

Stephen Dilley

From: john.h.jones (GRO)
Sent: 17 November 2005 18:15
To: Stephen Dilley
Cc: mandy.talbot (GRO); cath.oglesby (GRO)
Subject: Re: FVV: Urgent The Post Office -v- Lee Castleton (Marine Drive Post Office, Bridlington)

Attachments: Marine Drive Appeal Case.doc



Marine Drive Appeal
Case.doc (...)

Stephen

I have attached my appeal report at the end of this e-mail for your information.

All documentation proper to the Marine Drive appeal was returned to the Area Intervention Office at Crown Street, Darlington DL1 1AB (GRO), the contact at this office is the Contracts Manager, Lesley Joyce.

In answer to the questions you have directed to Cath here are my responses:-

(i) The assumptions Mr Castleton makes, as well as those from his alleged 'experts' simply do not hold credence. As part of the appeal investigation I reconstructed the branch accounts for seventeen weeks as well as examined every transaction entry over the critical periods when the losses being incurred were at their greatest. The reconstruction of the accounts and the analysis of cash usage against the actual transaction being performed at the branch did not reveal any discrepancies, apart from incorrect cash declarations.

The reconciliation of these accounts, the evidence obtained from customers depositing cash at the branch demonstrated that Mr Castleton was making repeated false cash declarations.

On a number of occasions it was demonstrated that the physical cash that was proven to be in the branch, was different from the cash that was being declared onto the Horizon system.

Additional tracking of all increases in cash ordered by the branch, demonstrated that the branch did not need to order excessive amounts of cash that were not required to service the transactions that were being performed. The orders for extra cash were always in week where there was a reported significant loss at the branch.

(ii) The lists of documents that I examined included all the branches cash accounts, the daily balance snapshots and evidence in the branch from a customer who frequently deposited large sums of cash into the branch. It would be most unusual for Subpostmasters to perform frequent balance snapshots throughout the trading week. In my experience of hearing appeals, this practice is quiet common in proven theft cases.

(iii) The main frame computers of Post Office Ltd handle on line transactions performed by twenty eight million customers each week at around sixteen thousand post office branches. We will keep records of the total accounts, however the costs of extrapolating low level data would be significant, for a case that has already been established 'on the balance of probability'.

(iv)

a) The extensive examination of the Horizon System at the time of the discrepancies, subsequent checks at Fujitsu by myself as part of the appeal investigation as well as the examination of accounts of the system at the branch have clearly demonstrated that there is nothing wrong with the Horizon system.

b) The transactions were entered into the Horizon system correctly, I conducted several searches with our error resolution teams with only three minor errors being apparent over a significant period of time. This error rate was significantly below what would have been expected at a branch that was recording significant account discrepancies.

In summary, the decision to terminate the contract for services of Mr Castleton was sound and on the balance of probabilities the cash was removed by a person or persons working within the branch.

(See attached file: Marine Drive Appeal Case.doc)

Hope this helps

John

Area Development Manager
Network Change
Post Office Ltd
Sales and Service

Upper Floors, The Markets DMB, 6/16 New York Street, Leeds LS2 7DZ

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"Stephen Dilley"

GRO

To: **GRO** <>

cc: <mandy.talbot@**GRO**>

Subject: FW: Urgent The Post Office -v- Lee Castleton (Marine Drive Post

Office,

17/11/2005 15:22

Bridlington)

Dear Mr Jones,

I am a solicitor at Bond Pearce LLP and have recently taken over conduct of the Post Office's claim against Mr Castleton. I understand from Ms Oglesby that you presided over his appeal against being dismissed in 2004. Is this correct?

You will see the gist of Mr Castleton's defence from my email to Ms Oglesby below. In summary, he has obtained 2 expert's reports which state that the deficiencies have probably been brought forward despite the fact that they have been entered onto the suspense account entry. They suspect this is because the Horizon system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot.

We need to obtain as much documentation as possible to ascertain whether there may be any truth in this defence. Ms Oglesby believes that a full set of the documentation which was removed from the post office would have been sent to you to deal with on appeal. Do you still have these documents? If so, please could you send them to me?

