



Addressing the causes of small business complaints

Systemic Investigation Report, June 2020



Telecommunications
Industry
Ombudsman

Contents

Introduction from the
Ombudsman

03

Helpful guide for phrases used
in this report

04

Finding 1: Small businesses may
commit to products unsuitable
for their needs

11

Complaints from small
businesses

05

Finding 2: Connecting new
services for small businesses
can take time

15

We conducted a systemic
investigation to find out the
causes of complaints

07

Finding 3: Providers and small
businesses don't always work
well together when faults occur

19

The four main causes of
complaints and how to
address them

09

Finding 4: Small businesses may
suffer financial loss if they don't
have a back-up plan

23

Tip sheets for small businesses
and providers

27

Introduction from the Ombudsman

Last financial year, my office received more than 19,000 complaints from small businesses about problems with their phone and internet services.¹

This report shares the insights from our investigation into the causes of complaints from small businesses. It also recommends actions for both small businesses and phone and internet providers to prevent complaints and reduce the impact when things do go wrong.

We carried out this investigation before the devastating bushfires and COVID-19 pandemic brought unprecedented challenges to so many small businesses. While the top complaint issues reported to us by small businesses are so far unchanged,² the impact of these issues may very well be greater. During government restrictions to curb the pandemic, many small businesses became solely reliant on phone and internet services to continue operating. Our guidance around working together to fix faults and having a back-up plan may be crucial at this time.

“We have found small businesses and providers both have a part to play in reducing complaints and minimising the impact of telecommunication problems.”

Small businesses employ almost 2.2 million people and are responsible for 35% of Australia's Gross Domestic Profit.³ Keeping the



doors of small businesses open is important for the wellbeing of Australia's economy. Many small businesses rely heavily on phone and internet services for the day-to-day operation of their business. Problems with these essential services can have serious consequences and, when a small business cannot resolve a problem with their provider, they come to my office for help.

My office is committed to identifying and reporting on systemic phone and internet issues experienced by small businesses. Our insights drive improvements in the delivery of telecommunications services by raising awareness of recurring issues and recommending changes.

During this period of disruptive change, working together is key. We have found small businesses and providers both have a part to play in reducing complaints and minimising the impact of telecommunication problems.

1. [Telecommunications Industry Ombudsman Annual Report 2018-2019](#)

2. [Telecommunications Industry Ombudsman Quarter 3 FY20 Report](#)

3. [Small Business Counts – Small Business in the Australian economy](#), Australian Small Business and Family Enterprise Ombudsman, July 2019

Helpful guide for phrases used in this report



What are systemic investigations?

Systemic investigations are investigations into issues that have or are likely to have a negative effect on a number of consumers, including about:

- a. providers' systems, policies, processes or practices
- b. repeated non-compliance by a provider with the law, regulatory requirements or good industry practice, and
- c. widespread issues driving complaints, which may arise from general industry practices, gaps in consumer awareness or the broader regulatory and telecommunications operating landscape.



What is a small business?

Different laws and industries define a 'small business' in a range of ways.

The Telecommunications Industry Ombudsman takes a flexible approach, taking into account the number of employees (generally 20 or less), annual turnover (generally \$3 million or less) and type of organisation (for example, if the 'small business' is an Australian office of a large multinational company).



What are phone and internet products?

Phone and internet products cover both:

- Services, such as mobile services, landline services and internet services, and
- Equipment supplied for use with a service, such as telephones and modems.

Often phone and internet products are supplied under an agreement for a fixed period. This is commonly known as a 'plan'.

As Australian businesses transition to having their services delivered over the National Broadband Network (NBN), more business voice services will be delivered using an internet connection.

Providers of phone and internet products may offer products tailored to small businesses, with inclusions like installation by a technician, multiple telephone lines, business desk phones, call forwarding services, video conferencing, and 4G back-up services.

