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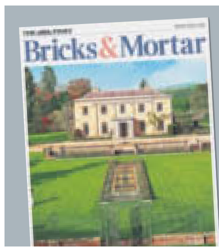


What's really happening to the housing market Bricks&Mortar

Henry Winter

England's tense night at Wembley Sport

'Extortionate' prices add £260m to NHS drug bill

Four firms exploit loophole to make fortunes at taxpayers' expense

Times investigation

Billy Kenber

Millionaire businessmen have been increasing the price of drugs bought by the NHS by up to 12,500 per cent.

A small group of entrepreneurs has made vast sums after raising the cost of medicines by £262 million a year — the equivalent of funding an extra 7,000 junior doctors a year, an investigation has found.

They are taking advantage of a loophole that leaves them free to impose "extortionate" price rises on drugs if they drop an existing brand name and sell it under its generic name instead.

Health service price controls are designed to reduce the cost of drugs to the taxpayer. However, the founders of four companies have overseen a dramatic increase in the price of medicines for the treatment of common conditions ranging from high blood pressure to hyperthyroidism.

The NHS does not cap the price of these drugs or the profits that manufacturers can make because they are meant to be widely available, with prices driven down through competition. In reality the companies face little or no competition.

The *Times* investigation has found:

- The NHS is paying the extra £262 million a year for more than 50 drugs for which prices have increased greatly since 2010 — enough to pay for 7,000 junior doctors earning £37,000 each.
- Over the past five years 32 medicines have risen in price by more than 1,000 per cent while the cost of a further 196 has at least doubled. In the most extreme case, the price of hydrocortisone 10mg tablets rose by 12,500 per cent, from 70p a packet in 2008 to £85 this year.
- Six entrepreneurs, including Bhikhu and Vijay Patel, two of Britain's most lauded rags-to-riches Asian businessmen, have profited at the expense of the taxpayer by systematically raising prices. A European private equity firm made a fortune by buying up several of these companies, bringing in further increases, and selling them on.

ALAMY

Bhikhu and Vijay Patel with their wives, Shashi and Smita. The Essex-based brothers have amassed wealth of £675 million

Last September a US pharmaceutical company caused outrage after raising the price of an HIV drug from $13.50 to $750, a 5,500 per cent increase. In the past few years a succession of medicines in the UK have undergone similarly steep price rises with little effect on the rate of prescription.

These include antidepressant doxepin 50mg tablets, which have risen from £5.71 to £154 a packet over the past five years, and dipipanone 10mg/cyclizine 30mg tablets, which rose from £9.57 to £353.06 a packet in the same period.

The four companies identified by *The Times* have focused on drugs that have been out of patent for many years and which are no longer profitable enough to interest large pharmaceutical companies.

They typically buy the exclusive marketing rights to these medicines from big pharmaceutical companies. By then dropping the brand names and selling the medicines under their generic names instead, the companies are able to take advantage of a loophole in NHS pricing controls.

The drugs move from Category C, where manufacturers face a profit

Continued on page 2, col 3

Louvre to close after Seine bursts its banks

Charles Bremner Paris

The Louvre will close to allow for the evacuation of artworks today after parts of Paris were submerged in the city's worst flooding since 1982.

The world's most visited art museum, home to Leonardo's *Mona Lisa*, triggered its emergency plan as the Seine swelled 5m (almost 16ft) above its usual level and swamped stretches of the Right and Left banks, driving thousands from their homes.

Despite anti-flood pumps and watertight doors, the Louvre's vast basement storage vaults were deemed to be in danger after days of torrential rain.

"The aim is to move works situated in areas vulnerable to flooding to safety by moving them to higher floors," the museum said.

The floods in France were triggered by the weather depression that has killed nine people in Germany. A three-year-old child and an 86-year-old woman have drowned in France. More downpours are forecast this weekend across a band of central Europe.