Please could you also answer the questions that I have directed to Ms Oglesby below?

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP

DDI: **GRO**
Main office phone: **GRO**
Fax: **GRO**
www.bondpearce.com

-----Original Message-----

From: Stephen Dilley

Sent: 17 November 2005 11:50

To: cath.oglesby@**GRO**

Cc: 'cheryl.woodward@**GRO**'; 'mandy.talbot@**GRO**

Subject: Urgent The Post Office -v- Lee Castleton (Marine Drive Post Office, Bridlington)

Dear Ms Oglesby,

I have tried unsuccessfully to speak to you today.

Mr Castleton's solicitors are seeking the return of documents that they say you removed from the Marine Drive Post Office when you did an audit. I understand that not all those can be found.

I attach copies of the following:-

- (a) A without prejudice letter dated 30 September from Mr Castleton's solicitors to Bond Pearce;
- (b) Bentley Jennison's Report dated 23 September and attachments; and
- (c) White & Hoggard's report dated 18 August.

Bentley Jennison state that the deficiencies have probably been brought forward despite the fact that they have been entered onto the suspense account entry. They suspect this is because the Horizon system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot. They have drawn this conclusion through looking at the discrepancy of £3,509.18 on Thursday 26 February 2004. They then suggest that this double accounting could have continued over a number of weeks and that as such, Mr Castleton's Defence, "appears to hold potential merit based on the limited documentation" they have so far reviewed. White & Hoggard reach a similar conclusion in their report.

Bentley Jennison seek:

- (i) A full list of all the transactions carried out within the Post Office (he says that it is not good enough that management information is not available simply because the "month end has been closed down".
- (ii) The actual audit report you prepared. He says that the actual report would have been a manuscript writing document rather than a typed document.
- (iii) P and A Reports for weeks 39-52.
- (iv) Cash and stock counts for when Mr Castleton began trading and when he stopped being a Post Office Sub-Postmaster.
- (vi) The events log for weeks 39 to 52.
- (vii) Transaction log.
- (viii) The daily snapshots.

Mr Castleton believes that if he can get these documents, he will be able to undertake a manual reconciliation of the cash account in order to substantiate his belief that the losses are not real but attributable to computer error.

1. Do you believe the suggestion put forward by the experts could (at least in theory) be correct? If not, why not?
2. Do you have a list of what documents you removed to do the audit? Is it normal for sub post office masters to do daily snapshots?
3. Would it be possible to regenerate the above missing records from computer records at the Post Office? If computer records are not kept centrally, would they be stored on the hard drives of the computers at the Marine Post Office? If so, could you obtain them?
4. In an email from Fujitsu to Richard Benton dated 5 May 2004, Fujitsu stated "It is possible that they are not accurately recording all transactions on the system. " If there have been human errors in recording the transactions, could an explanation be that:
 - (a) there was nothing wrong with Horizon, because it simply reflected the information entered on to it; but
 - (b) if staff punched in the wrong numbers into Horizon, there may have been no real loss (even though Horizon would show a loss) - it is simply an error in accurately recording transactions.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley

Solicitor
for and on behalf of Bond Pearce LLP
DDI: [REDACTED] GRO
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-----Original Message-----

From: cheryl.woodward [REDACTED] GRO
[REDACTED] GRO
Sent: 17 November 2005 08:49
To: cath.oglesby [REDACTED] GRO
Cc: Stephen Dilley
Subject: Urgent Re: FW: The Post Office -v- Lee Castleton

Hi Cath

Could you please contact Stephen Dilley at Bond Pearce Solicitors in relation to Lee Castleton formally of Marine Drive Po. They need to know what documentation was removed from the office.
Stephen [REDACTED] GRO

Hi Stephen

As you can see I have asked Cath to contact you but here is her number anyway [REDACTED] GRO

Thanks Cheryl.

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**Appeal against Summary Termination of Contract
Mr Lee Castleton Marine Drive**

Mr Lee Castleton
14 South Marine Drive
Bridlington
YO15 3DB

Date of suspension: 23rd March 2004.
Date of termination of contract: 17th May 2004.

