

Press release: CMA orders sale of customer contracts in washroom suppliers' merger

The decision by the Competition and Markets Authority (CMA) comes after an in-depth Phase 2 investigation into the completed merger between 2 of the UK's largest suppliers of washroom services. The firms supply commercial, industrial and public buildings with items and services such as soap dispensers, air sanitisers and sanitary waste disposal.

The CMA's group of independent panel members investigating the merger has today published its final decision. It found that the deal is likely to result in higher prices or a worse service for customers seeking a single supplier of waste disposal services at multiple locations across the whole or a large part of the UK.

The findings show that the merger of Rentokil and Cannon, who are 2 of the 3 major suppliers of washroom waste disposal, would reduce the choice of suppliers available to these customers. The CMA found that this effect would not be offset by competition from other suppliers. Nor did it find evidence that future entrants into the market would have sufficient impact in the foreseeable future.

To offset the loss of competition resulting from the merger, the CMA has decided Rentokil / Cannon must sell all contracts with customers that have premises nationally and across multiple regions, who were serviced by Cannon prior to the merger. These contracts will be sold to a different company to recreate the pre-existing competitive intensity for future national contracts. This company would need to be approved by the CMA. The new washroom services supplier will also, should it so require, be able to acquire Cannon infrastructure such as vehicles and equipment to enable it to provide an effective service to these customers.

Anne Lambert, Inquiry Chair, said:

Our decision will preserve competition and choice for customers seeking a single supplier of washroom services across multiple locations.

Where the CMA concludes that a merger will have a significant impact on competition, it will take action to restore that competition – regardless of whether a merger has been completed.

Full information on the merger investigation can be found on the [case page](#).

Notes to editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law.
2. Rentokil Initial acquired Cannon Hygiene in January 2018. In April 2018, the CMA called in the merger for investigation. At the end of the initial (phase 1) review, Rentokil Initial offered no undertakings to address the competition concerns found in the CMA's phase 1 decision, and the CMA therefore referred the case for an in-depth ([phase 2](#)) investigation on 28 June 2018.
3. On 18 October 2018 the CMA [published its provisional findings](#) and [notice of possible remedies](#) and invited views.
4. The CMA's functions in phase 2 merger investigations are performed by inquiry groups chosen from the CMA's panel members. The appointed inquiry group is the decision-maker on phase 2 investigations.
5. The CMA's panel members come from a variety of backgrounds, including economics, law, accountancy and/or business; the membership of an inquiry group usually reflects a mix of expertise and experience.
6. The members of this inquiry group are [Anne Lambert \(Inquiry Chair\)](#), [Gareth Davies](#), [Susan Hankey](#) and [Jeremy Newman](#).
7. Media enquiries to the CMA should be directed to press@cma.gov.uk or 020 3738 6460.