

Press release: Construction suppliers accused of colluding to keep prices up

The Competition and Markets Authority (CMA) is investigating M.G.F. (Trench Construction Systems) Ltd (MGF), Vp plc and Mabey Hire Ltd (Mabey) – 3 major suppliers of groundworks products to the construction industry.

The CMA has provisionally found that the 3 businesses formed a cartel to reduce competition and keep prices up. This involved sharing confidential information on pricing and commercial strategy and coordinating their commercial activities. In a Statement of Objections issued today the CMA states its provisional view that Vp and MGF operated the cartel for periods totaling nearly two years and Mabey took part for a single period of 5 months.

Groundworks products (including braces, props and sheeting) are used to protect excavations – such as those made for foundations or for laying pipes – from collapse and are important for keeping construction sites safe. The 3 companies supply these products for a range of major housing and road developments, railway line works and water pipe upgrades.

The companies' behaviour came to light after one of the firms blew the whistle and brought information about the conduct to the CMA's attention. Mabey has confessed its role and will not be fined in accordance with the CMA's leniency programme – provided it continues to cooperate with the CMA's investigation.

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

These are 3 major suppliers of equipment used to keep construction workers safe. It is crucial that builders and their customers benefit from genuinely competitive pricing for this essential equipment.

Everyone must follow competition law, which protects customers from being exploited and paying more, as well as encouraging companies to compete for business in other ways – through innovation, quality and service.

The CMA uses its powers vigorously and robustly to root out illegal cartels.

The CMA's findings are, at this stage in its investigation, provisional and do not necessarily lead to a decision that the companies have breached competition law. The firms now have the opportunity to consider the detail of the CMA's provisional findings and respond to it. The CMA will carefully consider any representations made before issuing its final findings as to whether the law has been broken.

Find more information on our [case page](#).

Some recent examples of the CMA's action against cartels affecting the construction industry include:

- [Fining water tank firms](#) over £2.6 million after they formed a cartel, agreeing to fix the price of tanks, divide up customers and rig bids for contracts.
- [Fining office fit out companies](#) £7 million after they participated in cover bidding for competitive tenders, colluding on the prices they would bid for contracts. Typically, cover bidding involves companies agreeing with each other to place bids that are deliberately intended to lose the contract, which reduces the intensity of competition and can lead to customers paying an artificially high price or receiving poorer quality services.

The CMA also runs a [Stop Cartels](#) 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 cartel behaviour, such as fixing prices or rigging contracts.

1. 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.
2. 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.
3. The Statement of Objections is addressed to the following parties, which the CMA provisionally considers were directly involved in the alleged 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; Mabey Hire Limited and its parent companies Mabey Engineering (Holdings) Limited and Mabey Holdings Limited. The CMA provisionally considers that MGF and Vp were involved during three 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.

4. A Statement of Objections gives addressees notice of a proposed infringement decision under the Competition Act 1998 and the equivalent EU law prohibitions. It is a provisional decision only and does not necessarily lead to an infringement decision. Addressees have the opportunity to make written and oral representations on the matters covered. Any such representations will be considered by the CMA before any final decision is made.
5. 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.
6. Enquiries should be directed to the CMA's press team: press@cma.gov.uk, or 020 3738 6460.