Details of charge: The branch incurred a twelve week period of large unexplained losses, which were not made good. The Subpostmaster blames the Horizon computer system for these losses, however no evidence has ever been forthcoming to support such claims and the contract for services was terminated on the 17th May 2004 under section 1 paragraphs 5 and 10 and section 12 paragraph 12.

1. Brief Case History

The Subpostmaster Mr Lee Castleton first reported that a large cash shortage of approximately £1100.00 had occurred in week 39, although this loss was made good prior to the cash account being produced. The next large shortage of £4230.97 was reported in cash account week 43 and this was reported to the Retail Line Manager.

Subsequently on each of the next three weeks the shortages in the account are rolled over with each increasing loss being added to the rolling total. At of cash account week 46 there was a total of £8243.10 in counter losses at the branch.

This figure was then transferred to the suspense account for cash account week 47. There were further losses in cash account week 48 of £3509.18 , this figure was added to the suspense account to give a total held in table 2a of £11752.78.

The counter loss of £3512.26 in cash account week 49 was rolled over into cash account week 50.

The final result in cash account week 50 produced another counter loss £7140.85, which when added to the loss rolled over from week 49 gave a total of £10,656.11.

The final rolling loss figure at the audit of the 23rd March 2003 found there to be £11,210.56 short in the accounts with £11,752.78 being held in the suspense account. The final figure posted to the late account duty totalled £25,758.75.

Despite receiving advice from the Retail Line Manager and from the National Business Support Centre Mr Castleton did not implement the advice on introducing tighter managerial controls to identify the source of the ongoing

problems, he repeated states that the problems all the fault of the Horizon computer system.

The balance results that have been recorded by the interim Subpostmasters since the date of suspension on the 23rd March 2004 have in every week replicated the results that would be expected at a branch that transacted the level of business of Marine Drive. There have been no issues identified by the Horizon System Helpdesk, Fujitsu nor have there been any corresponding transactional error notices that could explain the losses that were reported over the period in question.

2. Enquiries Pre Appeal

- a) Enquires were made to Cheryl Woodward at Transaction Processing to check on the volume of error notices recorded prior to the loss period between weeks 42 and 51 as well as checking as the level of error notices that had been received since the suspension on the 23rd March. Only one error notice of note had been received and this was for the sum of £1256.88 to be charged to the late account. Two smaller error notices totally £292.00 were also to be charged to the late account.
- b) An analysis of seventeen weeks cash accounts were undertaken to establish the following: The arithmetical accuracy of those accounts, the average volume and value of the transactions at the branch over this period, the average cash usage, the cash ordering cycle as well as identifying any transactional areas that were outside the mean average value for the branch.
- c) A visit to the Marine Drive branch on the 28th June 2004 to investigate all those transactions that had been identified as being outside the mean average value. The transactions were proved against the Horizon receipts on hand in the branch. A number of further checks were conducted across the receipts on hand to prove the final totals that appear in the end of week accounts. Again these were proved to be correct.
- d) Enquires were conducted with the Retail Line Manager as to why the advice she had imparted had not been followed by the Subpostmaster and any reason as to why such losses were consistently dismissed by the Subpostmaster as being proper to the Horizon System.
- e) A daily transactional analysis could be conducted from balance snapshots in the cash accounts of weeks 46, 47 and 50. The transactional analysis and cash usage that was conducted indicated that there were anomalies between the cash declared on each Tuesday and the final cash declaration on the Wednesday at the final balance.
- f) A further visit to the branch was made on the 30th June 2004 to track the Girobank business deposits that the branch received to establish the flow of cash into the office. The branch holds the account book for a customer account 685 9461 and this customer regularly deposits significant volumes of cash every Wednesday. Analysis of all the customers' deposits that had been made since November 2003 was conducted to confirm the deposits had been brought to account. The

cash account weeks of 46, 47 and 50 where daily transactional analysis was being conducted were doubled checked to establish the levels of cash that had been stated as being received from this customer.