The weather has compounded the suffering already inflicted on France and its visitors by weeks of strikes causing rail disruptions and a stoppage by power station workers that could bring blackouts within a week.

The country is also under a state of emergency to guard against terrorist attacks. About 1.5 million football fans — 500,000 of them English — are due to arrive in France next week for the European Championship.

The French Open tennis tournament may be forced into a third week after rain repeatedly halted play.

Tourism in France had already fallen by 20 per cent during the winter months. Yesterday Paris authorities cancelled tourist boat cruises on the Seine.

The Musée d'Orsay, home to one of the world's greatest collections of impressionist art, also closed early yesterday as part of a flood contingency plan.

More roads and gardens are likely to be under water today when the Seine peaks at an expected rise of 5.5m.

President Hollande declared a state of natural disaster in the worst-hit areas, triggering state compensation for residents and businesses.

Waves of disruption, page 30

IN THE NEWS

11,000 jobs go at BHS

BHS is to shut down with the closure of 163 stores and loss of up to 11,000 jobs after a deal to buy the retailer that collapsed into the administration in April fell apart. **Page 2**

Unfair train fares

Station ticket machines are cheating rail passengers by using baffling jargon and continuing to sell only peak fares even after the start of off-peak services. **Page 5**

Pupils' short summer

A council has become the first in England to shorten school summer holidays, reducing them to less than five weeks in an attempt to stop what it called "learning loss". **Page 8**

Polling card blunder

Postal votes and polling cards for the EU referendum were sent to foreigners who are not eligible to receive them after a software glitch, the Electoral Commission admitted. **Page 12**

Deportation warning

More than 13,000 offenders from overseas remain in prison or on the streets of Britain despite a pledge to deport them, a committee of MPs will say today. **Page 17**

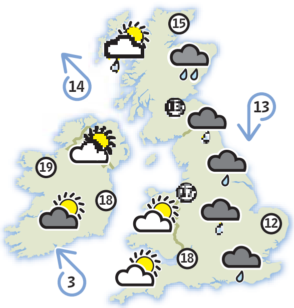
EU 'entices refugees'

European rescue operations in the Mediterranean have been blamed by Libyans for enticing refugees to attempt dangerous crossings to Italy in substandard craft. **Page 30**

News

INSIDE TODAY

Today's weather



Cloudy with patchy rain in the north and east, drier and brighter in the west. **Full forecast, page 61**

Dinner tonight

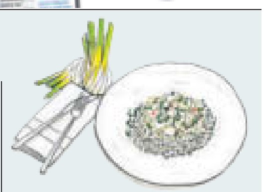
Monkfish carpaccio with fennel

Monkfish tail is a forgiving choice. It can be treated like chicken and doesn't fall apart like cod or other similarly firm fish. There are no fiddly bones and it's usually sold filleted, its slimy membrane removed, so you end up with a steak of pearly white fish. It's perfect for little kebabs but I love it thinly sliced and quickly fried. It's lovely with aniseedy fennel, slippery shallots, white wine, a hint of chilli, garlic and star anise. The downside, and there has to be one, is the price. Serve over basmati with chopped coriander.

Serves 2 **Prep** 20 min **Cook** 25 min

Ingredients: 1 banana shallot; 1½ tbsp olive oil; 2 slim fennel, 150g; 1 garlic clove; pinch dried chilli flakes; 1 star anise; 2 monkfish fillets, approx 300g; 200ml white wine; few sprigs coriander

Halve, peel and trim the shallot and chop into small dice. Heat the oil in a spacious frying/sauté pan and gently soften the shallot, tossing regularly. Meanwhile, halve the fennel lengthways and slice across the width in wafer-thin slices. Finely chop the garlic. Stir the fennel into the softening shallot, add a generous pinch of salt,



garlic, chilli and star anise. Cook, covered, stirring occasionally, for about 10 minutes until the veg are shrunken and wilted. Slice the monkfish in pieces approximately the size and thickness of a 50p piece. Increase the heat slightly and add the fish, turning as they go white, then add the wine, stirring as it bubbles through the food. Simmer for 5-6 minutes until juicy. Check the seasoning, adding chopped coriander before serving over rice.

