



Australian Government



Australian  
**Small Business and  
Family Enterprise**  
Ombudsman

23 September 2016

Ms Silvia Renda  
Senior Manager  
Strategic Review  
Financial Ombudsman Service  
Email: [smallbusiness@fos.org.au](mailto:smallbusiness@fos.org.au)

*Silvia*

Dear Ms Renda

### **CONSULTATION ON EXPANSION OF FINANCIAL OMBUDSMAN SERVICE'S SMALL BUSINESS JURISDICTION**

Thank you for the opportunity to make a submission to the consultation on the expansion of Financial Ombudsman Service's (FOS) small business jurisdiction. As you may be aware, my office has recently been tasked by the Minister for Small Business to undertake an inquiry into small business loans. The terms of reference for our inquiry require us to examine aspects of the Parliamentary Joint Committee on Corporations and Financial Services report on the *Impairment of Customer Loans* which includes dispute resolution matters. We are aware of the multiple initiatives addressing a range of similar topics including this review and the Ramsey Review. Given this, there is a clear need for cooperation to address these issues. As these reviews are presently underway, I am happy to provide the following general comments.

As a Commonwealth advocate for small businesses and family enterprises, I am very interested in seeing improvements made to the dispute resolution processes accessible to small business. Small business often cannot access legal options available to them, largely due to a lack of financial resources, in comparison to the larger corporations.

Industry dispute resolution services like the FOS are important to small businesses in dispute with their financial service provider. We are supportive of efforts to expand the scope of FOS' jurisdiction which should be broad enough to capture a larger number of small businesses. We suggest the definition of small business in your Terms of Reference be expanded. We support a broad definition of small business and would suggest the FOS simplify its definition to be less than 100 full time (or equivalent) employees with no conditions attached. This is similar to the definition used in the legislation for our office and ensures that both small business and family enterprise are covered.

T 1300 650 460 E [info@asbfeo.gov.au](mailto:info@asbfeo.gov.au)  
[www.asbfeo.gov.au](http://www.asbfeo.gov.au)

Office of the Australian Small Business and Family Enterprise Ombudsman  
GPO Box 1791, Canberra City ACT 2601



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We also believe that, to be effective, it is important that members of the small business community feel confident about the independence of these processes, which should be performed impartially and free from any bias, actual or perceived.

We would like to explore further areas where we could co-operate on and share insights and views with you. Please contact Ms Anne Scott on (02) 6263 1500 or at [anne.scott@asbfeo.gov.au](mailto:anne.scott@asbfeo.gov.au) for further discussions.

Yours sincerely,

**Kate Carnell AO**

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