

CLEARY GOTTLIB

# Changes to UK Competition and Consumer Enforcement in 2025: What You Need to Know

---



The Digital Markets, Competition and Consumers (DMCC) Act is set to come into force on 1 January 2025, marking a significant milestone in the evolution of UK competition and consumer enforcement. This landmark legislation strengthens the powers of the Competition and Markets Authority, expanding its jurisdiction over global mergers, enabling it to regulate tech giants, and empowering it to impose substantial fines for breaches of consumer law. These changes are far-reaching and may affect any business with a presence in the UK. To help you navigate these changes, we have summarised the most important provisions of the DMCC Act.



# New Digital Markets Regime

## Firms with Strategic Market Status

- Applies to companies with global turnover **>£25 billion or UK turnover of >£1 billion.**
- The CMA can designate these firms as having strategic market status (SMS) if they have (i) **substantial and entrenched market power**, and (ii) **a position of strategic significance**, both in respect of a digital activity **linked to the UK.**
- **Digital activities** include providing a service through the internet, providing digital content, or any activity carried out for those purposes.
- The **UK nexus** condition is satisfied if the digital activity has a significant number of **UK users**, the firm carries on **business in the UK** in relation to the activity, or the activity is likely to an immediate, substantial, and foreseeable **effect on trade in the UK.**
- The assessment of substantial and entrenched market power is **forward-looking** over a period of at least five years.
- A firm will have a position of strategic significance if one of four possible conditions is met: (i) the firm has achieved significant **size or scale** in respect of the digital activity, (ii) a significant number of **other firms use the digital activity** in carrying on their business, (iii) the firm's position in respect of the digital activity would allow it to **extend its market power** to a range of other activities, or (iv) the firm's position in respect of the digital activity allows it to **determine or substantially influence** the ways in which other firms conduct themselves, in respect of the digital activity or otherwise.
- SMS investigations will last up to nine months, and the CMA must consult publicly before designating a firm.
- SMS designations will be reviewed at least once every **five years.**

## SMS Conduct Requirements

- The CMA can impose **conduct requirements** on an SMS firm to achieve any of the following objectives: **fair dealing, open choices, and trust and transparency**.
- Unlike under the European Commission's DMA regime, the CMA will impose **firm-specific** conduct requirements drawn from the **permitted types** set out in the legislation. The permitted types are broadly framed, *e.g.*, trading on fair and reasonable terms and not restricting interoperability.
- The DMU will also develop **firm-specific guidance** to explain how conduct requirements apply.
- The CMA may impose conduct requirements on **any part of an SMS firm's business**, not just the relevant digital activity. The aim is to prevent the SMS firm from carrying out non-designated activities in a way likely to reinforce its market power or position of strategic significance.
- Conduct requirements must be **proportionate**, meaning they must be effective, no more onerous than necessary to achieve their intended aim, and not produce disadvantages that are disproportionate to their aim.
- The CMA must consider **consumer benefits** before imposing conduct requirements.
- The CMA **may also accept commitments** relating to a conduct requirement from any SMS firm subject to a conduct investigation. The CMA will typically stop investigating any conduct to which a commitment relates.

## SMS Pro-Competition Interventions

- The CMA can impose **pro-competition interventions (PCIs) on any part of an SMS firm's business** to address adverse effects on competition (AECs).
- An AEC arises when a factor related to the relevant digital activity **prevents, restricts, or distorts competition** in connection with that activity.
- The CMA will **assess an AEC against a range of indicators**, including whether (i) the SMS firm's profits are reasonable, (ii) its competitive position is based on merit, and (iii) its customers can switch between providers.
- The CMA can implement a PCI in two ways: through a **pro-competition order (PCO)** or by making **non-binding recommendations** to another public body. In appropriate cases, the CMA may also accept commitments from the SMS firm to remedy, mitigate, or prevent the AEC or the detrimental effect on UK customers.
- The CMA will use PCIs to **remedy, mitigate, or prevent AECs**. It has broad discretion in its choice of remedies, including behavioural (*e.g.*, access and interoperability requirements) and structural (*e.g.*, divestment) remedies.
- Before imposing a PCI, the CMA **may consider any benefits to UK users resulting from the factors giving rise to the AEC**. SMS firms should submit any evidence supporting these benefits early in the process.