Lindsey Bareham

Shutters to come down on BHS at cost of 11,000 jobs

Deirdre Hipwell, Alex Ralph

BHS is to close all its stores after failing to find a buyer in a collapse that could leave 11,000 people out of work.

In the biggest high street failure since Woolworths in 2008, the 88-year-old chain was pushed into liquidation yesterday after a consortium headed by Greg Tufnell, brother of Phil Tufnell, the former England cricketer, failed to seal a deal to buy the stores.

The consortium, Richess Group, was understood to have had backing from Portugal's Espírito Santo family and claimed that it had the funds to save BHS.

However, Duff & Phelps, the administrator to BHS, said that it had no choice but to wind up the retailer after Richess was unable to prove that it had enough working capital to keep the company afloat.

Question marks were also emerging about the past of Nicholas de Scossa, 58, another director of the consortium, after it emerged last week that the Swiss-based banker had falsely passed himself off as an influential figure at the Rugby Football Union in an apparent attempt to impress a business client, according to the 2008 findings of a disciplinary panel.

The retailer, which has 163 stores, needed at least £100 million of working capital if it were to have a chance of surviving. Staff at BHS were told yesterday afternoon that the business had not been sold and would be wound up, with its assets and stores sold off piecemeal.

One store manager, who did not wish to be named, said: "Obviously this is gutting news and it is a real shame we couldn't find a buyer for BHS. People here are very upset. We were all told at 2.15pm and I have spent most of the afternoon trying to ring employees who were not at work today so they don't have to read about it in the media."

The collapse will leave thousands of small suppliers out of pocket and the British taxpayer could have to foot a multimillion-pound redundancy bill.

News of the collapse is another blow to the British high street, coming two days after it was announced that Austin Reed, which started trading in 1900, was to be broken up and sold off.

Duff & Phelps said it had made considerable efforts to find a buyer but that it had not been possible. "Although multiple offers were received, none was able to complete a deal due to the working capital required to secure the future of the company," it said.

"Our thoughts are with the employees. We thank them for their professionalism and hard work. We would also like to thank the public for helping us in our efforts to save BHS, resulting in several weeks of significant sales."

The decision means that all stores will now be in "close-down sale mode" during the coming months. It is likely that staff working at these stores will lose their jobs, although some could be re-employed by retailers who may take over BHS stores.

Philip Duffy, managing director of Duff & Phelps, said: "The tireless work and goodwill of the existing management team and employees of BHS with the support of my team were not enough to change the fortunes of the company."

BHS collapsed into administration in April, about a year after it was sold for £1 by Sir Philip Green, the retail tycoon, to Retail Acquisitions, a consortium. The sale and subsequent collapse has triggered a number of inquiries.

It was never viable, page 40

Continued from page 1

cap, to Category A, for which the Department of Health sets a reimbursement price based on cost information from two wholesalers, AAH and Alliance Healthcare, and from two major manufacturers, Teva and Actavis, if they make the drug.

Yet with the medicines examined by *The Times*, the companies are often the sole or dominant supplier for the two wholesalers, effectively leaving them free to set their own prices before the wholesalers add their profit margins. They can face no competition for years because of the limited market for their drugs and the lengthy process involved for rivals seeking a new marketing authorisation from the regulator. Even when there are a small number of competitors, the market is failing to prevent huge price rises in some cases.

The cost to the NHS includes profit margins for wholesalers and their customers, so not all of the money is passed to the manufacturer.

The Essex-based Patel brothers, who have an estimated fortune of £675 million and are among Britain's richest Asian entrepreneurs, set up a company called Atnahs in 2013, which uses these pricing tactics.

