

**Stephen Dilley**

---

**From:** Stephen Dilley  
**Sent:** 07 November 2005 10:01  
**To:** Stephen Lister  
**Subject:** Post Office -v- Lee Castleton

Dear Stephen,

As you are the relationship partner for the Royal Mail, I thought it would be helpful to update you in relation to a case I am dealing with for them in case Mandy Talbot mentions it. I recently inherited this case from Denise Gammack when she left the firm, who in turn inherited it from Laura Peto in CMS.

Mr Castleton ("Mr C") was a subpostmaster from July 2003 to March 2004. The Post Office a claim against him for approximately £27,115.83 plus interest and costs in respect of net losses. The real issue is whether there has been any real shortfall, or whether the shortfall has really been generated by computer error. Mr Castleton believes the post offices' weekly snapshots are inaccurate. Mr C has a wrongful termination claim for up to £250,000 but those losses have not yet been particularised.

The claim has been issued, a defence and counterclaim served, and the case was stayed for settlement. Mr C has obtained 2 experts' reports which conclude that the P.O's Horizon computer system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot and that Mr Castleton's Defence, "appears to hold potential merit based on the limited documentation" they have so far reviewed.

I have asked the P.O to produce some more documents to try to strengthen their claim, but they are struggling to do so. Given the nature of Mr Castleton's Defence, I suspect that the Court will draw adverse inferences against the Post Office if it is unable to produce relevant documents that could either help or hinder its case.

My view is either that we should obtain the documents to prove the claim is true, or take an early view that it is unlikely to succeed and seek an early settlement (which may even on a worst case scenario involve making a payment to Mr Castleton).

We take instructions from Cheryl Woodward, Agents Debt Team, Chesterfield but Mandy Talbot is copied in on emails. I spoke to Mandy last week to take instructions and her first question was why Bond Pearce had issued a claim when liability was unclear. I informed Mandy that my colleagues had expressed concern to Cheryl about issuing.

(There is an attendance note of a telecon between Laura and Richard Benton (Service Management Section) on file dated 20 April "LRB expressing concern that she would only want to issue if she was entirely satisfied there were no holes in the evidence which would make the claim fail" and letter from Laura to Cheryl dated 10 May stating "...although you have instructed me to issue proceedings, I am reluctant to do so with the knowledge that some vital evidence may be missing. In particular, some balance snapshots and documents for Week 51 and 52 are missing together with an audit trail. The debtor's solicitors claim that these documents are pivotal..." and email from Laura to Cheryl of 24 May "...it will damage the claim if we are unable to provide evidence pivotal to the claim." Laura was then told to issue a claim without this information.

Mandy's next comment was that Cheryl may not have had authority to tell Laura to issue a claim but I was able to tell Mandy that Cheryl had referred this question to her Managers before instruction Laura to proceed.

In any event, Mandy has instructed me to put forward an offer of mediation to try to settle the

07/11/2005

claim. In the meantime, she will try to obtain more info to support the P.O's claim.

If you have any further questions, please do not hesitate to contact me.

Kind regards.

Stephen Dilley

Solicitor

for and on behalf of Bond Pearce LLP

DDI: **GRO**

Main office phone: **GRO**

Fax: **GRO**

[www.bondpearce.com](http://www.bondpearce.com)