

# CMA gives Virgin and O2 merger green light

Press release

Following a provisional clearance last month, the CMA is now allowing the proposed merger of Virgin Media and Virgin Mobile with O2 to go ahead.



Both Virgin and O2 sell wholesale services to a number of mobile operators in the UK. Virgin supplies wholesale leased lines to mobile operators and O2 provides its mobile network to companies that do not have their own.

The CMA was initially concerned that, following the merger, Virgin and O2 could raise prices or reduce the quality of these wholesale services. If this were to happen, it could lead to other companies being forced to offer lower quality mobile services or increase their retail prices which would negatively impact consumers.

The merger was referred to a group of independent CMA Panel members for an in-depth Phase 2 investigation. The Group has concluded that the deal is unlikely to lead to any substantial lessening of competition for a number of reasons:

- The costs of leased lines are only a relatively small element of rival mobile companies' overall costs, so it is unlikely that Virgin would be able to raise leased-line costs in a way that would lead to higher charges for consumers.
- There are other players in the market offering the same leased-line services, including BT Openreach – which has a much greater geographical reach than Virgin – and other smaller providers. This means the merged company will still need to maintain the competitiveness of its service or risk losing wholesale custom.
- As with leased-line services, there are a number of other companies that provide mobile networks for telecoms firms to use, meaning O2 will need to keep its service competitive with its wholesale rivals in order to maintain this business.

Martin Coleman, CMA Panel Inquiry Chair, said:

O2 and Virgin are important suppliers of services to other companies who serve millions of consumers. It was important to make sure that this merger would not leave these people worse off. That's why we conducted an in-depth investigation.

After looking closely at the deal, we are reassured that competition amongst mobile communications providers will remain strong and it is therefore unlikely that the merger would lead to higher prices or lower quality services.

More information is available on the [Liberty Global plc / Telefónica S.A. merger inquiry case page](#).

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