Complaints from small businesses

We are concerned to see a rise in the proportion of complaints from small businesses. Phone and internet services are critical for small businesses and their complaints involve varied issues and take time to resolve.

Small businesses increasingly rely on phone and internet

As the rollout of the NBN nears completion and Australia's mobile technology continues to expand, small businesses are more reliant than ever on their phone and internet services to connect with customers and support their operations.

The relationship between small businesses and their providers is vital to the businesses' ongoing success. Any issues between a small business and their provider in service delivery can have significant consequences.

The proportion of complaints from small businesses is increasing

Over the past three years, complaints from small businesses have increased as a proportion of all complaints received by the Telecommunications Industry Ombudsman. By Financial Year 2019, the proportion of complaints from small businesses reached 14.7% of all our complaints. While the number of

complaints received by the Telecommunications Industry Ombudsman fell overall in this year, complaints from small businesses did not fall as much as those from residential consumers.

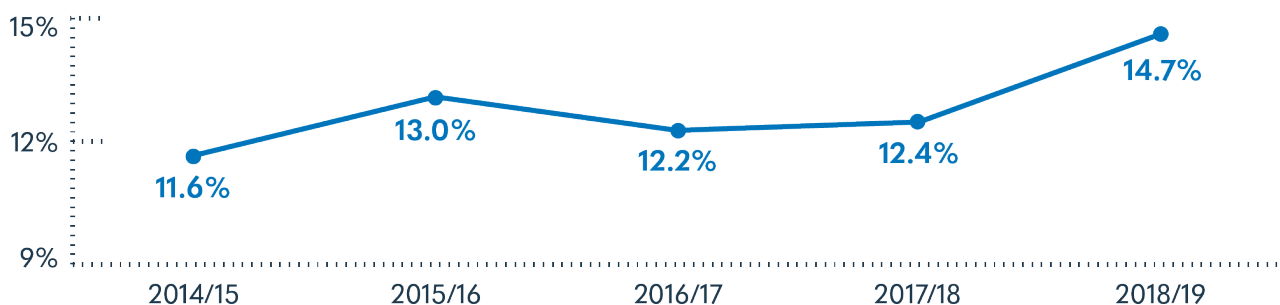
Complaint issues are varied and can take time to resolve

The types of issues which small businesses report experiencing are varied. Complaints from small businesses can take longer to resolve than complaints from residential consumers.⁴

In April 2019, in response to the increasing proportion and challenges of resolving phone and internet complaints from small businesses, we set up a Small Business Team. The team offers specialised assistance in conciliating and investigating the complexities of complaints from small businesses.

While the Small Business Team has allowed us to deal more efficiently with individual complaints from small businesses, the continuing trend showed more work needed to be done to understand the causes of these complaints.

Proportion of complaints from small businesses⁵



4. The median time that a small business complaint took to close was 16 days longer than the median time for residential complaints in Financial Year 2019.

5. Small business complaints include those received from Not-for-profit entities.

Top 10 complaint issues for small businesses

Financial Year 2019

No or delayed action by provider

The provider should have taken some action but hasn't done so.

6,684 (34%)

Service and equipment fees

The small business disputes charges for a service or equipment.

5,835 (30%)

No phone or internet service

The small business has no service at all.

3,506 (18%)

Delay establishing a service

There is a delay connecting, transferring, migrating, or relocating a service.

2,816 (14%)

Intermittent service or drop outs

The small business' service drops out or works one day but not the next.

1,795 (9%)

Resolution agreed but not met

The provider failed to resolve a problem after agreeing on a solution with the small business.

1,713 (9%)

Misleading conduct when making a contract

The provider misled the small business about a service, equipment, or future action of the provider.

1,033 (5%)

Termination fee

The small business disputes a charge for ending the contract.

980 (5%)

Disconnection in error

The small business has no service because of a provider's or carrier's mistake.

885 (5%)

Number problem due to connection, disconnection or transfer

There's a problem with a phone number because of a connection or transfer.

