

Minutes – SME Advisory Group

8 October 2024, Meeting held at The Financial Ombudsman Service,
Exchange Tower, London, E14 9SR and on Microsoft Teams

Internal attendees	External attendees
Owen Brace Andy Wright David Bainbridge (chair) Maya Eyre	George Anastasi , Senior Policy Manager (Business Finance), Finance and Leasing Association (FLA) Mike Conroy , Commercial Finance Director, UK Finance Liz Barclay , Small Business Commissioner (SBC) Richard Bearman , Managing Director Small Business Lending, British Business Bank (BBB) Mervyn Skeet , Director of General Insurance Policy, Association of British Insurers (ABI) Noyona Chundur , Chief Executive, Consumer Council for Northern Ireland (CCNI) Grace Brownfield , Head of Influencing and Communications, Money Advice Trust (Business Debtline) Stuart Morrison , Research Manager, British Chambers of Commerce (BCC)
Apologies John Davies , Chairman, Association of Alternative Business Finance Andrea Macleay , Senior Policy Advisor, Federation of Small Businesses	

Item	Agenda
1.	Welcome and introductions
2.	Key updates from the Financial Ombudsman Service
3.	SME casework updates
4.	Current issues facing small businesses
5.	Closing remarks and AOB

1. Welcome and introductions

1.1 The chair (David Bainbridge) welcomed attendees to the meeting and gave a brief overview of the agenda.

2. Key updates from the Financial Ombudsman Service

2.1 The Financial Ombudsman Service highlighted:

- The demand for our service has significantly increased. We are building resilience into our workforce plan to enable us to respond effectively to these sharp increases in demand.
- We are continuing to improve the pace of our service while maintaining quality. We saw a ten-percentage point increase in consumer confidence in our service in 2023/24.
- We are expanding our presence across the UK through our regional hubs and are continuing to invest in the digital journey for our customers.

3. SME casework updates

3.1 The Financial Ombudsman Service provided the following updates:

- Around 1,200 small businesses and 6,500 micro-enterprises use our service each year, however the number of complaints we've received has decreased slightly this year. This is because there are no high-profile issues currently driving additional volumes, such as Covid-related complaints.
- The largest category of complaints we receive are about administration and customer service, mainly about current accounts.
- Some observations to note:
 - The volume of complaints we're receiving about Business Interruption Insurance is now very low and those that are left tend to have particularly complex circumstances.
 - We're receiving around 35 complaints per month about Bounce Back Loans, mainly on recovery issues or account administration.
 - In the first half of 2024/25, we received around 300 complaints about an account closure from a business complainant, slightly lower than in 2023/24.

3.2 The group shared some insight relevant to these issues:

- The group acknowledged the Financial Conduct Authority (FCA)'s findings on access to bank accounts published in September.
- It was noted that the FCA continued to review and fine firms for insufficient anti-money laundering practices. This may lead to more firms reviewing their procedures and taking action, which in turn could result in an increase in complaints to our service.
- The group welcomed the Lending Standards Board's updated guidance which is strengthening protections for guarantors of business lending.

4. Current issues facing small businesses

4.1 The group shared insights on issues affecting small businesses. Members had a wide-ranging discussion, which included the following:

- Following a long period of crises, business confidence had been steadily growing from the start of the year, but this had started to level off this quarter. With

commitments that the Autumn Budget won't target personal incomes, business owners are feeling particularly concerned.

- Where firms are in financial difficulty, income shocks are being cited as a key reason, pointing to issues of financial resilience.
- The reduction in banking infrastructure in rural areas is impacting the small business community as access to in-person support is important for financial competence.

5. Closing remarks and AOB

5.1 The chair thanked everyone for contributing their insights to the discussion and closed the meeting.