

Virgin and O2 merger referred for in-depth investigation

Press release

The CMA has referred the proposed merger of Virgin Media and Virgin Mobile with O2 for an in-depth Phase 2 investigation.



The move comes after Virgin and O2 requested that the Competition and Markets Authority (CMA) move quickly to the in-depth Phase 2 stage of its review through a 'fast-track' process.

Merging companies can ask for a case to be fast tracked to Phase 2 where there is sufficient evidence at an early stage of the investigation for the CMA to conclude that there is a realistic prospect that the transaction would result in a substantial lessening of competition in one or more markets. The option to fast track provides flexibility in the CMA process and enables such cases to progress efficiently and quickly.

The CMA has today accepted this request given the deal's potential impact on competition in several telecommunication markets in the UK, and the Phase 2 probe will begin immediately.

Both Virgin and O2 provide certain wholesale services to other mobile network operators in the UK – wholesale mobile services and mobile backhaul, respectively. The CMA is concerned that, following the merger, Virgin and O2 may have an incentive to raise prices or reduce the quality of these wholesale services, ultimately leading to a worse deal for UK consumers.

The Phase 2 investigation will be overseen by an inquiry group chosen from the CMA's independent panel members. Over the course of the investigation, the group will gather evidence from a range of sources to inform its in depth analysis.

In the coming weeks, the group will publish an issues statement setting out in detail the aspects it expects to investigate. Interested parties will then have the opportunity to present their views on the merger and the issues to

be examined by the group.

The CMA's full referral decision and expected timelines for its Phase 2 investigation will be published shortly on the [Liberty Global plc / Telefónica S.A. merger inquiry case page](#).

Notes to editors

1. Liberty Global plc (Liberty) owns Virgin Media and Virgin Mobile in the UK, and Telefónica S.A. (Telefónica) owns O2 in the UK.
2. Following a request from the CMA, the European Commission referred the proposed merger of Virgin Media and Virgin Mobile with O2 to the CMA for investigation on 19 November 2020.
3. Under the Enterprise Act 2002 (the Act) the CMA has a duty to make a reference to Phase 2 if the CMA believes that it is or may be the case that a relevant merger situation has been created, or arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.
4. Media enquiries to the CMA should be directed to press@cma.gov.uk or 020 3738 6460.

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