- g) The analysis from the additional cash deposits confirmed as being paid in by the customer 685 9461 demonstrated that false cash declarations were being made as the cash usage that occurred in each week examined (46, 47 and 50) was not reflected in final cash declared upon the completion of the balance. The cash that was received from this customer was not reflected in the cash that was finally declared in each of the weeks examined.
- h) Enquires were made to NBSC and HSH to ascertain and verify checks that had previously been requested and conducted on the Horizon system to confirm the systems integrity.
- i) Analysis of all the telephone records held by NBSC and the HSH to ascertain the detail of the calls, check the instructions issued to Mr Castleton as well as check that the branch did not close due to running out of cash.

3. Appeal Hearing

Notes of Appeal

Mr Lee Castleton

Thursday 1st July 2004 – Darlington Area Office

Present: Mr Lee Castleton (LC)
Mrs Julie Langham, Representative (JL)
Mr John Jones, Appeals Manager (JJ)
Miss Paula Carmichael (note-taker)

JJ made the necessary introductions and outlined the appeals process. He explained that a decision would usually be made within seven days.

JJ began the interview by stating that LC's contract had been terminated and went on to ask him why he was appealing against this decision. LC replied that he felt there had been computer errors at the branch and he wanted more information.

JJ asked LC what cash declaration process he used. LC replied that he used the cash declaration sheet and counted cash from the safe and drawers. JJ asked if his cash declarations were accurate and LC replied that they were, nine times out of ten. JJ asked about his process for ordering cash. LC said that the car auction supplemented their cash requirement (garage which makes a large daily deposit of cash) and he made sure they had enough cash by placing an order before 2pm on a Tuesday. JJ asked LC how he knew how much cash to order and LC replied that he based it on amounts

previously used and Chrissie's experience (assistant). JJ asked what he would do if there was a discrepancy. LC said he would go through the usual places to look such as Girobank cheques, re-check the cash and go through all columns on the final balance.

JJ asked LC what his process was for dealing with error notices. LC replied that he would work back through the paperwork and make it good before the next balance.

JJ asked what action he took following the first discrepancy in Week 39. LC said he made a call to the helpline to say he was short and began to work through all the figures. LC stated he kept asking for help following subsequent shortages, but his Retail Line Manager said it could be in the system and would probably come back.

JJ asked if LC had taken any other action. LC said they had discussed splitting the stock unit or running a manual week. LC said he had been in favour of running a manual week to prove the system was wrong, but this had not actually been done and he was then suspended.

JJ asked LC what system problems he thought were happening. LC said that they constantly had to re-boot the system, the screen was freezing, ONCH was quadrupling and there were so many other things. LC said he thought it might be a software problem and at this point JL asked if it was not possible for the hard disk from the computer to be taken away to be checked. JL went on to say that she thought it appeared that there was no actual cash missing, more that the figures had been misinterpreted on the lines.

JJ explained that the actual cash account adds up and that there was only three things the computer could do:-

- Change balance forward figure
- Increase payments
- Increase receipts

JJ produced a report showing a 17-week cash analysis. He showed this to LC and asked him if it surprised him. LC asked how the report was generated, to which JJ replied that it was taken from the cash accounts. LC then responded 'no then', indicating that the report didn't surprise him.

JJ then produced a report showing a cash analysis for cash ordering which showed rems inbound, average cash in hand, as well as tracking cash in and cash ordered. JJ asked why extra cash had been ordered to which LC replied 'I haven't got a clue'. JJ went on to talk about a figure from the report, which showed that the branch already had £60K, but another £40K had been ordered. JJ said there was a higher trend between weeks 42 and 49 of how much cash had been ordered. The difference between payments and receipts is around £25K-£35K, but the trend in weeks 42 to 49 still was that significantly higher amounts had been ordered. LC said he only ordered what he felt was required. JJ said that for the entire period they actually needed

between £200K-£265K, but had ordered £305K, of which £20K had gone back.

JL said at this point that she felt her branch would be similar and went on to explain that because of pre-planning, she had had to ring up for extra cash in fear of running out, which had happened a couple of times. JL said it was difficult to gauge how much cash you would need.

JJ went on to ask LC what had happened to all the extra cash. LC replied that he didn't know.

