

**Honest Mobile**

3.18 Canterbury Court  
1-3 Brixton Road  
London  
SW96 DE

12th November 2024

**Competition and Markets Authority**

The Cabot  
25 Cabot Square  
London  
E14 4QZ

**Subject: Public Response to CMA's Remedies Working Paper for the Vodafone and Three Merger**

Dear CMA,

Thank you for the opportunity to respond to the Remedies Working Paper (5th November 2024) for the proposed Vodafone and Three merger. Having read the proposed remedies in full, I am disappointed to see how little they will encourage innovation and new entrants into the UK mobile market.

As previously submitted, with the right remedies, the merger could benefit both the UK and its consumers. However, the remedies suggested in the working paper are overly skewed to favour existing incumbents and large-scale MVNOs, limiting the potential for smaller players to contribute to meaningful change.

**Remedies for the Wholesale Market**

As a smaller MVNO, we are particularly focused on protecting the smaller end of the MVNO market, where innovation can lead to genuine new consumer products, propositions, and benefits. Without protection across the market, incumbents can exert commercial pressure to discourage genuine innovation.

The proposed grouping of MVNOs into three tiers fails to recognize the impact that new entrants can make. Start-ups and new MVNOs cannot realistically grow to 0.5 million customers within months without a substantial existing business base (e.g., Sky or iD Mobile). This discourages new entrants and stifles innovation. We propose that up to 20 Tier 0 MVNOs, each with up to 50,000 subscribers, be included in the onboarding process, with each automatically migrating to Tier 1 as they pass 50,000 live subscribers.



Additionally, without remedies that apply across the market, new entrants could find themselves restricted to working only with the newly merged entity, while other incumbents may refuse to engage. This would not reflect a competitive market and could leave new entrants with just a single credible supplier—assuming the arbitrary limit of 8 has not already been surpassed.

We also challenge the need for differentiated pricing between Tier 1, 2, and 3. The marginal cost to serve a single GB of data is consistent across the network, and tiered pricing places smaller operators at a disadvantage, making it harder to offer consumers the most competitive rates.

### **Network Commitment**

A three-year initial review for network investment commitments falls short of the level and speed of investment required to promote the interests of UK consumers. We recommend setting annual targets throughout the review period, with ambitious goals in the first twelve months to maintain consumer confidence in the proposed merger.

Furthermore, all investments should benefit MVNO customers from the outset to ensure that consumers have access to the highest network quality and to prevent incumbents from providing superior services at a premium.

### **Conclusion**

In conclusion, while we recognize the potential benefits of the proposed Vodafone and Three merger, the CMA's remedies must be adapted to foster genuine competition and innovation. Without provisions to support new and smaller entrants, the merger risks reinforcing the dominance of large incumbents, at the expense of consumer choice and market dynamism. We urge the CMA to reconsider its approach to tiered structures, pricing models, and investment commitments to create a fairer, more competitive environment that better serves UK consumers.

Yours sincerely,

Andy Aitken

**CEO, Honest Mobile**