- The CMA may require an SMS firm to **test and trial different remedy design options** before imposing any PCI on an enduring basis.
- A PCI **must be proportionate**, meaning it must be effective, no more onerous than necessary to achieve its intended aim and not produce disadvantages disproportionate to its intended purpose.

## Mandatory reporting requirement for SMS firms

---

- SMS firms must **report any deal** involving a target with a UK nexus (or a joint venture expected to have a UK nexus) if (i) the SMS firm acquires a **shareholding or voting rights that cross the 15%, 25%, or 50% threshold**, and (ii) the total consideration is **at least £25 million**. The SMS firm must submit a report each time a threshold is crossed.
- Reports must be submitted **before the deal completes**.
- The CMA has 5 working days to confirm whether the report is sufficient (the ‘review period’) and a further five working days to review the deal (the ‘waiting period’). Unless the CMA gives its consent, **SMS acquirers must wait for these periods to end before closing the deal**.



# Changes to Merger Control

## New Jurisdictional Thresholds and Procedural Changes

- The CMA's '**turnover threshold**' for reviewing mergers has increased from **£70m to £100m**.
- There is a new jurisdictional '**safe harbour**' – the CMA will have no jurisdiction over a deal if **no party has more than £10 million UK turnover**.
- The CMA can now review some **purely vertical and conglomerate deals**, even where the target has little or no revenue in the UK. Under the new test, the CMA has jurisdiction to review any deal where one party – usually the acquirer – has **UK turnover of more than £350 million and a share of supply of at least 33% in any UK goods of services**, provided the other party – usually the target – is active in the UK.
- Merger parties can now ask the CMA to fast-track their case to a Phase 2 investigation without having to concede that it may give rise to competition concerns. In these cases, the CMA may extend its Phase 2 review period by up to 11 weeks, rather than the usual 8 weeks, if there are special reasons.
- The CMA will have **new powers to fine companies** for breaching undertakings given at phase 1 or phase 2 and enforcement orders (including final orders and compliance orders).



# Changes to Consumer Law

## New Consumer Protection Powers (*expected April 2025*)

- The CMA can now enforce consumer protection laws directly without court proceedings, and it can impose **fines of up to 10% of a company's global turnover for breaches**.
- The CMA has the power to impose **penalties for administrative breaches**, such as failure to comply with requests for information.
- Parties can appeal adverse decisions to the High Court within 60 days (though some administrative breach decisions need to be appealed within 28 days).
- The CMA now also has the power to impose **Enhanced Consumer Measures**, which previously required a court order. These include **redress measures**, such as compensating consumers who suffer a loss; **compliance measures**, such as improved business practices to reduce the risk of infringing conduct occurring in future (*e.g.*, better training and guidance); and **choice measures**, such as providing consumers with better information to help them choose more effectively between different suppliers.
- **Fake reviews are now 'blacklisted'** under Schedule 1 of the CPRs. The Act prohibits businesses from submitting or commissioning fake consumer reviews, and for not taking reasonable and proportionate steps to prevent the publication or removal of such reviews.
- Businesses offering **subscription contracts** have new duties to provide clear information before consumers sign up, send reminder notices before a free trial or low-cost offer comes to an end (and at six monthly intervals thereafter), and facilitate straightforward termination processes (including "cooling off" periods).
- **Drip pricing is now also an automatically unfair practice**. New rules to address drip pricing requiring the headline price to include all mandatory charges that the customer will incur if they make a purchase. If any mandatory component cannot be calculated in advance, businesses must disclose the existence of these additional charges and how they will be calculated.



