

Draft opening statement

Thank you for inviting us to give evidence today.

We welcome this opportunity to set out our position on this difficult issue.

Our evidence – both written and what we say in front of your Committee today – will include facts that missing from some of the other accounts you will have heard.

To put the issue into context, the Post Office is the largest retail network in the UK with 11,500 branches in communities across the country.

The vast majority of branches are operated by individuals on a franchise basis – sub-postmasters - who are the lifeblood of the Post Office and pillars of their communities.

Horizon is the IT system used by subpostmasters and their staff – that's 78,000 people - to perform 6 million transactions a day.

Half a million people have used Horizon since it was introduced in 2000 without a problem.

And we know that because if there were problems our subpostmasters, and the Federation which represents them - who the Committee heard from earlier - are rightly quick to tell us when we get things wrong.

Against that backdrop, over the course of the last ten years, around 140 people think that Horizon - or the associated processes around it - caused them to experience financial loss in their branch during the past decade.

We take these concerns extremely seriously.

If there was a problem with Horizon, we would want to identify and correct it as soon as possible. It is in our interest that people have confidence in the system.

So we set up an inquiry. And we appointed forensic accountants Second Sight to investigate.

When that inquiry found no systemic problems with Horizon, but suggested that our training and support had failed at times, we set up a complaint review and mediation scheme to give people a chance to have their complaint investigated and considered for mediation.

[The scheme is overseen by a working group comprising JFSA, SS, and Post Office and chaired by Sir Anthony Hooper – an independent former Court of Appeal Judge.]

We invited people to come forward to the scheme - either directly or through their MP - and 150 did so. We then paid for people to get professional advice on making their case.

Some cases were resolved outside the Scheme or at an early stage. Each of the XX cases remaining has been reinvestigated by the Post Office, then Second Sight. A minority were cases where people had been convicted.

After [x] investigations, and thousands of pages of investigation reports, there is still no evidence of a system wide problem with Horizon.

Nevertheless, in the majority of cases investigated so far, we have agreed to take part in mediation (22 out of a total of 24), and in some we have reached an agreement: for example, where we admitted that in training and support we didn't do enough.

And in some cases we have paid compensation.

But in others we are standing firm. And we are right to stand firm. I'm sorry if that sounds unpleasant but it is just, I am afraid, the right thing to do.

Mediation is only possible where there is a prospect of two parties finding common ground and reaching resolution through compromise.

It would be difficult to mediate a case where there is clear evidence that the Post Office is not responsible for a financial loss, or where cases where the applicant does not dispute that money was stolen.

Of course some of the people involved have experienced extremely difficult times in their lives. These cases are extremely sad to hear. But it doesn't follow that the Post Office is responsible for those situations. One complainant acknowledged this in a letter he sent us for publication following conviction, urging others not to do what he did. He's since changed his position and blames the losses he faced on our system.

Applicants do have other avenues available to them outside the Scheme. They are provided with all the information generated by the Post Office's and Second Sight's investigations which they can use to instigate legal proceedings.

Meanwhile, the vast majority of subpostmasters up and down the country continue to operate Horizon and run Post Offices successfully. Indeed, some are even calling on their colleagues at the JFSA to cease their campaign as it's undermining the brand on which their businesses relies.

So, to conclude, we welcome this opportunity to set the record straight.

We set up the scheme because we listened and collaborated.

It was established in agreement with JFSA and Second Sight who drove its design with the support and input of MPs. However, eighteen months on, it is abundantly clear that the scheme no longer has the confidence in those parties involved in setting it up.

We are listening to the complaints of our critics – regardless of what the Committee may have heard to the contrary. And in these circumstances we are reviewing the operation of the scheme and considering how we move on from here.