

Price-fixing: guidance for online sellers

In August 2016, the CMA fined an online seller over £160,000 for breaking competition law.

The business had participated in an illegal price-fixing cartel by agreeing with a competing online seller that they would not undercut each other's prices for products sold on Amazon's UK website, except where another seller on Amazon UK was cheaper.

The sellers used automated re-pricing software to enable the price-fixing agreement to operate.

What does price-fixing include?

- Agreeing with a competitor what price you will charge your customers
- It can also include agreements not to sell below a minimum price, or simply agreeing not to undercut a competitor
- Price-fixing is a type of 'cartel' - a serious breach of competition law. It can lead to inflated prices and customers being overcharged

What does this mean for online sellers?

- Competition law applies to online markets as well as sales through bricks-and-mortar outlets
- Competition law applies to small businesses as well as large ones: the 2 online sellers in this case were small businesses, each with an annual turnover of under £16 million.
- Re-pricing software can be used to encourage healthy competition amongst online sellers, but it's illegal to use it as part of a price-fixing agreement
- There are serious consequences to breaking competition law - you could be fined up to 10% of your turnover. Individuals involved in cartels can face personal fines, director disqualification and even jail

Do's and Don'ts

- **Don't** agree with competitors that you won't undercut each other, or what prices you will each sell your products for
- **Don't** discuss your pricing strategies with competitors
- **Do** familiarise yourself and your staff with the law. The CMA has a range of [short and simple guides](#) to help
- **Do** seek independent legal advice to ensure you comply with the law



If you suspect others may have broken competition law:

Contact the CMA's cartels hotline at:

- cartelshotline@cma.gsi.gov.uk
- phone: 020 3738 6888

If you've been involved in an illegal cartel:

You may benefit from [lenient treatment](#) by being the first to come forward to the CMA:

- See [our website](#) for more information about leniency benefits, eligibility and conditions

For more information on competition law:

- See our [short videos](#)
- See our [advice for businesses](#)

These materials do not constitute legal advice and should not be relied upon as such.