# Changes to Antitrust

## Antitrust, Dawn Raids, and Information Gathering Powers

- The UK's prohibition on anticompetitive agreements now applies to agreements implemented outside of the UK, where there are (or are likely to be) direct, substantial, and foreseeable effects within the UK.
- There is a **new duty for companies and individuals to preserve documents** where they know or suspect that an anti-trust investigation by the CMA is being (or is likely to be) carried out.
- The CMA's new dawn raid powers allow it to **search all documents accessible from the premises when searching under warrant**, even those stored offsite or offshore, and it may operate any equipment found on the premises for the purposes of accessing such information.
- Inspectors can now require parties other than those under investigation (*e.g.* customers, suppliers or competitors) to respond to questions or produce documents.
- The CMA now also has the power to seize and sift documents found during raids on domestic as well as business premises.
- There are **increased penalties for non-compliance with information gathering and other requirements imposed during a CMA investigation**.





# Changes to Competition Litigation

## New Powers for the CAT and the Courts

- The CAT will review decisions made by the CMA – including SMS designation decisions, conduct requirements, or pro-competition interventions – on a **judicial review basis**. A full merits review will apply to appeals against fining decisions under the DMCC.
- The CAT now has new powers to:
  - **Grant declaratory relief.** Claimants can now apply to the CAT for a declaration about the lawfulness of an agreement or conduct without needing to seek an injunction or claim damages.
  - **Award exemplary damages.** Courts and the CAT can now award exemplary (*i.e.*, “punitive”) damages in private competition claims. Exemplary damages are typically awarded where compensatory damages are considered insufficient in light of the defendant’s egregious conduct. Exemplary damages will not be available in collective proceedings. Immunity recipients will be liable to pay exemplary damages to their direct or indirect customers or suppliers, but they will not be liable for exemplary damages that the claimant is unable to recover from other parties.
- Separately, those suffering loss/damage from the conduct of an SMS firm may bring **standalone or follow-on claims** to the CAT:
  - **Standalone claims** include civil claims for damages, injunctions, and other relief. Standalone DMCC claims differ from typical standalone competition claims, which can be brought without any prior action by a competition authority. Under the DMCC, a standalone claim requires the CMA first to have imposed obligations on the SMS firm, such as a conduct requirement or a pro-competition intervention, which can then be the subject of a claim for an alleged breach.
  - **Follow-on claims** can be brought following a CMA decision finding a breach by an SMS firm of a conduct requirement, pro-competition intervention, or a requirement to comply with commitments, but not on an opt-out collective basis.

