

News story: Competition concerns over university laundry merger

The 2 firms provide a range of managed laundry services to higher education customers such as universities, colleges and providers of student accommodation. These services include supplying and maintaining washing machines and tumble dryers, refurbishing laundry rooms and providing cashless payment services and apps to monitor machines remotely.

When JLA New Equity Co Limited (JLA) acquired Washstation Limited (Washstation) in May 2017, the transaction represented a merger between the 2 leading providers of managed laundry services to the higher education sector.

After receiving a complaint about the completed merger, the Competition and Markets Authority (CMA) opened an initial Phase 1 investigation into the takeover in February 2018. It found significant competition concerns, namely that JLA's purchase of its nearest competitor would give the merged company a market share of more than 90%.

As a result, the case was referred to a group of independent panel members at the CMA for an in-depth, Phase 2, investigation.

After considering a wide range of evidence, the CMA has issued provisional findings. It is concerned that the merger is likely to result in customers paying more for laundry services or receiving a lower quality service, which might ultimately impact students.

The CMA found that, following the merger, JLA now faces only limited competition. Other providers of managed laundry services in the higher education sector are not currently in a position to compete strongly with JLA / Washstation, and it is unlikely that any future expansion by these firms would be sufficient or quick enough to offset the loss of competition caused by the merger.

The investigation has also shown that companies providing laundry services in other sectors – for customers such as hospitals, care homes or leisure centres – would find it difficult to enter the higher education market and create enough competition to act as rivals for the merged company.

The CMA is now inviting comments on its provisional findings until 31 August. It will also seek comments up until 21 August on its remedies notice, which outlines measures the CMA could take if it finally decides that there has been a substantial lessening of competition.

Further details are available on the investigation [case page](#).