

Vodafone and Three merger in doubt amid price hike concerns

A planned merger between Vodafone and Three is in doubt after the competition watchdog said it would launch a major investigation into the deal.

The Competition and Markets Authority (CMA) said the move was being taken after the firms failed to offer any measures to ease its concerns that mobile phone users could face [higher prices and reduced quality of service](#) if the plans went ahead.

The proposed £15bn merger, [announced last year](#), would bring 27 million customers together under a single provider and create the UK's largest mobile network.

However, fears have been raised that it will reduce rivalry between operators, with the regulator previously saying it had not seen any evidence that the deal would be good for competition or investment.

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Last month the CMA gave the companies five working days to respond with “meaningful solutions” to its concerns – or else face a lengthy, in-depth “phase two” investigation.

But in a statement on Thursday, the regulator said Vodafone and Three had “informed the CMA that they would not be offering any undertakings”.

The investigation, overseen by an independent panel, will take at least 24 weeks and could result in the merger being blocked.

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Vodafone and Three argue the deal will allow them to increase investment and better compete with their major rivals, BT/EE and Virgin Media-02.

The firms said in a joint statement: "This was an expected next step in the process and is in line with the timeframe for completion that we set out from the outset.

"[Vodafone UK](#) and Three UK remain confident that the transaction will drive stronger competition in the mobile sector and give customers and businesses a step-change in network quality, speed, and coverage from day one."

They added: "We will review the potential concerns raised by

the CMA and look forward to continuing to engage constructively with them throughout the review.”

The [CMA](#) previously described Three as “generally the cheapest of the four mobile network operators” – but warned this could be jeopardised as the merger might “reduce rivalry between mobile operators to win new customers”.

The watchdog further raised concerns that the deal may make it difficult for smaller ‘virtual’ operators, such as Sky Mobile, Lebara and Lyca, to negotiate good deals for their own customers, as it would reduce the number of network operators available to host them.