Amdipharm, their previous generic drug company, has adopted the same strategy and two other companies set up by former British pharmacists, Mercury Pharma and Auden Mckenzie, are also behind major price increases.

Two of the companies, Amdipharm and Mercury, were taken over and merged by a European private equity firm in late 2012. It oversaw further price rises and made a huge profit when it sold the new company last year.

The companies' tactics are legal but come at a time when the NHS budget is under unprecedented stress. Sarah Wollaston, the Tory MP who chairs the Commons health select committee, said the increases were "eye-watering" and the companies "should explain how they can possibly justify" them.

Ben Bradshaw, a former Labour health minister also on the select committee, said: "These revelations are extremely alarming at a time of severe financial constraint on the NHS." He called on Jeremy Hunt, the health secretary, to close the loophole urgently.

Andrew Hill, a consultant in global health at Chelsea and Westminster Hospital, said the drugs identified by *The Times* appeared to be examples of "extortionate" price rises and he was "really disappointed the NHS hasn't spotted this themselves".

NHS England said the Department of Health was responsible for reimbursement prices and "in general their system delivers value for money for patients". A spokesman said: "We are concerned about these type of anomalies at a time when the NHS needs to make significant savings, which suggests further regulatory action may be needed."

A Department of Health spokesman said: "No pharmaceutical company should be exploiting the NHS. The Competition and Markets Authority is already investigating a potential abuse of generics pricing, and as part of a public consultation we have asked for views on government powers to limit the prices of generic medicines where there is no competitive market."

None of the companies mentioned is known to be under investigation by the competition authority.

A spokesman for Concordia, which owns AMCo, formed by the merger of Amdipharm and Mercury, said the UK generic drugs market was "one of the most cost-effective in the world". Some medication bought by AMCo was unattractive to other pharmaceutical companies and often "needs substantial new investment and expertise to update it".

billy.kenber@thetimes.co.uk

Brothers cost NHS millions, pages 6-7

Leading article, page 29

May gives concessions on 'snoopers' charter'

Georgie Keate, James Dean

Theresa May faces further opposition to the so-called snoopers' charter, despite making a series of concessions.

The home secretary has offered compromises, including a clause to bolster privacy protections. She is determined to protect the government's fragile working majority of 18 amid criticism of the bill from inside and outside her own party.

Labour and the SNP said yesterday that Mrs May had not gone far enough with her concessions.

The SNP said it would vote against the bill next week unless further amendments were made. Labour has already threatened to vote against the bill unless its demands are met.

The bill is an attempt by the government to modernise and simplify the laws on interception, surveillance and monitoring of communications.

Labour said that it would keep challenging the government over the role of judicial commissioners and access to individuals' web browsing records.

Joanna Cherry, SNP home affairs spokeswoman, said that the government ran the "real risk of putting opposition parties in the position of having to vote against the bill in its entirety".

The Liberal Democrats said that they would fight the bill in both houses.

A privacy clause tabled by Mrs May would force officials to give regard to whether the measures sought by a warrant could be achieved by less intrusive means. Another amendment she has tabled seeks to introduce civil liability for cases of unlawful interception.

The Home Office said that further concessions would bolster protection for MPs and journalists. A higher "exceptional and compelling" test would be introduced to justify the retention and examination of medical records.

Members of the intelligence and security committee have tabled an amendment seeking an offence of unlawful use of investigatory powers.

The committee has been critical of the legislation and has said that wide-ranging "bulk" powers are excessive.

Mrs May has agreed to launch an independent review into bulk powers, led by David Anderson, the independent reviewer of terrorism legislation.

Peter Sommer, a digital forensic expert witness, said: "Confusions in existing law are being replaced by new ones through messy drafting." A spokeswoman for the Home Office said: "We will listen to the constructive views of politicians from all sides of the House."

