



Common traps seen in SMSF advice and what to do if things go wrong



Here are some of the traps we have seen professionals fall into when advising a client on SMSFs

- The costs of administering an SMSF is unrealistic for the amount of funds available
- The client is not capable of understanding and undertaking the responsibilities as trustees
- There is no separate investment strategy for SMSF
- There is no real benefit for the client to switch from existing superannuation arrangements to an SMSF
- Gearing in the SMSF has no obvious benefit
- No alternative strategies considered
- No record of how conflicts have been resolved (goals, lifestyle, available resources, and willingness to take risk)
- Implications with insurance coverage within existing superannuation arrangements have not been considered
- Not properly documenting recommendations and advice

What should you do if things go wrong?

If things go wrong and your client wants to make a complaint, ensure as a licensee that you have good internal dispute resolution processes and systems. Can you say yes to the following? If not, you will need to consider whether you have appropriate arrangements for dealing with client complaints.

- Are your complaints process and procedures accessible to your clients?
- Do you have clear response times for dealing with complaints?
- Will your complaints be handled in an unbiased way with adequate opportunity for clients to state their case?
- Is your complaints process free of charge to the customer?
- Is your client's personally identifiable information kept confidential and not disclosed?
- Are your communications easy to understand and are you open to feedback?
- Do you keep a good record of your complaints and your responses?
- Do you use the information you have learnt from your complaints to improve the way you do things?
- Do your internal dispute resolution process and procedures cover the majority of your complaints?
- Have you adopted the definition of complaint in the Australian Standards for complaints handling (AS ISO 10002-2006)



Who are we?

The Financial Ombudsman Service (FOS) Australia fairly and independently resolves disputes between consumers and member financial services providers.

Membership of the Financial Ombudsman Service is open to any financial services provider operating in Australia.

Our independent dispute resolution processes cover financial services disputes including banking, credit, loans, general insurance, life insurance, financial planning, investments, stock broking, managed funds and pooled superannuation trusts. We also cover estate planning, estate management and trustee services.

Contact us

To find out more and join Australia's leading EDR scheme for financial services.

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