## Fines and Penalties Summary Table

Type of Breach	CMA Function	Description	Penalty
<b>SMS Orders, Commitments, and Conduct Requirements</b>	Digital Markets	Breach of SMS firm conduct requirements, Interim Enforcement Orders, Enforcement Orders, Commitments, and Final Offer Orders related to conduct requirements.	Up to 10% of global turnover and/or daily fines up to 5% of daily global turnover (except that a penalty for breach of a conduct requirement must be a fixed amount).
<b>Pro-Competition Orders (PCOs)</b>	Digital Markets	Breach of PCOs imposed following a pro-competition investigation to remedy adverse effects on competition in digital markets.	Up to 10% of global turnover and/or daily fines up to 5% of daily global turnover.
<b>Merger Reporting Requirement</b>	Digital Markets	Failure by SMS firms to report mergers that meet reporting requirement thresholds.	Up to 10% of global turnover.
<b>Investigatory Powers</b>	Digital Markets	<ul style="list-style-type: none"> <li>Failure to comply with DMU investigatory powers under Chapter 6 DMCC (e.g., s.69 notice, preserving information, power of access, power to interview, compliance reports);</li> <li>Providing false or misleading information.</li> </ul>	<b>Firm:</b> up to 1% of global turnover and/or daily fines up to 5% of daily global turnover. <b>Individual:</b> up to £30,000 and/or daily rate of £15,000, <b>or</b> – for intentional destruction etc. of docs, false/misleading information, or obstructing an officer – a fine up to statutory maximum and/or up to 2 years imprisonment.
<b>Investigatory Powers</b>	Mergers	<ul style="list-style-type: none"> <li>Failure to comply with s.109 information request;</li> <li>Obstruction or delay of official;</li> <li>Altering/suppressing/destroying docs required by CMA;</li> <li>Providing false or misleading information.</li> </ul>	<b>Firm:</b> up to 1% of global turnover and/or daily fines up to 5% of daily global turnover. <b>Individual:</b> up to £30,000 and/or daily rate of £15,000, <b>or</b> – for intentional destruction etc. of docs, false/misleading information – a fine up to statutory maximum and/or up to 2 years imprisonment.
<b>Remedy Requirements</b>	Mergers	Failure to comply with an enforcement order or an undertaking accepted.	<b>Firm:</b> up to 5% of global turnover and/or daily fines of up to 5% of daily global turnover. <b>Individual:</b> up to £30,000 and/or daily rate of £15,000.
<b>Investigatory Requirements</b>	Antitrust	<ul style="list-style-type: none"> <li>Failure to comply with information request or dawn raid;</li> <li>Obstructing officer during dawn raid;</li> <li>Destroying/falsifying/concealing docs required by CMA</li> <li>Providing false or misleading information.</li> </ul>	<b>Firm:</b> up to 1% of global turnover and/or daily fines up to 5% of daily global turnover. <b>Individual:</b> up to £30,000 and/or daily rate of £15,000, <b>or</b> – for intentional destruction etc. of docs, false/misleading information, or obstructing an officer – a fine up to statutory maximum and/or up to 2 years imprisonment.
<b>Remedy Requirements</b>	Antitrust	<ul style="list-style-type: none"> <li>Failure to adhere to commitments accepted by the CMA;</li> <li>Failure to comply with CMA directions in relation to agreements that infringe Chapter 1, conduct that infringers Chapter 2, or interim measures.</li> </ul>	<b>Firm:</b> up to 5% of global turnover and/or daily fines up to 5% of daily global turnover. <b>Individual:</b> up to £30,000 and/or daily rate of £15,000.
<b>Remedy Requirements</b>	Markets	Failure to comply with an enforcement order or an undertaking accepted.	<b>Firm:</b> up to 5% of global turnover and/or daily fines of up to 5% of daily global turnover. <b>Individual:</b> up to £30,000 and/or daily rate of £15,000.
<b>Consumer Law Infringement</b>	Consumer Enforcement	CMA issues Final Infringement Notice (or a court issues an enforcement order) to respondent who has engaged, is engaging, or is likely to engage in an infringement of consumer law.	Up to £300,000 or, if higher, 10% of the total value of the turnover (if any) of the respondent.
<b>Directions or Undertakings</b>	Consumer Enforcement	Breach of Directions or Undertakings requiring businesses to take actions to rectify non-compliant behaviour and prevent future breaches.	Up to £150,000 or, if higher, 5% of total turnover (if any) of the respondent and/or daily fine of £15,000 or, if higher, 5% of the total value of the daily turnover (if any) of respondent.
<b>Investigatory Powers</b>	Consumer Enforcement	Failure to comply with information notice.	Up to £30,000 or, if higher, 1% of the total value of the turnover (if any) and/or £15,000 per day or, if higher, 5% of the total value of the daily turnover (if any).
<b>False or Misleading Information</b>	Consumer Enforcement	Providing false or misleading information.	Up to £30,000 or, if higher, 1% of the total value of the turnover (if any).