Brothers cost NHS millions by exploiting drug price loophole

Billy Kenber Investigations Reporter

From a trading estate on the outskirts of Basildon in Essex two brothers have helped to build their fortunes by buying the rights to sell established medicinal drugs and racking up the prices.

Vijay and Bhikhu Patel are among three sets of entrepreneurs taking advantage of a flaw in NHS pricing rules that means companies are free to implement huge price increases at the taxpayer's expense if they drop the brand name from generic drugs.

The brothers own Atnahs, a company set up in 2013. It specialises in buying the rights to older medications that are still used by patients but are no longer of interest to major pharmaceutical companies.

One such deal came in December 2013, when they bought Marlborough Pharmaceuticals for £9 million. The company held the exclusive marketing and distribution rights to a small number of generic drugs that it had acquired from Pfizer, Janssen-Cilag and other large manufacturers between 2006 and 2011.

Although the patent for the medicines had long since expired, they were sold under brand names. There were no rival suppliers of the drugs in this form because of their niche appeal and the need for a competitor to obtain marketing authorisation from the regulator, the Medicines and Healthcare products Regulatory Agency.

Within months, despite years of stable prices, the cost to the NHS of three prescription-only medicines Atnahs had acquired rose sharply. One example was Sinepin, an antidepressant developed by Pfizer.

For more than five years the NHS in England paid pharmacists £3.77 for a 28-pack of 25mg tablets and £5.71 for a packet of 50mg tablets. In July 2014, under Atnahs, the price suddenly increased to £24 and £48 a packet respectively. Eight months later both prices doubled. Eight months after that, last November, they almost doubled again, this time rising to £97 for a 25mg packet and £154 for a 50mg packet.

The price rises meant that the drug cost the NHS £5.1 million last year, up from £400,000 in 2013, despite half a million fewer tablets being dispensed.

The figures, from the Health and Social Care Information Centre, do not include drugs handed out in hospital, which account for the dispensation of about 40 per cent of all NHS-funded medicines, and are likely to rise further still this year when the November 2015 price rise is fully reflected.

Two other prescription drugs taken over from Marlborough by Atnahs also rose sharply in price.

The price paid by the NHS for Welldorm tablets, which are used to treat severe insomnia, rose from £12.10 a pack to £138.56 between late 2014 and this month, an increase of more than 1,000 per cent. In the same period, Gynest, a hormone replacement cream, went from £4.67 to £24.98.

Between them the two drugs cost the NHS an extra £5.5 million last year, compared with the equivalent number of prescriptions in 2013.

Atnahs also supplies an oral version of Welldorm that cost the NHS £1.1 million for 2,400 prescriptions last year, compared with £42,000 for 2,200 prescriptions in 2010.

As well as undergoing significant price increases, Sinepin, Welldorm and Gynest share another trait. Shortly after being acquired, all three dropped their brand names and were instead sold under their generic names. This allowed them to move from Category C in the NHS drug tariff to Category A — an important change that meant profits were no longer capped. Drugs in Category C are branded medicines that are not widely available so their price is set by a single supplier or manufacturer. In return they accept a profit cap imposed by the NHS on the amount they can make from all their branded drugs.

Category A drugs sit outside this cap because they are meant to be widely available. The cost of buying these is set according to prices from two major manufacturers and two major wholesalers, AAH and Alliance Healthcare. They must be available from both the manufacturers and one of the wholesalers, or both wholesalers.

Although Atnahs faces limited competition, it is free from price restrictions because doxepin, which is used to treat depression and insomnia, and the other drugs are available from the wholesalers AAH and Alliance.

Alliance Healthcare said that it set its prices based on the supplier's recommended retail price, the price it sold it for and those of competitors as well as the NHS reimbursement price.

The business model is particularly lucrative because Atnahs has low running costs and does not undertake expensive research into new medicines. It employs five full-time staff with an average salary of £240,000.

After increasing the prices of the medicines, it transformed a £470,000 loss into a profit of £1.5 million last year. This is expected to rise further this year.

