

Wesbank, Toyota Financial Services charged with collusion

The Competition Commission has referred motor vehicle finance institutions, Wesbank and Toyota Financial Services South Africa Limited (TFS), to the Competition Tribunal for prosecution.



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This is on allegations of dividing the market by allocating customers or suppliers, a statement released on Thursday said.

“The Commission’s investigation revealed that Wesbank and TFS agreed to divide markets by allocating customers or suppliers in the market for the provision of vehicle finance, in contravention of section 4(1)(b)(ii) of the Competition Act 89 of 1998, as amended (the Act),” the Commission said.

The motor vehicle finance market includes offering vehicle finance, leases and dealership financing.

FirstRand Bank Limited (FirstRand), through its Wesbank division, and TFS are involved in the provision of vehicle finance services.

"They are therefore supposed to compete. They, however, concluded a shareholder agreement, which contains clauses that prevent them from competing."

According to the Commission, FirstRand, TSA Investment Holdings Limited and Toyota Motor Finance (UK) PLC have 33.3% share each in TSA.

"They concluded a shareholder agreement, which includes clauses that prohibit Wesbank from offering vehicle finance to customers seeking to purchase vehicles at authorised Toyota dealerships.

"Further, the agreement identifies the vehicles that Wesbank is prohibited from financing, and these are the 'new' Toyota, Lexus and Hino vehicles, and any 'used' vehicles sold through any authorised Toyota dealership, except McCarthy Group."

This arrangement, according to the Commission, constitutes market division by allocating customers or suppliers in contravention of section 4(1)(b)(ii) of the Act.

"This type of collusive conduct is harmful to consumers, as it deprives them of the benefits which arise from competition. Such agreements are inherently inimical to competition," the Commission said, adding that it has asked the Tribunal to fine the companies 10% of their turnover.

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