

News story: University laundry services merger could reduce competition

JLA New Equityco Limited (JLA) acquired Washstation Limited (Washstation) in May 2017. Both firms rent out and maintain washing machines and tumble dryers to universities, colleges and student accommodation providers for use by students.

The CMA (Competition and Markets Authority) [started investigating](#) after receiving a complaint about the completed merger.

It found that JLA and Washstation were the two main suppliers of managed laundry services to higher education customers, with a combined share of supply of more than 90%. Prior to the merger, JLA and Washstation were each other's closest competitor and they faced limited pressure from other competitors.

The CMA considered whether other companies would enter or expand in the market to challenge the merged entity but found that, although some competitors had indicated an intention to grow, this could not be relied on to offset the adverse effects of the merger.

The Authority is concerned that the merger may substantially lessen competition in the supply of managed laundry services to higher education customers, leading to higher prices, lower quality or less innovation in these services. This could result in students paying more or getting a worse quality of service.

This case will now be referred for an in-depth phase 2 investigation by an independent group of CMA panel members unless JLA is able to offer a solution at this stage to address the competition concerns.