

24th October 2013

Mr M Grattage
Lake Post Office



Dear Mr Grattage

Re Cheque remittance error

I'm sorry to hear of the errors made at your branch in relation to your cheque remittance of 6th July. I'm afraid the liability for the resultant transaction correction (TC) does remain with your branch. Your actions would have generated a balancing cash surplus to offset the impact of the TC.

Your letter implies that you accept that your cheque remittance of the 6th was duplicated. You also refer to your "error" on 10th July when the negative cheque stock position was "corrected" through a cash/cheque adjustment. As well as increasing cheque stock holdings a cash/cheque adjustment will impact cash. This would have created an equal and opposite cash gain.

The only way a branch could correct a duplicated remittance would be by reversing the remittance. There is no evidence that this happened. The supporting information has already been sent to you so I will focus on the reasons why you dispute liability rather than the validity of issuing the TC which looks as if clear cut.

- 1) I can see the point you make about Horizon allowing you to rem out more cheques than is actually held. For a small branch such as yours with one stock unit it feels as though a different type of business rule could be appropriate. On the other hand there will valid operational reasons to allow this scenario in the multi stock unit branches of the network.

Operational instructions should prevent branches from making mistakes of this type through reprinting the cheque listing after remming out and then cutting off the cheque listing. The Horizon receipts should then be retained in case any error is not picked up at the time.

A business rule is imposed at branch trading to ensure branches cannot roll into the next trading period with a negative position in any stock unit

At this point you were aware of an issue and resolved this by adjusting rather than investigating the cause.

- 2) & 3) I cannot differentiate between the points you make here in that the TC was issued too late for you to interrogate Horizon logs to identify what other errors you made in TP3.

I agree that Finance Service Centre should endeavour to correct branch errors as soon as possible. The TC was actually issued within the agreed target date of 3months from notification of error but the aim is for much earlier resolution than this. So I apologise for the time taken to resolve your error. The Cheque team leader is actively trying to free up additional resource to reduce issuing times.

Nevertheless branches are responsible for errors made in their branch and are by far the best placed to identify what has gone wrong. Daily cash declarations and weekly balance period rollovers will provide branches with realistic opportunities to notice problems and identify what has gone wrong around the time of error. TCs will rarely be issued in time for branches to check back and spot transactional errors that will have faded from the memory.

It is unfortunate that your errors in relation to the cheque remittance have masked to some extent other errors made in the branch during the same trading period. However I see no reason why Post Office Ltd should be held liable for them.

I notice that at 5 of the 6 trading periods prior to TP3 you have recorded discrepancies in excess of £250 which does suggest that even investigations at the time of branch balance do not easily resolve error made in branch. It is worrying to me that over this period you have made

good a net gain of £1,222.98. It may be that the loss declared in TP3 may bear some relation to these gains which clearly should not be generated at a Post Office branch.

So I am sorry the TC was not issued as quickly as it should have been. However there was adequate opportunity for the error to be identified and resolved promptly within branch. This may have presented you with the opportunity to identify and resolve other errors made.

Yours sincerely

Andy Winn
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Cc Branch Support team