John then went on to talk about two snapshots from 10/2/04 and 11/2/04. On 11/2/04 there was £39K in receipts and £23K had been paid out. The cash declaration from 11/2/04 stated £33K, when it should have stated £41K. On that particular day, the auction had paid in £16.5K in cash. JJ asked LC to explain these figures. LC said that it was a problem with Horizon not adding up.

Looking at the cash declaration, JJ asked why this was not declared on Wednesday 11/2/04. LC said that it must be within the paperwork. Declare £68,163 on Tuesday, differential £16K receipts and pay out £12K. Should lock up £72K – declare £81K in office. Declared false figure.

JJ asked why in Week 50 did he declare exactly the same figure of £3,500 each night on the snapshot. LC said it was all generated within the office. JJ said that LC had told him he had declared accurate cash figures. LC said it was generated from the system.

JJ said that £16.5K had physically come into the office in cash, but that the cash declarations did not physically reflect this. LC responded that all figures are generated from the machine that, in his view, is not working. JJ asked LC what evidence he had of this and explained that the same Horizon kit was still in the office. LC asked JJ what happened as part of the audit upon changeover. JJ explained that they would transfer the difference out and that the incoming subpostmaster does not carry any loss. A figure of £25K would be transferred to Chesterfield. JJ stated that since LC had been suspended, there had been no discrepancies over £22.00 at Marine Drive.

JJ said that Fujitsu had looked at the system on two occasions remotely and have constantly said that the cash declared does not match. LC said that checks had only been done going back to 1st March 2004, whilst the problems had started on 13th January 2004. LC asked why had they not checked back to when the errors had first started. JJ said that Fujitsu cannot find any problem with the system.

JJ went on to ask LC about his aversion to the possibility of theft when mentioned by Cath Oglesby on a visit to his branch. LC said that he was there most of the time and Chrissie was there all of the time. LC went on to say that Chrissie had worked there for 17 years and there was no chance that anyone was left unsupervised. JJ asked LC why he was averse to advice

from Cath. LC said that in his opinion it was impossible for someone to steal through that period of time. LC went on to say that he was averse to the suggestion of theft after 8 weeks of reporting misbalances. LC said that all figures are generated within the office and that they had been through all the figures. He said he had tried to find the problem all along, but didn't believe it was due to theft as no one was left unsupervised. He said he had received no support from Cath Oglesby from the start.

JJ said that checks had been done to test the integrity of the system. JJ explained that Clear Desktop is an integrity system function that checks data. LC confirmed he understood this.

LC said he could not understand why after week 1 or 2 someone couldn't have come to support him. JJ explained that the Horizon system has to have a high resolution of integrity.

JJ moved on to talk about snapshots taken on 9/3/04 (week 50) and asked why the net discrepancy is the same throughout the week and different on the final one. LC said it was because the machine is not working and that the discrepancy should have showed on the top of the snapshot. At this point LC handed JC the instructions manual.

Whilst JJ read this, LC said 'John, you are a specialist aren't you?'. 'Are you not paid separately for Horizon?' LC specifically asked for his two comments to be included within these interview notes.

JJ said he would have to take all the information away and look at it thoroughly, as well as taking advice from the Horizon team. JJ said suspense account checks had been done and this was just one issue in a whole set of issues.

JJ asked LC to show him cash declarations for weeks 45 and 46 and asked him why he was doing a cashflow before his cash declaration. LC said he was able to have a look at how it was showing up cash. Again, JJ asked LC why he was doing his cash declaration after producing a cashflow. LC replied 'I haven't got a clue. NBSC said the facility was there'. LC said he didn't know what it was for.

JJ then referred back to why larger amounts of cash had been ordered. LC replied that he must have needed it. JJ asked LC if he had taken the money. LC replied 'no, absolutely not, 100%'. LC said that two tests had been done throughout this period and found nothing wrong, but obviously there was.

JJ asked LC if he wanted to add anything further. At this point LC handed JJ a log of phone calls to the helpline etc. JL said she thought it had took a long time for Cath Oglesby to get involved, especially as they were new to the office. JJ explained that the role of a Retail Line Manager has changed and they are now not the first point of contact for subpostmasters, the helpline is. JL asked JJ if he personally felt that LC had had enough support and JJ

confirmed he felt the support he had been given mirrored the support given to every subpostmaster in Post Office Ltd.

