Rescue takeover for McColl’s by Morrisons on as competition concerns addressed

The UK competition watchdog has indicated it could push through the rescue takeover by Morrisons of convenience chain McColl’s after the supermarket firm offered to address competition concerns.

Earlier this month, the Competition and Markets Authority (CMA) raised concerns over 35 locations where it saw the potential for reduced competition between McColl’s, Morrisons and Motor Fuel Group – which is owned by Morrisons’ parent firm – stores.

The undertakings have not been disclosed but are expected to be slightly below 35, with the disposal of certain stores expected to ease concerns in more than one area.

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In a statement, the CMA said: “Morrisons offered undertakings to the CMA, which involve divesting convenience stores.

“The CMA considers that there are reasonable grounds for believing that the undertakings offered by Morrisons, or a modified version of them, might be accepted by the CMA under the Enterprise Act 2002.”

The Bradford-based supermarket chain agreed to buy McColl’s in a rescue deal in May after the retailer collapsed into administration in light of soaring costs due to supply chain disruption, inflation and its large debt burden.

In July, the CMA first launched a phase-one investigation into the move amid concerns it could lessen competition.

Earlier this month, Morrisons said it hoped it could reach a “swift conclusion” despite the CMA finding the 35 areas where the now-merged brands would be competing.

The watchdog highlighted at the time that a solution could be found, as it said the takeover deal would “not harm the vast majority of shoppers or other businesses”.