841 (4%)

We conducted a systemic investigation to find out the causes of complaints

In July 2019, our Systemic Investigations Team began an investigation to understand the causes of small business complaints and what might be driving the proportional increase.

The investigation looked at the main issues in the complaints, what we learn when we work with the parties to resolve the complaints, and the experiences of our specialist Small Business Team.

We also asked nine phone and internet providers of varying sizes about their experiences in supplying products to small businesses. Complaints about these providers collectively represented 90% of all complaints we received from small businesses last financial year.



“

With **businesses increasingly reliant on internet for aspects of their business**, it is understandable that the business would react negatively if their internet service is not working for whatever reason. The reality however is that no service is sold with a guaranteed 100% up time, and **sometimes the remedy can involve significant delays...**

– Provider

The four main causes of complaints and how to address them

Our investigation found four main causes of complaints from small businesses and we make recommendations on ways both small businesses and providers can address them. At a high level, our findings are:

1

Small businesses may commit to products unsuitable for their needs

When choosing phone or internet products, small businesses have many more options to consider than residential consumers. The costs of getting these options wrong, particularly when combined with poor sales experiences, can lead to complaints.

We recommend small businesses and providers identify the business' needs, consider suitable options and focus on key relevant terms before an agreement is signed.

2

Connecting new services for small businesses can take time

It often takes more time to connect new phone and internet services for a small business compared to a residential consumer. The number and type of services may affect the time needed to complete the connections. Small businesses may experience particular issues with delayed connections, such as having to move to new premises without working services or difficulties with setting up premises for connection to the NBN.

We recommend small businesses and providers minimise the risks when connecting new services by checking that the business address is correct, communicating about expected connection timeframes or delays and planning for enough connection time.

3

Providers and small businesses don't always work well together when faults occur

When small business services are impacted by faults, cooperation is often required to have faults fixed promptly. Problems can arise if small businesses and providers are not responsive about troubleshooting or not communicating well with each other or with other parties (such as network providers and equipment suppliers).

We recommend small businesses and providers adopt a more cooperative approach to fixing faults. While the resolution process can be frustrating, a focus on shared responsibility and effective communication during fault periods can reduce the time it takes to fix the problem.

4

Small businesses may suffer financial loss if they don't have a back-up

While most small businesses rely on phone and internet services, many do not have a back-up plan in place if a fault interrupts the services. When small businesses don't take steps to reduce the impact of a fault, it can cause loss of income and make it harder for the business to ask for compensation from their provider.

We recommend small businesses and providers ensure there's a back-up in place if phone or internet services are disrupted.

“

Small business complaints can be really **tricky to resolve and there's often multiple causes.** For instance, a small business complained to us because their services weren't working. While both parties were trying to fix this, the small business was also incurring business loss. In the end, **it was clear the fault was partly caused by the small business being sold an unsuitable product.**

– Telecommunications Industry
Ombudsman staff member

Finding 1: Small businesses may commit to products unsuitable for their needs

When choosing phone or internet products, small businesses have many more options to consider than residential consumers. The costs of getting these options wrong, particularly when combined with poor sales experiences, can lead to complaints.

Choosing small business products is difficult

Small businesses must make many choices when signing up for phone and internet services and equipment to support those services. For instance, they must decide:

- whether to sign up for a business plan or a residential plan
- whether to lease or buy communication equipment
- how many phone lines and numbers they need, and
- what level of internet bandwidth they need to support their business activities, like video conferencing and cloud-based applications.

Each decision could have lasting consequences for the business. For example, providers said small businesses often buy residential plans to reduce costs but expect business-grade technical support when a service fault occurs.

There are common areas of misunderstanding about small business products

Small businesses may commit to a product only to later find key features of the product are different to what they understood and needed.

Our complaint data shows service and equipment fees and equipment leases are two key areas of product misunderstanding by small businesses.

