

Horizon Spot Review - Response

SR013: Missing Cheques

Executive Summary

Due to the age of the transaction in question in this Spot Review (2005), the transaction history is no longer available and a detailed investigation cannot be conducted.

Nevertheless, it is thought (though this cannot be proven conclusively) that this case does not relate to missing cheques but rather to a TV licence transaction correction. In Post Office's experience this type of situation arises where a SPMR fails to properly record a TV licence transaction on Horizon.

In any event, it is noted that this Spot Review does not appear to raise any suggestion that there is an error in Horizon. Rather, it is focussed on Post Office procedures and branch processes in one specific case.

Detailed Response

Below is one possible explanation of what may have happened in this case. However, as this transaction took place in 2005 there are no longer any records available to fully investigate this matter pursuant to Post Office's standard 7 year retention policy on this type of information.

1. In 2005, TV licences could be renewed at Post Office branches.
2. It is thought that the customer presented his/her TV licence renewal at the branch. The SPM then accepted a cheque in payment, stamped the TC licence as having been renewed but did not process the transaction through Horizon. The stamp on the licence is unique to that branch and shows the date of the transaction.
3. As the transaction was not recorded on Horizon, the TV licencing authority will therefore not have received a notification via Horizon that the customer's licence had been renewed.
4. Further, the customer's cheque will initially not have formed part of the branch stock as Horizon would have no transaction on record.
5. As the cheque (for £126.50) was ultimately remitted out of Horizon and despatched for processing it must have been introduced manually by the SPMR onto Horizon. This will most probably have been done through a cash/cheque adjustment.
6. The impact of this adjustment will have been to increase the cheque stock by £126.50. Simultaneously, Horizon will have automatically reduced the "derived" cash position by £126.50. Assuming the branch was in balance at this point, the adjustment would have generated an "actual" cash surplus of £126.50.

7. At some later date, the TV licencing authority will have approached the customer about his/her expired TV licence who presumably then produced the stamped TV licence as evidence of payment.
8. The TV licencing authority will then have raised an error with Post Office Ltd requesting settlement for the transaction.
9. Post Office will have interrogated branch records but no licence payment will have been found for the date in question. As Post Office could not defend the error, it will therefore have paid the TV licencing authority.
10. A transaction correction (which in 2005 was called an Error Notice) will then have been issued to the SPMR in respect of this payment.
11. This transaction correction would then net off against the cash surplus described above. This means there was no financial loss to the branch.