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The CMA's New Era: A More Investor-Friendly Process, but Closer Scrutiny of Consumer-Facing Businesses

A changing regulatory landscape aims to improve the experience of businesses and investors in the UK, but consumer-facing businesses are an enforcement priority.

The UK's Competition and Markets Authority (CMA) is in a new era. Gone (for now) are the days when it sought to aggressively police the global market, intervening in mergers that barely affected the UK. Following a strategic steer from the UK government in May 2025, the CMA has pivoted to focus on retail and healthcare markets and harms that particularly affect UK consumers and businesses, or otherwise align the CMA with government objectives. In parallel, the same steer has prompted the CMA to show a more business-friendly approach, most notably in its merger reviews.

The potential impact for PE investors is twofold: generally, the CMA is looking to run its processes in a more pragmatic, investor-friendly way. However, the CMA is paying close attention to UK-centric consumer-facing businesses, so PE investors that own, or are looking to acquire, businesses in those markets should expect closer scrutiny. To date, the CMA has not pursued concerns about roll-up acquisition strategies outside merger control and the veterinary services sector, having required the divestment of a number of veterinary practices following acquisitions by large corporate groups prior to 2025.

Intervention Focused on UK Consumer-Facing Businesses and Markets

In its Annual Plan 2026-2027, published in March 2026, the CMA included championing consumers as a core strategic objective: "Championing consumers will continue to be at the heart of everything we do. Specifically, we will work to put money back in people's pockets, protect them from harm and help businesses do the right thing by their customers." The implementation of this core objective is most visible in the way that the CMA is currently using its discretionary powers.

Market Studies and Investigations

First, the CMA has the power to open market studies or market investigations, to assess whether a market is functioning well for consumers and businesses, and if not, to impose structural and/or behavioural remedies, even where there has been no competition law infringement. Most recently, the CMA has opened market studies in the early-years education and childcare, heating oil for domestic use, and private dental care sectors, and wrapped up its vets investigation. In that market investigation

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the CMA distinguished profits and prices of the six large corporate groups (with a mix of ownership models, including PE-backed groups) from independents, and applied bespoke measures to the larger groups. However, there was no suggestion that the PE-ownership model itself was problematic or required mitigation.

Similarly, in the press release about early-years education and childcare services, the CMA referred to the increased presence of private equity-backed providers — without prejudice, as one of several wider shifts in the types of operators in the sector.[1]

Consumer Protection Enforcement

Second, the CMA has gained enhanced powers to enforce consumer protection law under the Digital Markets, Competition and Consumers Act 2024 (DMCCA). Since the provisions of the DMCCA came into force in 2025, the CMA has launched a wave of investigations into companies with UK operations, particularly in relation to lack of price transparency and the use of fake reviews. So far, the CMA has concluded seven investigations, resulting in fines of over £11.8 million and customer refunds of almost £2.4 million. With the CMA's enforcement powers including fines of up to 10% of a company's global turnover, and the power to order businesses to pay compensation to affected customers, there is a strong incentive for consumer-facing companies to review their practices to ensure compliance with consumer protection law.

A More Business-Friendly Approach to Merger Enforcement?

Despite its focus on protecting consumers, the CMA is nevertheless seeking to improve the overall experience of businesses and investors. This is reflected in another core strategic objective in the CMA's Annual Plan 2026-2027, in which it commits to "fostering a UK regulatory landscape that attracts investment and instils business confidence". This is particularly notable in merger control, where the CMA has made a concerted effort to improve the speed, predictability, and proportionality of its decision-making as well as how it engages with businesses and investors during the regulatory process.

For PE investors, the CMA's efforts to streamline its merger control process should be a positive development, reducing delay and improving deal certainty.

Key Takeaways for PE Investors

For PE investors, the overall picture is mixed. There is no default concern regarding PE ownership; indeed, any such predisposition would seem to run counter to the government's growth agenda and promotion of investment in UK business. However, consumer-facing businesses are in the frame for CMA scrutiny, whether that is through merger control, consumer protection laws, market studies/investigations, or otherwise. And concerns about roll-up acquisition strategies may still arise in markets in which the customers are UK consumers or public sector bodies, as these do not raise the same geopolitical issues for the CMA as disrupting global deals whose UK nexus is modest.

The CMA is generally making progress in speeding up and improving its merger review process, with shorter review timelines, particularly in less complex cases. However, PE investors should consider carrying out a thorough merger control risk assessment pre-signing, especially where the target is a UK consumer-facing business.

Likewise, PE investors should consider addressing consumer protection compliance alongside regular competition law compliance, both in pre-acquisition due diligence and as a core part of ongoing compliance and training for portfolio companies with UK consumer-facing activities.

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Endnotes

[1] https://www.gov.uk/government/news/cma-opens-probe-into-childcare-sector.