqualification proceedings against 2 other directors ongoing, and
 - [Fining rolled roofing lead firms](#) £9 million.
4. The CMA's findings concern breaches of the Chapter I prohibition of the Competition Act 1998 (CA98) and Article 101 of the Treaty on the Functioning of the European Union (TFEU). As explained in the CMA's guidance, [UK Exit from the EU: Guidance on the functions of the CMA under the Withdrawal Agreement](#), Article 101 TFEU continues to apply in the UK, where applicable, until the end of the Transition Period.
5. The decision is addressed to the following parties, which the CMA has found were directly involved in the infringements or are liable as parent companies of the undertakings directly involved: M.G.F. (Trench Construction Systems) Limited and its parent company MGF Limited, Vp plc, and Mabey Hire Limited and its parent companies Mabey Engineering (Holdings) Limited and Mabey Holdings Limited. The CMA has found that MGF and Vp were involved during 3 periods between 23 September and 4 October 2011, 14 February to 24 November 2014 and 12 November 2015 to 28 November 2016, and that Mabey was involved between 14 February to 16 July 2014.
6. The CMA's [Leniency Programme](#) encourages businesses and individuals to come forward if they are involved in a cartel and those that cooperate may be granted immunity from penalties or significant reductions and immunity from director disqualification orders for cooperating current and former directors. An undertaking may qualify for immunity or a reduced penalty where it has a genuine intention to confess that it has engaged in cartel conduct and provides information that either enables the CMA to launch an investigation or adds significant value to an

existing investigation. Individuals involved in cartel activity may also in certain circumstances be granted immunity from criminal prosecution for the cartel offence under the Enterprise Act 2002.

Anyone who has information about a cartel is encouraged to call the CMA cartels hotline on 020 3738 6888 or email cartelshotline@cma.gov.uk.