

# [Press release: CMA sets out scope of investment consultancy market investigation](#)

The Financial Conduct Authority (FCA) announced its [decision](#) to refer to the Competition and Markets Authority (CMA) for an in-depth market investigation on 14 September 2017.

As set out in the FCA's [terms of reference](#), the investigation covers investment consultancy services, which provide advice to institutional investors (mainly pension funds) and employers on their pension schemes; and fiduciary management services, where the provider makes and implements decisions for the investor (for example, to select a fund in which to invest).

The CMA is now carrying out a thorough and independent investigation to see if there are any market features which prevent, restrict or distort competition. If it does find competition concerns, the CMA will decide whether and – if so – what action is needed to resolve them.

The [issues statement](#) sets out a structure for the investigation, outlining potential issues and possible remedies to put in place if competition problems are found. We have grouped these in the following areas:

- whether difficulties in customers' ability to assess, compare and switch investment consultants mean investment consultants have little incentive to compete for customers
- whether conflicts of interest on the part of investment consultants reduce the quality and/or value for money of services provided to customers
- whether barriers to entry and expansion mean there are fewer challengers to put pressure on the established investment consultants to be competitive – which leads to worse outcomes for customers

The above are matters that we will be testing in our investigation. The purpose of the issues statement is to help those submitting evidence to the CMA to focus on the issues that we will investigate. We will welcome views on whether the correct issues have been identified to date and whether other issues should also be investigated, as well as views on potential remedies.

The CMA has appointed an investigation group, which will act as the decision maker in the case. This will be chaired by [John Wotton](#), one of the CMA's designated inquiry chairs. The other panel members are [Lesley Ainsworth](#), [Bob Spedding](#) and [Tim Tutton](#). All the appointees are chosen from the [CMA's expert independent panel members](#), who come from a variety of backgrounds, including economics, law, accountancy and business.

John Wotton, Chair of the Investigation Group, said:

It is extremely important that the investment consultancy sector works effectively for its clients, which include many of the UK's biggest pension funds, and we want to ensure we are looking at the right issues. That is why we are urging people to get in touch if they have any evidence to share or views about whether these are the correct areas for us to be investigating.

All information relating to the investigation will be available on the [case page](#). Submissions in response to the issues statement are invited in writing by Thursday 12 October 2017 either by email to [investmentconsultants@cma.gsi.gov.uk](mailto:investmentconsultants@cma.gsi.gov.uk) or to:

Project Manager  
Investment Consultancy Market Investigation  
Competition and Markets Authority  
Victoria House  
Southampton Row  
London  
WC1B 4AD

## Notes for editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law. It has functions under the Enterprise Act 2002, as amended by the Enterprise and Regulatory Reform Act 2013.
2. In its investigation, the CMA is required 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'. If so, then there is an 'adverse effect on competition' and the CMA will also consider whether there is a resulting detrimental effect on customers such as higher prices, lower quality or less choice of goods or services. The CMA will then decide whether it should put in place remedies (or recommend that other bodies should do so) to tackle the adverse effect on competition or any detrimental effect on customers so far as it has resulted from, or may be expected to result from, that adverse effect on competition, and if so, what action should be taken. If the CMA finds that there is no 'adverse effect on competition', the question of remedies will not arise.
3. Enquiries should be directed to the [press@cma.gsi.gov.uk](mailto:press@cma.gsi.gov.uk), on 020 3738 6191.

4. For more information see the CMA's [homepage](#), or follow us on Twitter [@CMAgovuk](#), [Flickr](#) and [LinkedIn](#). Sign up to our [email alerts](#) to receive updates on the markets cases.