In the last financial year, service and equipment

fees were the second most complained about issue raised by small businesses. Complaints may be about the minimum monthly cost of the service, the fees to transfer business numbers from a previous provider or who should pay technician costs. Most providers identified fees as a commonly misunderstood area for small business customers.

Leasing of equipment is also commonly misunderstood. Alongside selling phone services, some providers offer a lease of office phone equipment. These agreements are often with a third-party leasing company and can be up to 60 months, which may be longer than the agreement for services offered by the provider. Some small businesses say they were not aware they had an agreement with a separate company, while others did not know they were leasing the equipment.

Small businesses may be impacted by misleading sales

When navigating complex options, small businesses may rely heavily on the advice of a provider's salesperson. Most providers said they had business-focused salespeople to help small businesses find suitable products.

However, our complaints show small businesses are sometimes receiving poor advice or even misinformation about the product.⁶ This can lead to the small business signing up for services or equipment they do not need or are not

6. In Financial Year 2019, misleading conduct was the seventh most complained about issue raised by small businesses and featured in 5% complaints from small businesses.

suitable for their business. We see the risk of misleading conduct increase when providers use third-party sales channels where they have limited oversight of sales practices.

In one case we investigated, a provider told a small business it needed new phone equipment to transfer to the NBN when the business' existing equipment was already compatible. Another provider promised a small business it would pay out an existing phone equipment lease, but left the small business owing \$13,000 to its previous leasing company.

Investigating a pattern of poor sales practices

When we identify a pattern of poor sales conduct from a provider, we may begin a systemic investigation. We work with the provider to help it improve its sales practices. If a systemic issue cannot be resolved or we have significant concerns about a provider's non-compliance with laws and codes, we will refer the matter to regulators to consider enforcement action.

Recommendations for small business

- 1. Consider your business needs.** Before you enter an agreement, take the time to consider the phone and internet needs of your business. Know your budget. Know the length of time your business can commit to. Shop around for the right product.
- 2. Be aware of sales pressure.** Even if you're feeling pressured by a salesperson (whether in store or at your business), don't rush your decision. Feel free to ask for an unsigned copy of the agreement you or an adviser can review later.
- 3. Understand what you're signing.** Carefully read the agreement and ask the provider to explain any terms you are uncertain about before signing. If you think a product does not meet the needs of your business, ask the provider about alternatives.
- 4. Keep a full record of what you agreed to.** If you and the salesperson have agreed to special terms, ask the salesperson to record these terms before you sign the agreement. Keep a copy of the signed agreement for your records.

Recommendations for providers

- 1. Understand the business.** Discuss the small business' needs to identify relevant service and equipment options. This includes whether a business or residential service plan is suitable. Be clear about any assumptions made in recommending an option.
- 2. Train and monitor sales staff.** Train and monitor sales representatives (including third-party sales channels) to ensure they don't mislead customers and they promote and sell products in a manner that is fair, transparent and accurate.
- 3. Provide balanced and clear information.** Explain key terms to the small business, including:
 - ◎ the agreement length
 - ◎ the cost to cancel the contract early
 - ◎ inclusions and exclusions relevant to the consumer's business, and
 - ◎ details of any third parties involved in equipment leases.
 Do it in a way customers can understand.
- 4. Keep a full record of the sale.** Ensure copies of signed agreements and any surrounding documents are kept. This can assist in resolving any complaints that arise.

Case study

Santo's travel agency was misled about an equipment lease

Santo runs a small travel agency and has four telephone lines with Confidence Networks.

He was not happy with how high his phone bills were and went to a Confidence Networks store to see whether it offered a cheaper telephone plan.

The sales agent at Confidence Networks offered Santo a three-year agreement that included four telephone lines and office telephone equipment. Santo accepted the offer as it was cheaper than his existing plan.