JJ closed the interview.

4. Post Appeal Enquiries

- a) A further check was made to Transaction Processing late account duty to confirm that there were no other outstanding errors notices in the system.
- b) The Horizon final account declarations were handed to Network Development Manager, Anita Turner who has no knowledge of the case to conduct an analysis of the losses and the movements into the suspense account between cash accounts weeks 45 and 50. The results of this analysis were communicated in a letter to Mr Castleton on the 8th July 2004.

5. Factors affecting the decision

- a) The branch incurred unprecedented declared losses over a twelve week period , for which Mr Castleton could only offer the explanation that it was the Horizon System that was causing the errors.
- b) The Subpostmaster has not during any period both prior to his suspension on the 23rd March 2004 and the appeal hearing on the 1st July 2004 provided evidence that could be used to further investigate or corroborate the allegations that he continually makes.
- c) The checks that have been conducted by Fujitsu indicate that the branch makes false cash declarations, this analysis was further corroborated with the daily account analysis that was conducted as part of the pre appeal enquiries. Mr Castleton was unable to offer explanations for this, other than it was a fault on the system.
- d) The weekly analysis that was conducted identified that the branch required approximately £265k to meet its transactional requirements between weeks 42 and 49, however the cash remittances were increased outside the normal previously ordered remittances. This resulted £305k being ordered over the same period, with only £20k being returned. In each case the additional cash is ordered prior to a subsequent cash discrepancy being declared. Mr Castleton could offer no explanations as to why such sums of cash had been ordered that were in excess of what was actually required.
- e) That no error notices are evident through Transaction Processing to provide an explanation to the counter losses that have been declared.
- f) The daily cash transactional analysis that was conducted identified in cash accounts week 46,47 and 50 that there was clear evidence of false cash declarations being made as the cash received from a giro customer was not reflected in the final cash declaration at the branch. Mr Castleton was unable to offer any explanation for such discrepancies, other than it 'was the system'.

- g) That the branch has never incurred such large losses since the suspension of Mr Castleton, despite a number of interim Subpostmaster operating the branch. Mr Castleton could offer no explanation as to why accurate balances are being recorded on the system that he repeatedly alleges is corrupt.
- h) That Mr Castleton when questioned denied ever taking the cash himself.
- i) The account declarations and movements into the suspense account have been extensively examined by both the Retail Line Manager and colleagues as well as an experienced manager in London to confirm that the accounts declared by the Horizon system and the suspense account are functioning correctly.
- j) That the branch never ran out of cash and subsequently closed, if the system was declaring spurious entries in the account there would always be sufficient cash in the branch to meet its requirements. The excess ordering of cash ensured that the branch always remained trading, however Mr Castleton was unable to explain as to why the additional cash was required in the branch if it was a system error as any such system error would not affect the cash on hand as this was a physical entity.
- k) The accounting practices of Mr Castleton indicates that he chooses to declare losses, make good error notices and declare the true position of his accounts as he pleases. The evidence suggests that the continuing practice of rolling losses together without seeking authority to carry them even after the first amalgamated losses are introduced into the suspense account in week 47, this practice continues from week 49 until 51.

6. Conclusion

The case has a number of facets interrelated to the branches accounts apart from the immediate headline issue of the large and unprecedented counter losses declared at the branch.

The extensive analysis that has been conducted through the accounting documentation made available for the appeal case as well as the cross examination of transactional records at the branch indicate that the transactions performed on the whole are done so accurately and in accordance with operational guidelines.

This fact is corroborated by Transaction Processing who do not have outstanding or waiting system adjustment error notices that could otherwise explain such discrepancies. There are only three error notices, and all of these are to charge that have been added to the late account of the branch and in each case they relate to a period immediately prior to the suspension of Mr Lee Castleton.

The cash usage analysis and tracking of transactions that fall outside the mean average value for the branch however indicate another factor to the case. The cash that is ordered for the branch requirements is systematically

increased on four occasions, following the increases in the branch remittance, their occurs a large cash discrepancy. Such trends are not in keeping with a computer system error as Mr Castleton maintains, although he is unable to provide any form of satisfactory answer as to why there is a need to keep ordering extra cash for the branch.

