



Post Office Limited
Finsbury Dials
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London
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Has MP ADDRESS

By Email (xxx email address xxx)

14th September 2015

Dear xxx,

Post Office Complaint and Mediation Scheme

I thought it might be useful to follow up my telephone call / email / voicemail of Friday 11 September 2015, in regard to your signing EDM 427 on the Post Office Horizon Computer System, with a letter setting out the necessary detail surrounding this issue.

In 2012, the Post Office commissioned Second Sight Support Services Limited to carry out an independent review of its Horizon computer system in response to allegations by a small number of (largely) former Postmasters about the integrity of that system. Second Sight reported on their investigation in July 2013.

The investigation found no evidence of system-wide issues with Horizon and its associated processes. However, it did point to areas where the Post Office could have done more to support Postmasters, for instance in the support they received. In response, the Post Office introduced a number of measures to make further improvements in areas such as training and the way in which postmasters are supported more generally.

Following publication of Second Sight's conclusions in 2013, the Post Office also set up a Complaint Review and Mediation Scheme to examine individual cases and, where appropriate, provide a forum to assist their resolution through mediation. Against a backdrop of 500,000 users of Horizon since it was introduced, 136 cases were accepted into the Scheme from a total of 150 applications made (4 were ineligible and 10 were resolved prior to entry).

We have gone to great lengths to try to resolve these 136 complaints in a comprehensive and fair manner, with a keen sense of fairness and responsibility. However, in fulfilling our commitments to confidentiality, we have been unable to correct inaccurate or misleading statements made by complainants or on their behalf, such as those made in the Panorama programme referred to the Early Day Motion.

This programme included a number of inaccurate statements, drawn selectively from limited information, to create a misleading and damaging impression of how and why Post Office undertook prosecutions. The programme presented these so as to invite the audience to be extremely concerned as to our handling of three individual cases and inferred that these were representative of wider miscarriages of justice. We have evidence which conclusively disproves the accusations made and offered to share this with the programme but they refused to accept the confidentiality limitations we have consistently sought to place on all Mediation Scheme information in the interests of complainants.

The programme also featured Ian Henderson of Second Sight. Throughout its investigations and subsequent reports, Second Sight has not identified any link between Horizon and the losses to the postmasters in the cases they reviewed, nor has it identified any transaction caused by a technical fault in Horizon which has resulted in a postmaster wrongly being held responsible for a

loss. No evidence has been presented to suggest that the Horizon system, which processes six million transactions for customers every working day, does not work as it should. There is, in fact, overwhelming evidence that the losses complained of were caused by user actions, including in some cases, deliberate dishonest conduct.

From the 150 applications to the Scheme, 52 were unsuitable for mediation (for example, some were ineligible or subject to a previous court ruling). From the remaining 98, 38 have, as far as the Scheme is concerned, been concluded – 26 of which have been resolved, that is an agreement has been reached by both parties (68%). A further 51 have dates set for mediation to take place between now and the New Year.

Cases not subject to a previous court ruling

The Post Office has offered mediation in all cases other than those in which there has been a court ruling. Mediation cannot overturn a court ruling and therefore we do not believe that mediation will result in a mutually acceptable outcome in those cases.

These mediations are entirely voluntary and Post Office bears the full cost. In addition, Post Office has advised that it will not use as a defence in any subsequent court proceedings, the fact that the 6 year time limit available in all contractual disputes has expired, where that time limit has expired while a case has been in the Scheme.

Reports from CEDR confirm that Post Office does approach these mediations constructively with a genuine desire to seek an agreed outcome. Unfortunately, however, it is apparent that many believe that the only appropriate outcome of mediation is compensation payable to them by Post Office, and this means that not all mediations will achieve agreement.

Criminal cases

No criminal conviction arising from a prosecution brought by Post Office has been appealed. Nevertheless, 16 applicants have referred their case to the Criminal Cases Review Commission ('CCRC') – a body whose specific role is to consider whether any of these cases could have been the subject of a miscarriage of justice.

We are co-operating fully with the CCRC, which has the ability to require production of all materials relating to these cases, including information that is subject to legal and professional privilege. No other individual, organisation or body has such extensive and comprehensive powers of investigation. We welcome the involvement of the CCRC and will abide fully by its conclusions. Nevertheless, having thoroughly reviewed these cases ourselves, together with a significant number of other criminal prosecutions brought by Post Office, we believe that these prosecutions were handled properly and in accordance with the Code for Crown Prosecutors.

Public/Judicial Inquiry

You may be aware that a number of calls have been made for some form of 'public inquiry' to be convened into the Post Office's handling of this issue. These calls have been repeated following the broadcast of the Panorama programme and, indeed, are reflected in the EDM's own call for a full independent judicial inquiry.

However, and as stated above, the CCRC is already reviewing 16 cases from applicants to the Scheme and in our view it would be premature to establish any other inquiry whose mandate includes a review of the criminal cases until such time as the CCRC has completed its vital work. Further, and as noted above, any other inquiry is unlikely to have any wider powers than the CCRC already has to require the production of all relevant materials.

As to the remainder of the cases in the Scheme specifically, and the Post Office's handling of similar cases more generally, it should be noted that these are essentially contractual disputes between the Post Office and former postmasters. Postmasters are agents of the Post Office who handle Post Office funds and therefore have a fiduciary and contractual obligation to account to Post Office for the amount of those funds. All these cases have at their heart a failure by the agent to fully account for Post Office monies.

Depending on their individual circumstances, applicants to the Scheme have a choice to sit down and mediate their case with the Post Office, litigate in the civil courts or pursue any claim of miscarriage of justice through the established processes.

Individual Members of Parliament

We continue to offer meetings to Members of Parliament who have one or more constituents with cases in the Scheme. During these meetings and subject to the relevant applicant's consent, both sides are able to discuss the case in full. The meetings have been constructive, with MPs having the opportunity to understand greater detail around the cases, together with the rationale for Post Office's position.

Should you be interested in a similar meeting, please do not hesitate to get in touch.

Yours sincerely

Mark Davies
Communications and Corporate Affairs Director