Three years later when Santo asked Confidence Networks about signing up to a new plan, it told him his equipment lease still had two years to go. When Santo queried this, Confidence Networks said he had previously accepted two agreements – a telephone service agreement for three years and a telephone equipment lease agreement for five years. It said Santo could pay \$6,000 to exit the lease agreement early.

Santo contacted the Telecommunications Industry Ombudsman to complain, saying the sales agent at Confidence Networks had not told him about the lease agreement, but had talked as though both the service and equipment were part of a three-year agreement. Santo said he would not have agreed to a five-year lease plan and said he wanted Confidence Networks to cancel his agreement without charging an early exit fee.

During the Telecommunications Industry Ombudsman's handling of this complaint, Confidence Networks agreed to release Santo's business from the lease agreement without charging an early exit fee.

Names of individuals and retail providers have been changed.



“

We see complaints where small businesses have **cancelled a lease agreement early** and dispute the early termination fees charged by the lease company, often saying **the fees were disproportionately high**. The dispute is particularly complicated where the small business also claims the equipment or the service is faulty.

– Telecommunications Industry
Ombudsman staff member

Finding 2: Connecting new services for small businesses can take time

It often takes more time to connect new phone and internet services for a small business when compared to a residential consumer.

The number and type of business services involved in a connection may affect the time a provider needs to complete a connection. Small businesses may experience particular issues with delayed connections, such as having to move to new business premises without working services or difficulties setting up business premises for connection to the NBN.

In Financial Year 2019, delay in establishing a service was the fourth most complained about issue raised by small businesses and featured in 14% of complaints from small businesses.

Connecting multiple types of services is complex

Connecting services becomes more complex with each additional service type included in the request. For example, connecting multiple office landlines, a fax line and internet services onto the NBN will often take more time than connecting a simple internet and landline service.

One provider said some extra steps needed to connect services for small businesses included site audits, design of the installation and multiple technician visits.

Misaligned address information can prevent connection to the NBN

When connecting services over the NBN, delays occur when the address information supplied by the small business does not align with the information in NBN Co's systems.

NBN Co assigns a unique location identification number (**Location ID**) to each "addressable premise" for connection to the NBN. We have seen complaints where the address of a business causes Location ID issues:

(a) Multiple businesses with one Location ID

Small businesses operating from a shopping strip or office building may unknowingly share a Location ID with nearby businesses. This is because in the pre-NBN environment, one phone line could supply multiple services to separate businesses.

To successfully connect each business to the NBN, an individual Location ID must be created for each business address.

Small businesses often become aware of a Location ID issue when another business sharing the same phone line applies to connect to the NBN using the common Location ID and unintentionally disconnects their service.

(b) Inconsistencies in how a business address is recorded

At times, the address used by the small business is different to the small business' address on NBN Co's database.

For example, a postal address of Shop 1, 12 High Street could be recorded on NBN Co's database as 1A/12 High Street. If the small business applies

to connect a service at Shop 1, 12 High Street, this will not match the address on NBN Co's systems. The connection order form must be updated to 1A/12 High Street before the business can be connected.

Small businesses may not allow enough time to transfer their services onto the NBN

Providers told us some small businesses do not allow enough time to transfer their services onto the NBN, leaving them at risk of having their

existing pre-NBN services disconnected before the transfer can take place. This can cause immediate disruption to day to day operations, especially when the small business has lost use of their advertised business numbers.

In Financial Year 2019, delay in establishing a service was the fourth most complained about issue raised by small businesses and featured in 14% of complaints from small businesses.

Recommendations for small business

1. **Check your business' address.** When filling out an application form for an NBN service, check the business address you've provided matches the address in your lease agreement or utility bills. Tell your provider if your business operates from a shared office space, shopping strip, or shopping centre.
2. **Allow enough time for connection.** Allow your provider enough time to process your connection request, especially if you have multiple numbers or additional services (such as fax lines). Ask your provider for an estimate of connection time.
3. **Keep existing phone services active.** When waiting for a new phone service to be connected, keep your existing phone service active. This is necessary because your provider can't transfer a phone number associated with a disconnected service.

