



## **Department for Business, Innovation and Skills - A Small Business Commissioner**

### **response from the Financial Ombudsman Service**

21 August 2015

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The Financial Ombudsman Service welcomes the opportunity to respond to the current consultation.

#### **about the Financial Ombudsman Service**

The ombudsman service was set up by Parliament to sort out individual complaints that consumers (including some micro-enterprises, charities or trusts) and financial businesses aren't able to resolve themselves. It is an independent service for settling complaints fairly, reasonably, quickly and informally, which is free to consumers. The financial business must be given the chance to look into a problem first – and they have eight weeks to consider it (unless they consent to us looking at the complaint earlier). If the financial business does not respond within eight weeks, or does not respond to the consumer's satisfaction, the consumer can go to the ombudsman service.

The types of complaints we can help with cover most financial products or services provided in or from the UK. The financial businesses we cover include not just businesses that are currently regulated by the Financial Conduct Authority, but also some businesses that were previously regulated, others that are based outside the UK and aren't regulated by the FCA, and some businesses that provide financial services and products that are "branded" under other companies' names.

#### **our response**

As the proposals recognise, in addition to considering complaints from individuals, the Financial Ombudsman Service is able to consider complaints from "micro-enterprises" – defined as small businesses which employ fewer than 10 persons; and which have a turnover or annual balance sheet that does not exceed €2 million.

Each year we record around 4,500 complaints from micro-enterprises. However, the number of complaints is likely to be higher – because many owners of micro-enterprises, particularly self-employed people, bring their complaints to us as individuals.

The proposals for a new Small Business Commissioner to provide support to small businesses - in particular on late payments - where that coverage does not already exist, are welcome. We support the objective to avoid duplication of coverage and welcome the reassurance that matters already being dealt with by other bodies, including the Financial

Ombudsman Service, would be outside the Commissioner's remit. However, securing a system which enables small businesses to access the right services quickly and easily will rely on clearly defined roles, responsibilities and signposting. We think that can be achieved through discussion and engagement and would be very happy to participate.

You may also be interested in some recent work we've done to help us build a richer picture of the kinds of micro-enterprises that come to the Financial Ombudsman Service as complainants and the problems they've encountered. We hope that by sharing what we're seeing, we can help to support the relationships between micro-enterprises and financial providers, to highlight areas of good practice, and to promote change where it's needed. The details of this work are available on our website: [http://www.financial-ombudsman.org.uk/publications/policy\\_statements.html](http://www.financial-ombudsman.org.uk/publications/policy_statements.html).

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