

**BRIEFING FOR KELLY TOLHURST MP**  
**POSTMASTER LITIGATION**  
**CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE**

**Detailed briefings have been provided to UKGI under a protocol which is designed to protect Post Office's privileged legal advice.**

- Litigation follows a number of years during which Post Office sought to understand the concerns of postmasters and address their issues. While many of the claims alleged faults with the Horizon computer system, to date no evidence of systemic problems have emerged, rather there is a pattern of operational errors in branch, as well as, in specific cases, where Post Office could have done more to support postmasters.
- Litigation was commenced in early 2017 and involves claims by 561 postmasters. The specific details of their claims have not been provided, and we do not have any details as to the possible quantum of damages that they may seek.
- Litigation is being managed by the Court in phases:
  - Common Issues trial (4 weeks in November 2018) - to determine the proper construction of the contract between Post Office and agents, and whether approximately 21 further terms should be implied into that contract
  - Horizon trial (4 weeks in March 2019) to determine the Horizon issues – the questions to be posed are still being agreed between the respective experts
  - Thereafter, and to be scheduled, one or more trials to determine whether in specific cases Post Office was in breach of contractual and other duties to postmasters, as a result of which postmasters suffered 'damage' and / or loss for which they should be compensated by way of a financial award of damages.
- The key risks in the litigation are that:
  - the Court's decision on one or more of the 'Common Issues' has a material adverse impact on Post Office's operations, and/or these operational issues create cash flow concerns
  - the Court determines that there are systemic issues with the Horizon system, such that transactions between postmasters and Post Office are not seen to be reliable
  - Public opinion goes against Post Office as a result of the decision such that we lose both the trust of the public and of our key (government and commercial) stakeholders.
- We are developing contingency plans to address these risks and will discuss these in more detail at the meeting on 17 October.