Recommendations for providers

1. **Verify the business' address.** When processing an NBN order for a business address, verify the address by asking the customer to provide supporting information. Confirm with NBN Co the correct Location ID has been assigned, particularly where the NBN service will be connected in a shared office space, shopping strip or shopping centre.
2. **Pass on the business' access information.** So a connection appointment can be arranged, pass on access information about the small business to NBN Co, such as:
 - ⦿ The business' address and contact details
 - ⦿ The business' hours of operation
 - ⦿ Any special access details a technician would need to know
3. **Communicate about delays.** If unexpected delays occur, contact the customer regularly with updates and provide realistic timeframes about upcoming actions.

Case study

Takeaway restaurant owner Jean-Pierre puts wrong address in connection order form

When Jean-Pierre decided to open a takeaway restaurant, he leased a restaurant space at 'Shop 9' of a small shopping strip. He asked SparrowNet to connect a landline and internet service there.

SparrowNet tried to connect Jean-Pierre's services on the NBN network, but each time it tried, the connection request failed.

After around six months, the services were not connected and Jean-Pierre contacted the Telecommunications Industry Ombudsman to complain. He said he was concerned about the delay and wanted make sure the services were connected before the restaurant opened.

With the involvement of the Telecommunications Industry Ombudsman, Jean-Pierre and SparrowNet found a mismatch in the shop's address on the connection application and the legal address in NBN Co's systems. While

Jean-Pierre's restaurant was informally known as 'Shop 9', the legal address was 'Shop 3, Lot 2'. The difference in addresses meant the connection request could not be completed.

Jean-Pierre gave a copy of his lease agreement to SparrowNet and NBN Co. SparrowNet updated the address information on the connection request and was able to connect the services.

Names of individuals and retail providers have been changed.



“

This is the **single most stressful event in my business career**, I am literally **dependant on this service for the survival** of my business and my family's livelihood...

– Small business

Finding 3: Providers and small businesses don't always work well together when faults occur

When small business services are impacted by faults, cooperation is often required to have faults fixed promptly. Problems can arise if small businesses and providers are not responsive about troubleshooting or not communicating well each other or with other parties (such as network providers and equipment suppliers).

In Financial Year 2019, three of the top 10 complaint issues for small businesses included no or delayed action by provider (34%), no phone or internet service (18%) and intermittent service or drop outs (9%).

Small businesses and providers have different views about troubleshooting

When it comes to fixing faults, we found very different perspectives between small businesses and providers.

Small businesses believe providers should do more to restore their services. Small businesses tell us providers often ask them to complete the same troubleshooting steps rather than escalating the fault. While troubleshooting is a useful tool that identifies and resolves many service issues, it is important that providers have clear pathways so faults progress through appropriate steps until the issue is resolved.

Meanwhile, providers said small businesses:

- can be reluctant to work with the technical support team
- should take a proactive approach to repairing their services, and
- can expect repair of equipment or internal network issues that fall outside the provider's responsibility.

Fixing a fault may involve other parties

When faults with services occur, a retail provider may need to engage with the network provider about diagnosis and repair of the fault. Providers must maintain sufficiently detailed accurate records about the fault and actions being taken to rectify the fault, as well as coordinate communication between the small business and the network provider.

Information required to rectify faults includes detailed information about the business' address, the business' hours of operation and any special access considerations a technician may need to know for the business premises.

Poor communication between a small business, provider and network provider can cause uncertainty about the next steps needed to repair a fault and can cause delays in restoring services.

If a small business has services or equipment supplied through third party providers, the third party may be responsible for issues that affect services or equipment. Taking the time to establish who the relevant party is can reduce the time it takes to report an issue and restore a service.

