

DRAFT REBUTTALS DOCUMENT (September 19 2014): In strictest confidence

Background: Our public stance will be that we will not comment directly on any documents or individual cases that are confidential to applicants because applicants are assured of confidentiality under the Scheme's terms of reference.

Rebuttals below are for non-attributable use against allegations that might arise and will be reviewed against the nature of enquiries.

<i>Allegation</i>	<i>Rebuttal (all non-attributable)</i>	<i>comments</i>
P2 Report/ Themes		
You are trying to silence any critics	Nonsense. We have invested significant time and money into thoroughly investigating the concerns of a small number of sub-postmasters and we have been completely transparent about this. The Scheme is being run by a Working Group with an independent chair. Every case in the Scheme is being reviewed and applicants are being given as much support as possible when it comes to making their claim.	We cannot comment directly on any specific documents relating to cases because applicants are assured confidentiality under the terms of the scheme
You are attempting to cut SS out of the Scheme	The Scheme is being run by a Working Group with an independent chair. Post Office, Second Sight and the JFSA are members of that group.	
Contracts		
Sub-postmasters' contracts are unfair and biased in POL's favour	The terms of the contract are broadly similar to those used in franchising arrangements across the UK and reflect the basis on which Post Office and thousands of sub-postmasters have successfully conducted business for decades. The terms of the sub-postmaster contract are jointly drawn up by the Post	

	Office and the National Federation of Sub-postmasters, which represents the majority – 80% - of our independent agents.	
Many sub-postmasters have not signed or been given a copy of their contract	Sub-postmasters are business people and have the opportunity to review the contract before signing, as well as the opportunity to take legal advice if they wish to do so.	
Post Office does not provide legal advice before sub-postmasters sign the contract or even advise sub-postmasters they should obtain it	Sub-postmasters are independent business people, with a similar position to franchisees and therefore obtain legal advice as they see fit on any aspect of running their business. The majority of Post Offices are run on this 'agency' basis, frequently within another business, such as a shop.	
ATMs		
ATMs can easily be “out of synch” with Horizon	Post Office has more than 2,000 ATMs at branches throughout its network, successfully operated by sub-postmasters and staff. Both the ATM owner (Bank of Ireland) and POL have records for ATM transactions and there are robust processes for reconciliation.	
It was easy for sub-postmasters to make mistakes with ATMs and poor advice was given by the Helpline	Post Office has more than 2,000 ATMs at branches throughout its network, successfully operated by sub-postmasters and staff. This supports the fact that operating practices for ATMs are clear, understood and work in practice.	
ATMs could cause loss of data/ corruption if affected by power cuts or telecommunications failure	We are confident that no data is lost or corrupted from communication failures. The recovery process was process was reviewed in detail by Second Sight and found to work. We successfully manage and operate more than 2000 ATMs throughout our network. [If asked about power cuts/ telecommunications causing data	

	loss/ corruption more generally: After more than two years of investigation, including by independent forensic accountants, there remains no evidence of any system-wide flaws in Horizon, including that power or telecommunications failures cause losses in branches. The system is designed to ensure that data is protected from such events].	
Post Office has not treated the possibility of ATM external fraud seriously enough	Sub-postmasters are not liable providing correct procedures and accounting processes are followed. We treat fraud extremely seriously and work with our sub-postmasters and staff to prevent it.	
MVLs		
Misprinting of Motor Vehicle Licences barcodes could have caused significant losses for some Post Offices	This is completely incorrect. The barcode defines overall cost (not duration) and on scanning the code, Horizon invites payment at the level so there would be no discrepancy. There have been no widespread issues at all from any DVLA misprinting of barcodes.	
Lottery		
POL did not finally eliminate the possibility of synchronisation errors re Lottery scratchcards until February 2012. There were serious and frequent problems between 2005 and 2010	There have been no issues raised that indicate any problems caused by the Horizon system. We've continued to improve procedures to help sub-postmasters, not because of any problems with the system. The vast majority of sub-postmasters have been successfully operating these services for years.	
Audit trail/ Investigations		
Post Office controls Horizon and back office systems so sub-postmasters have to pay for 'losses' they cannot investigate	Sub-postmasters are enabled with the information they need to run their accounts, which the overwhelming majority manage to do successfully. Horizon tracks every transaction made in a Post Office branch and logs the levels of cash and	

	stock held. Branches have always had access to line by line transaction data each day which also includes method of payment.	
Default to seek evidence for false accounting – not open-minded/ flawed approach/ does not consider root causes	Post Office investigations are conducted on the facts of each case. But false accounting, by its nature, means that Post Office is prevented from being able to identify and investigate any transactions that might have caused discrepancies. It hides any genuine errors.	
Sub-postmasters were under pressure to falsely account	There are no circumstances capable of justifying committing the criminal offence of rendering a false account. If accounts are falsified it becomes impossible to distinguish between genuine errors and intentionally false entries.	
Sub-postmasters had records and diaries taken from them and not returned when they were suspended so were unable to prove innocence	Branch records are the property of Post Office and may be taken away for investigation in the event of a sub-postmaster being suspended. In addition, there is no evidence that any sub-postmasters who have been suspended have been prejudiced by POL taking their records away for investigation.	This answer will be revisited on final P2 Reply
Post Office has no incentive to investigate & correct discrepancies because sub-postmasters carry the risk and POL & customers benefit from surpluses	Post Office has every incentive to make sure the system works as efficiently and smoothly as possibly. We take discrepancies extremely seriously, whether they result in shortages or surpluses. Both are investigated and there is a robust process for correcting errors.	
POL deleted files for cases instead of operating a “litigation hold” policy	Post Office holds information and files for 7 years [which is normal business practice] where it is legally able to do so. [Legal to advise: there could be circumstances in which we	