# Contacts

## LONDON COMPETITION



**Nicholas Levy**  
*Partner*  
T: +44 20 7614 2243  
nlevy@cgsh.com



**Jackie Holland**  
*Partner*  
T: +44 20 7614 2233  
jaholland@cgsh.com



**Paul Gilbert**  
*Partner*  
T: +44 20 7614 2335  
pgilbert@cgsh.com



**Henry Mostyn**  
*Partner*  
T: +44 20 7614 2241  
hmostyn@cgsh.com



**Paul Stuart**  
*Partner*  
T: +44 20 7614 2207  
pstuart@cgsh.com



**Ricardo Zimbrón**  
*Partner*  
T: +44 20 7614 2260  
rzimbron@cgsh.com



**John Messent**  
*Partner*  
T: +44 20 7614 2377  
jmessent@cgsh.com



**Maurits Dolmans**  
*Senior Counsel*  
T: +44 20 7614 2343  
mdolmans@cgsh.com



**Vanessa Marton**  
*Associate*  
T: +44 20 7614 2264  
vmarton@cgsh.com



**Lanto Sheridan**  
*Associate*  
T: +44 20 7614 2308  
lsheridan@cgsh.com



**Martha Smyth**  
*Associate*  
T: +44 20 7614 2341  
msmyth@cgsh.com



**Patrick Todd**  
*Associate*  
T: +44 20 7614 2330  
ptodd@cgsh.com



**Fay Davies**  
*Associate*  
T: +44 20 7614 2276  
fdavies@cgsh.com



**Chloe Hassard**  
*Associate*  
T: +44 20 7614 2295  
chassard@cgsh.com



**Anders Jay**  
*Associate*  
T: +44 20 7614 2236  
ajay@cgsh.com



**Carolina Cury Ricciardi**  
*Associate*  
T: +44 20 7614 2232  
ccuryricciardi@cgsh.com

*Continued on next page*



**Bianca Buzatu**  
Associate  
T: +44 20 7614 2234  
bbuzatu@cgsh.com



**Ranulf Outhwaite**  
Associate  
T: +44 20 7614 2228  
routhwaite@cgsh.com



**Tom Swayne**  
Associate  
T: +44 20 7614 2254  
tswayne@cgsh.com



**Aleksandra Katolik**  
Associate  
T: +44 20 7614 2288  
akatolik@cgsh.com



**Jonas Zenger**  
Associate  
T: +44 20 7614 2206  
jzenger@cgsh.com



**Gee Kim**  
Associate  
T: +44 20 7614 2226  
gkim@cgsh.com



**Leonor Vulpe Albari**  
Associate  
T: +44 20 7614 2244  
lvulpealbari@cgsh.com



**Goksu Kalayci**  
Associate  
T: +44 20 7614 2369  
gkalayci@cgsh.com



**Joseph McShane**  
Associate  
T: +44 20 7614 2307  
jmcshane@cgsh.com



**Kseniia Simongauz**  
Associate  
T: +44 20 7614 2273  
ksimongauz@cgsh.com



**Ariel Zhou**  
Associate  
T: +44 20 7614 2309  
azhou@cgsh.com



**Anjali Iyer**  
Associate  
T: +44 20 7614 2349  
aiyer@cgsh.com



**Ghazzal Maydanchi**  
Associate  
T: +44 20 7614 2218  
gmaydanchi@cgsh.com



**Nina Jayne Carroll**  
Associate  
T: +44 20 7614 2291  
ncarroll@cgsh.com



**Sabrina Stewart**  
Associate  
T: +44 20 7614 2286  
sstewart@cgsh.com



**Amelia Harkabuzik**  
Associate  
T: +44 20 7614 2347  
aharkabuzik@cgsh.com



**Anna Battersby**  
Practice Development  
Lawyer  
T: +44 20 7614 2396  
abattersby@cgsh.com



[clearygottlieb.com](http://clearygottlieb.com)

Founded in 1946 by lawyers committed to legal excellence, internationalism, and diversity, Cleary Gottlieb Steen & Hamilton LLP is a leading international law firm with approximately 1,100 lawyers around the world. The firm has 16 closely integrated offices in New York, Washington, D.C., Paris, Brussels, London, Frankfurt, Cologne, Rome, Milan, Hong Kong, Beijing, São Paulo, Abu Dhabi, Seoul, and the Bay Area.

Under the rules of certain jurisdictions, this may constitute Attorney Advertising. Prior results do not guarantee a similar outcome.

Throughout this brochure, "Cleary Gottlieb", "Cleary" and the "firm" refer to Cleary Gottlieb Steen & Hamilton LLP and its affiliated entities in certain jurisdictions, and the term "offices" includes offices of those affiliated entities.