Recommendations for small business

1. **Know who is responsible for fixing the fault.** If a fault arises, check your phone and internet agreements to ensure you're contacting the right party for assistance.
2. **Be part of the solution.** Make yourself or your staff available to complete troubleshooting of the fault. Keep a record of the troubleshooting steps you've taken.
3. **Actively communicate with the provider.** Maintain regular contact with your provider, answer questions and supply information you think will help identify the cause of the fault.
4. **Be realistic.** Your phone or internet fault may not be resolved overnight. During this time, discuss options with your provider about how you can keep your business running.

Recommendations for providers

1. **Clearly explain troubleshooting steps.** When a fault is reported, staff should explain what steps may need to be taken to fix the fault and an estimate of how long it will take.
2. **Build progressive pathways.** Progress small businesses through troubleshooting steps until a fault is fixed. Avoid repeated troubleshooting "loops" and escalate the issue when necessary. Consider setting up a dedicated business team that resolves queries from start to finish.
3. **Actively communicate with the customer.** Communicate frequent updates and information about the steps being taken to restore the service.
4. **Monitor technician appointments.** If a technician appointment is required, check in with the small business the day before and after the appointment to ensure that the appointment went ahead as planned. Notify small businesses as soon as any delays arise.

Case study

Ling's dental clinic works together with Leaf Internet and NBN Co to repair services

Ling's dental clinic has its phone and internet services with Leaf Internet. Customers make appointments by calling the clinic's advertised number or online through its website.

When the clinic's services moved to the NBN, the phone did not work and the internet began dropping out. This meant customers could not make bookings by phone or online and the clinic could not process payments using EFTPOS.

Ling reported a fault to Leaf Internet and it began troubleshooting the issues with her.

Further issues arose during troubleshooting, including delays redirecting incoming calls from the business number to a back-up mobile service and technicians who did not turn up to scheduled appointments.

After three months, Ling contacted the Telecommunications Industry Ombudsman to complain. She said she wanted Leaf Internet to fix the phone and internet service and to pay compensation for the loss of business the clinic experienced while the services were not working.

During the Telecommunications Industry Ombudsman's involvement with the complaint, NBN Co also offered to assist.

Through Ling's patience and cooperation, Leaf Internet and NBN Co resolved all the clinic's internet and telephone faults. Leaf Internet agreed to cover the dental clinic's service fees for the past three months and paid a further \$3,000 in compensation.

Names of individuals and retail providers have been changed.



“

My small business in a rural area is **totally dependent on my landline service for business**, as there is no passing trade.

– Small business

Finding 4: Small businesses may suffer financial loss if they don't have a back-up plan

While most small businesses rely on phone and internet services, many do not have a back-up plan in place if a fault interrupts the services. When small businesses don't take steps to reduce the impact of a fault, it can cause loss of income and make it harder for the business to ask for compensation from their provider.

Faults can have significant impacts on small businesses

Regardless of providers' efforts to deliver a continuous service, there will be times when faults occur.

A fault that affects a small business' phone and internet services may significantly impact day to day business operations such as receiving calls on an advertised number, backing up files and taking payments using EFTPOS. These may inconvenience customers and slow or stop trade until the problem is repaired, affecting the financial position of a small business. Faults that are not repaired over extended periods may, at times, lead to a business closing.

Not having a back-up plan may cause financial loss and affect a claim for compensation

Many small businesses who contact the Telecommunications Industry Ombudsman about faults also say they want their provider to pay compensation to cover financial losses.

In September 2019, we began recording small business complaints where a claim for business loss was made. Between September 2019 and March 2020, we received 1,101 complaints that included claims for business loss compensation.

When investigating a claim for compensation, the Telecommunications Industry Ombudsman will consider whether the provider is liable to pay compensation and, if so, whether the small business took reasonable steps to minimise the impact of their service not working.

Ideally, small businesses should have a strategy in place to move to back-up services if their primary services fail. With planning, small businesses can protect themselves from some of the financial losses caused by an outage.