	would hold information, if able to legally do so, for longer for a specific reason. But if we reasonably conclude that an enquiry/ issue/ case is completed our policy is to retain for 7 years????]	
Training and Support		
Sub-postmasters were not trained properly	Thousands of subpostmasters have been successfully operating Horizon for years having received training from Post Office. We provide comprehensive training, which we have continued to improve and which includes classroom and on-site sessions. We also offer follow-up support and visits. Nearly half a million [456,202] sub-postmasters and employees have been using the Horizon system since its introduction in [2001]. Around 2.5 billion transactions are successfully processed each year.	
Your Helpline gave poor, inaccurate or contradictory advice to sub-postmasters	Horizon has been used successfully by almost half a million [456,202] subpostmasters and employees since its introduction in [2001]. Our Helpline for sub-postmasters, alongside a service for technical enquiries is available to support them with any queries. If these are not quickly resolved, further expertise is available, including visits to Post Offices if necessary.	
Horizon system		
Subpostmasters' accounts can be amended in Horizon without knowledge of sub-postmasters/ staff	This is not and never has been possible.	
Sub-postmaster can be held accountable for shipments of foreign currency/ monies that never arrived	This is not true. If cash/ foreign currency is not delivered there is no loss to the subpostmaster.	
System generated entries can be made under sub-postmaster ID which is a design error	This is not true. Transactions are allocated to the user logged onto the terminal and who takes the action.	

Sub-postmasters have been bearing losses that could have been designed out of the system	This is not the case. The vast majority of subpostmasters have been successfully using Horizon for many years. Post Office regularly reviews and improves Horizon and makes enhancements based on user experience and feedback.	
Horizon is not fully fit for purpose / there is still evidence of “bugs” in the system	<p>Horizon is operated by thousands of subpostmasters, the majority of whom have not had any issue with the system or the effectiveness of it. There are currently more than 78,000 users of the system and six million transactions are processed by sub-postmasters and Post Office staff every working day.</p> <p>After an investigation spanning more than two years, there remains no evidence of any system-wide flaws in Horizon. The individual cases reviewed so far have not given rise to anything that changes that position.</p>	
Mediation		
It's a sham – you are refusing to mediate cases which SS recommends for mediation	<p>We have invested significant resource for two years, to enable thorough investigations and reviews and for the mediation scheme. All the resulting material is being shared with the applicants in the Scheme.</p> <p>Every case is different and is being investigated and reviewed individually on its facts.</p> <p>We cannot comment on individual cases but we can confirm that some cases have now been resolved and others are progressing through mediation.</p>	
You allowed criminal cases into the scheme but you are not mediating them and are essentially telling people they can go back to the courts –	Every case is different and is being investigated individually on its facts. We cannot comment on individual cases but we are not ruling out potential mediation for any cases.	

for many that is too late		
You are refusing to even consider compensation and in some cases you intend to still chase disputed debts	We cannot comment on individual cases. The terms of the Scheme assure applicants of confidentiality. Every case is different and is being investigated and reviewed individually on its facts.	
Recent FOIs		
You are refusing to provide the number of transaction corrections made every year under FOI.	Transaction Corrections are primarily to initiate a correction where a branch has made an error in recording a transaction. The issues that they are correcting may include an error, omission or duplication by the user in recording a transaction value into the system. Transaction Corrections are primarily about the getting the bookkeeping right. They do not indicate that money has either been paid to or from subpostmasters. [Insert position re confidentiality/ reason for non public disclosure]	Answer to be adjusted re latest on FOI enquiry
Cost of Scheme		
You haven't included any potential liability costs in your latest Report and Accounts but you must be facing significant pay-outs	Post Office Limited prepares its Financial Statements in accordance with international accounting standards, which set out a clear definition of what constitutes a liability. Any potential liabilities for the business are discussed with external auditors who agree whether they meet the definition and are required to be recognised in the Financial Statements for any particular year.	This has also been given in FOI response
You've spent £xk on SS alone so the cost of this must so far be into millions of £s of public money	We cannot discuss costs. [The Scheme must operate on the basis of keeping case details confidential and it is important we do not prejudice any possible outcomes]	We need to revisit this answer (eg will we have to provide in due course

		under any FOI). Also we can underline the significant time and money that is being spent because we have been committed to such thorough investigation etc
Post Office closures		
You closed some of the Post Offices after suspending subpostmasters to avoid paying compensation for their office closure	There is no truth at all in this. Our priority is to maintain services for our customers and there is a strict code of practice involving public scrutiny and consultation for changes to the Post Office network. The network is also governed by criteria to ensure customers have access to Post Office services.	