Early last year Atnahs acquired Dipentum, an anti-inflammatory drug used to treat bowel disease, from UCB Pharma. Months later the drug, now known by its generic name olsalazine, moved from Category C to Category A and the price of 250mg capsules rose overnight from £19.77 to £75. A packet of 500mg tablets increased from £21.18 to £85. Together the two dosages cost the NHS an extra £1.3 million last year.

The Patel brothers set up Atnahs in 2013 shortly after selling Amdipharm, their previous drug acquisition business, in a £365 million private equity deal. Atnahs, which did not respond to requests for comment, is ultimately owned by a parent company based in the tax haven of Jersey.

In 2004 Amdipharm paid Roche for the marketing rights in 30 territories, including the UK, for Neo-Mercazole, a brand name for the thyroid medicine carbimazole. It was sold at about £11 or £12 for a packet of 20mg tablets, and £3.50 for 5mg tablets, from 2004 until just two months before the company was sold, when it doubled in price.

Diconal, a powerful pain relief medicine, was acquired by Amdipharm in one of the company's first deals in 2003. At the time it cost the NHS 15p per tablet, and by 2010 it was still only 19p.

In 2011 Amdipharm discontinued the drug under its brand name and relaunched it as a non-branded generic at 58p per tablet. By 2013, before the company's sale, this had reached £1.97. It rose further under new ownership and now costs £7.06.

How the loophole works

A big pharmaceutical company such as Pfizer or Roche invents a medicine. It gets a 20-year patent to sell the drug exclusively in the UK, of which 10 to 15 years is typically spent developing the medicine and getting regulatory approval.

Decades later the drug is outdated and has only limited numbers of patients.

A small pharmaceutical company such as Atnahs or AMCo buys the rights to a drug's brand name and its marketing authorisation.

It then drops the brand name, such as Sinepin, and sells it as a generic drug — doxepin 50mg capsules. This means that it moves within the NHS pricing rules from Category C, with caps on profit margins, to Category A.

In this case, Category A drug prices are set by the government on the basis of prices from two wholesalers, AAH and Alliance Healthcare.

As the sole supplier to the two named wholesalers, however, the small pharmaceutical company is effectively free from NHS pricing controls. It can demand a certain price from wholesalers, who make their own profits by adding a margin to the manufacturer's price.

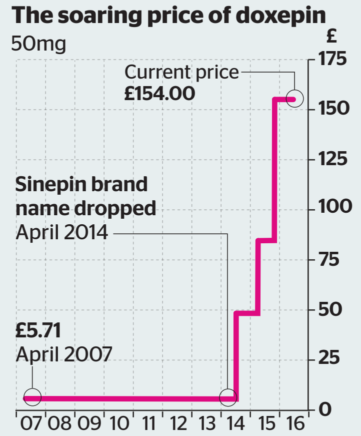
The categories
Category C drugs are sold under a brand name by a particular manufacturer or supplier. They are able to set prices freely but, under a voluntary Department of Health scheme, accept a profit cap.

Category A medicines are sold under generic names and are supposed to be "readily available". Their price is calculated on the basis of prices supplied by two named manufacturers, Teva and Actavis, and two named wholesalers, AAH and Alliance Healthcare. If the two manufacturers do not supply a particular drug, it is based on the price from the two wholesalers only.

Another category of widely available generic drugs, Category M, which includes paracetamol and aspirin, has set prices based on sales information for a previous quarter submitted to the Department of Health by a number of manufacturers. Under this category, pharmacists' profits are capped. Drugs in this category are by agreement between the government and the British Generic Manufacturers Association.

Last year the NHS began a consultation that is considering new powers to limit the price of generic drugs.