Some steps small businesses can take to protect themselves are:

1. When a telephone service fails, ask the provider to divert incoming calls to a mobile phone number
2. When a telephone number is lost, advertise an alternative number on the small business' website and social media pages
3. When an internet service fails, purchase a mobile internet device.

Recommendations for small business

1. **Be prepared.** Prepare a back-up plan in case there's a fault with your phone or internet services. Consider what alternative services your business can rely on and what you can do to stay in touch with your customers. Check whether your provider offers interim services when faults occur.
2. **Protect your business.** Contact your provider to report the fault and take steps to protect your business. For instance:
 - © When a telephone service fails, ask the provider to divert incoming calls to a mobile phone number
 - © When an internet service fails, purchase a mobile internet device
 - © When a telephone number is lost, advertise an alternative number
3. **Be prepared if you want to claim compensation.** To claim compensation for business loss, you will need to show the steps you took to protect your business and demonstrate the loss you incurred as a result of your provider not meeting its obligations.

For more information about claiming compensation, please see our Factsheet [Consumer guide to compensation for financial loss](#).

Recommendations for providers

1. **Encourage customers to think about a back-up plan.** Encourage customers to consider what back-up services their business could need during a fault. Tell them about any interim back-up services offered such as a modem with 4G back-up.
2. **Offer solutions when a fault occurs.** When a fault occurs, give an estimate of how long it will take to fix so the customer can take steps to protect their business. Offer interim services and give the customer advice on minimising the impact of the fault.

Case study

Dr Priya's compensation claim is rejected

Dr Priya runs a medical clinic and has phone and internet services with ReliableNet. The clinic uses its internet service to process EFTPOS payments and Medicare claims.

The clinic moved and Dr Priya asked ReliableNet to transfer the services to the new address. It took two months to get the service working at the new address.

Dr Priya says during the two month period, the clinic could not process payments or Medicare claims. She said as a result of this the clinic had to turn away several patients and lost business.

Dr Priya contacted the Telecommunications Industry Ombudsman to complain, saying she wanted ReliableNet to pay compensation for the clinic's reduced income during the fault period.

However, the Telecommunications Industry Ombudsman did not consider it was fair and

reasonable for ReliableNet to compensate Dr Priya for her business losses because she did not take reasonable steps to protect her business.

The technical information for Dr Priya's EFTPOS and Medical claim device showed that the device could have worked using any internet connection, not just a wired internet connection from the office. This means Dr Priya could have purchased a wireless internet device to keep using her EFTPOS device while waiting for a more permanent connection.

Names of individuals and retail providers have been changed.



Case study

Daniel's beauty salon is paid \$10,000 in compensation for business loss

Daniel operates a beauty salon and has a telephone and internet service with Brave Networks. Clients contact the salon by telephone to make appointments.

The salon's telephone and internet services became faulty during a peak period. When Daniel reported a fault to Brave Networks, it said it would take some time to restore the service.

As a back-up measure, Daniel asked Brave Networks to divert the business number to his mobile so he could continue to take appointments. Brave Networks agreed to do this, but accidentally diverted the calls to an unknown mobile number.

The fault continued for five months. Although Daniel contacted Brave Networks frequently throughout this time for assistance, it did not

correct the diversion issue. As a result of this, Daniel says he lost around 90% of the bookings he would normally have taken during that time.

Once his service was restored, Daniel asked Brave Networks to compensate him for the amount his business lost during that five-month period.

The Telecommunications Industry Ombudsman found Brave Networks had not taken reasonable steps to help Daniel continue normal business operations during the fault. To resolve Daniel's complaint, Brave Networks paid \$10,000 compensation to Daniel.

Names of individuals and retail providers have been changed.



Tip sheets for small businesses and providers

[Click here to read the tip sheet for **small businesses** on reducing phone and internet problems](#)

[Click here to read the tip sheet for **phone and internet providers** on assisting small business customers](#)



Telecommunications
Industry
Ombudsman