

## Vehicle salvage merger reduces choice and may limit access to salvage vehicles for green parts

Copart and Hills Motors both supply vehicle salvage services. This involves collecting damaged vehicles from customers, including the insurance industry, finance companies and rental car companies, and then managing the onward sale, dismantling or scrapping of the vehicle.

Copart is currently the largest supplier of salvage vehicles in the UK, including those that can be used to recover green parts. Hills Motors has an in-house dismantling service and is an important supplier of green parts.

The Competition and Markets Authority's (CMA) Phase 1 investigation has found that Copart and Hills Motors were among a few in the business with national contracts for salvage services and they competed for the same contracts. The CMA therefore found that Copart and Hills Motors are close competitors, and the transaction could lead to a loss of competition in the supply of salvage services and salvage vehicles.

The CMA also considered the effect of the transaction on the supply of green parts. Copart previously had no dismantling capability but was one of the largest suppliers of cars to dismantling businesses. Since acquiring Hills Motors, Copart could decide to restrict the number of salvage vehicles with reusable parts available on its auction platform and instead have Hills Motors dismantle them. This could restrict rival dismantling businesses' access to salvage vehicles.

The CMA is therefore concerned that the loss of rivalry between the companies could lead to higher prices and reduced choice for customers of salvage services and reduce competition in the supply of green parts in the UK.

Sorcha O'Carroll, Senior Director of Mergers at the CMA, said:

It is important that salvage and green parts services remain competitive so that the many businesses in the UK that rely on them benefit from lower prices and higher quality services.

Our investigation showed that Copart's purchase of Hills Motors takes out an important player in the vehicle salvage services industry and that few competitors would be left in the market. The transaction could also make it more difficult for green parts suppliers to purchase the vehicles they need, which would reduce competition in that market.

We will move to an in-depth investigation unless the companies can address our concerns.

Copart has 5 working days to submit proposals to address the CMA's competition concerns. The CMA would then have a further 5 working days to consider whether to accept these in principle instead of referring the case to a Phase 2 investigation.

For more information, visit the [Copart / Hills Motors case page](#).

1. All media enquiries should be directed to the CMA press office by email on [press@cma.gov.uk](mailto:press@cma.gov.uk), or by phone on 020 3738 6460.
2. 'Copart' refers to Copart, Inc. and 'Hills Motors' refers to Green Parts Specialist Holdings Ltd.