The soaring price of doxepin
50mg



Inside today

Drug-purchasing policy needs urgent reform

Leading article, page 29

Vijay and Bhikhu Patel, right, the owners of Atnahs, came to Britain with nothing but now own mansions in Essex. Amit Patel and his sister Meeta, below right, own Auden McKenzie, which raised the price of a packet of the drug hydrocortisone from 70p to £44.40 and now to £87.85

From penniless migrants to mansion owners in one generation

The brothers

Vijay and Bhikhu Patel arrived in England as teenagers in 1967 with British passports and little else (Billy Kenber writes). Born into an Indian family that had emigrated to the western highlands of Kenya, the brothers were brought up by their mother after their father died when they were young.

Half a century later, they are two of Britain's richest Asian entrepreneurs, rubbing shoulders with Tony Blair, attending receptions at Buckingham Palace and living in sprawling, multimillion-pound homes in Essex.

Vijay Patel, 66, started out as a chemist, using money from his uncle to open his first pharmacy in the mid-1970s. He told the author of a recent book on Asian entrepreneurs that he chose this industry over becoming a doctor or dentist because his ambition was to get rich.

"I could visualise myself with a shop, selling, making money," he said. "I can't, with my hand on my heart, say that I set out to cure cancer or to develop drugs that would save lives. I went into it from a business angle — the rest is incidental."

Over the next few years Vijay built up a chain of pharmacies and branched out into buying and selling medicines, setting up the wholesaler Waymade Healthcare with Bhikhu in 1984.

In 2003 they set up Amdipharm, which specialised in acquiring the licences to existing medicines. A decade later the business was sold to a private equity firm for £365 million.

The businessmen, who also have property interests and own a company offering chauffeur-driven cars, have enjoyed the fruits of their success.

Vijay and his wife live in a mansion near Chelmsford in Essex. Bought for more than £7 million in 2007, and paid for with a mortgage from Barclays' private banking arm in the Isle of Man, it is a grade II listed property with a stables, icehouse, ornamental garden and pool. Mr Patel has a fleet of Range Rovers and seven cars are visible on the driveway in Google satellite imagery.

Bhikhu, who is also married, lives in a six-bedroom detached house a short drive away, which was bought for £1.3 million in 2000.

The brothers have received a large number of plaudits for their business success, including winning Ernst & Young's UK entrepreneur of the year award in 2001.

They have been awarded honorary degrees by their alma maters, De Montfort University in Leicester and the University of Bristol, with Bhikhu described by Bristol's pro-vice-chancellor as a "brilliant role-model for our graduates today" and "an outstanding entrepreneur and noted philanthropist". Both men were made honorary doctors of science by Anglia Ruskin University in 2010, which hailed them as "inspirational leaders within the healthcare sector".

Vijay has taken an occasional interest in politics, attending a pro-EU dinner with Mr Blair when he was prime minister and supporting the unsuccessful Yes2AV campaign for electoral reform. He has talked of having dinner with Nelson Mandela in 2004 with "just four or five couples", and attending a reception with the Queen at Buckingham Palace.

In recent years the brothers have turned their attention to philanthropy, setting up the Shanta Foundation, which spends up to £87,000 a year on projects including a school in Kenya and a blood bank in Gujarat, India. They have also donated to a college in western India that trains English teachers.

They did not respond to a request for comment.

Entrepreneurs who bumped up charges more than 12,000%

The others

Auden McKenzie
Amit Patel and his sister Meeta have become multimillionaires since setting up Auden McKenzie in west London in 2001.

The generic drug company repeatedly instigated huge rises in the price of drugs for which they had little or no competition from rivals. These include dexamethasone 2mg tablets, which rose from about £7 to £49 a packet over the past five years, costing the NHS an extra £7 million a year.

The epilepsy drug primidone rose in price from £12.60 for a packet of 250mg tablets to £97.39 between 2013 and this year. Auden had become the UK distributor after a deal with the French pharmaceutical company SERB in 2013. Another epilepsy drug acquired by Auden from Roche, Rivotril, has risen from £3.49 for a pack of 500mcg tablets and £4.87 for 2mg tablets to £22.01 and £24.43 respectively since the brand name was dropped.

Auden faced criticism over the price of hydrocortisone tablets six years ago after they had risen from 70p to more than £44 for a packet of 10mg pills. The hormone replacement medicine had been debranded and moved from Category C to Category A in the NHS drug tariff in 2008.

At the time, Mr Patel said that he had invested in a new manufacturing plant but that the price would begin falling "now the majority of the investment which has been made has been recouped". Instead, the price of the tablets, which Auden still supplies, has continued to rise since 2010, from £44.40 for a packet of 10mg pills to £87.85.

Auden Mckenzie was bought by Actavis, the Irish drug group, for £306 million in January last year, by which time it held about 175 product licences and had pre-tax profits of £42.5 million. Mr Patel said the transaction price reflected "many components and products". He did not comment on the price rises of individual drugs.

Mr Patel told the *Financial Times* that when he first started "material possessions were a very motivating factor. But as I have grown older it has been the sense of achievement to provide life-saving medicines that has proved most satisfying."

Mercury Pharmaceuticals (now part of AMCo)
The founders of Mercury Pharmaceuticals, previously known as Goldshield, were accused of fraudulently fixing the price of NHS medicines a decade ago.

Kirti Patel and Ajit Patel, two south London pharmacists who set up the company in 1989, were among nine executives accused by the Serious Fraud Office (SFO) of conspiring to limit the supply of the blood-thinning drug warfarin. The company paid £5 million to settle price-fixing claims without admission of liability and the SFO prosecution collapsed in 2009. There is no suggestion that the companies named in these articles are engaged in price-fixing, in which two or more companies agree to set the price of a product.

Mercury has been behind a number of large price increases. The company bought the rights to liothyronine 20mg tablets, which are used to treat thyroid problems, from GSK in 1992. Since 2011 they have risen in price from £34.65 to £198.72. The price rise has cost the NHS in England £17 million a year.

The price of a packet of 10mg phenindione tablets has risen by more than 2,000 per cent from £24.04 to £519.98 between 2011 and this month. Phenindione is an anticoagulant like warfarin but far less common because of serious side-effects. The antipsychotic drug trifluoperazine has risen from £5.87 to £123.20 for a packet of 5mg tablets and from £3.83 to £102.53 for a 1mg/5ml oral solution over the same period.

The company was taken private in a management buyout in 2009 and sold to Cinven, a private equity company. In late 2012 it was merged with Amdipharm as AMCo. The founders of Mercury, Auden McKenzie and Amdipharm and Atnahs are not related.

The watchdog

The competition watchdog is responsible for pursuing pharmaceutical companies if it feels that they have abused their market position and set excessively high prices (Billy Kenber writes).

The Competition and Markets Authority (CMA) has previously accused Pfizer and Flynn Pharma, a small British pharmaceutical company, of breaching competition law by charging "excessive and unfair prices" for an anti-epilepsy drug.

Last August the CMA said it had reached a provisional view that the two companies had "abused a dominant position" by increasing the price of phenytoin sodium capsules.

Pfizer sold the UK distribution rights to Epanutin, the brand name for pheyntoin sodium, to Flynn Pharma in 2012.

Flynn debranded it and began selling it under its generic name. Pfizer continued to manufacture the drug but sold it to the smaller company for 8 to 17 times more than it had previously sold the drug in the UK. Flynn then charged the NHS up to 27 times more for the drug than its previous price when branded as Epanutin. The cost to the NHS rose from £2.3 million a year to more than £40 million in 2014.

The CMA is due to issue a final decision on the case in August.

Last month the watchdog also launched a separate investigation into suspected breaches of UK and EU competition law in the pharmaceutical sector.

A spokeswoman for the CMA declined to comment on the companies involved in this investigation.

The Times is not aware of any investigation into AMCo or Atnahs.