The normal process for ordering cash at the Marine Drive branch is that the branch contacts the Cash Centre prior to 14.00pm on a Wednesday to place an order that will be delivered a day later on a Thursday. At this point of the week the branch should be able to accurately estimate the actual cash the branch requires. However in the weeks 42 through to 50 this appears not to be the case.

The daily cash usage from cash accounts weeks 46, 47 and 50 present another anomaly when the actual cash usage is compared with the actual cash received from a Giro business customer, then the cash declarations made on the Tuesday and Wednesday of each of these weeks has been demonstrated to be false. Mr Castleton was asked on several occasions to explain why such entries have been made and he was unable to offer any reason other the same 'it's the system' fault.

The printouts from the snapshots and final balances have been examined by numerous managers all who have extensive experience in the use of the Horizon accounting system as well as the functionality of the suspense account, all have arrived at the same conclusion independently that the system is functioning and not creating spurious entries.

Mr Castleton was given advice as to effective management of his accounts as well as applying a proven methodology to identify either the losses or in the event of misappropriation the person perpetrating such activity, it is concerning that he chose to ignore such advice and blindly blame everything on the computer system. Such an approach by Mr Castleton gives me cause for concern as he is a relatively new Subpostmaster and is making definitive statements about a computer system with out even considering any other case for the account discrepancies.

To summarise, when Mr Castleton was presented with the factual occurrences from the accounts he has produced that indicate that false declarations and practices that do not equate to the normal running of his branch he is unable to offer any explanation other than blaming the Horizon system.

Mr Castleton has however failed to provide any evidence nor show any from of trend within the branches accounts that would indicate that there was a problem with the computer system.

He has spent much time and effort in asking irrelevant and unrelated questions to the case and these I can only conclude are borne out of a wish to distract away from the actual facts of the case and the unexplained counter losses.

It is my opinion that the losses incurred at the branch are genuine and that the decision to initially suspend Mr Castleton as a precautionary measure and ultimately terminate his contract for services were soundly based and warranted in the circumstances.

7. Decision

Appeal Dismissed.

8. Recommendation

The case in respect of the losses was not investigated by Security and Investigation, however I have considerable concerns over the in payment practice operated by the Girobank customer (account 685 9461).

The customer leaves the in payment book in the branch at all times and apparently entrusts the Subpostmaster to complete the deposit entry and process the transaction following their cash deposit.

No customer receipts are ever handed back to the customer as these are left with the in payment book.

I was able to establish that all the deposits entered into the customers in payment book from November 2003 until June 2004 were processed through the Horizon system.

What I was unable to establish was whether the amounts the customer deposited at the branch were the same amounts that were entered into the customers deposit and processed in the same time window.

I would request Security and Investigation to check this customers actual deposits for the period 42 to 51 as I have already established that the cash declarations made where the daily analysis in week 46, 47 and 50 does not match the cash that should have been declared.

I believe that there may be a case to answer in respect of Giro account suppression.

John Jones
Appeals Manager
Post Office Ltd
Calthorpe House
15-20 Phoenix Place
London
WC1X ODG

Stephen Dilley

From: Stephen Dilley
Sent: 17 November 2005 17:30
To: 'Denise Gammack'
Subject: RE: The Post Office -v- Mr L. Castleton

Hi Denise,

Thanks for your email.

Just to refresh your memory this is the case where Mr Castleton was a subpostmaster who was dismissed for failing to account for a shortfall of over £27,000. The Post Office instructed Laura in CMS to issue a claim. After issuing, Laura passed the file to you and Mr Castleton filed a defence and Counterclaim for £250,000 claiming his contract had been wrongfully terminated.

Mr Castleton's solicitors have now expanded further about their telephone conversation with you. They state that they received a voice mail from you on 15 September asking them to discuss the matter and that their Mr Turner then called you. They said that during the course of the conversation you said that there was an oversight in relation to the Reply and Defence, that you had not been in the office at the time when the Allocation Questionnaire was despatched for filing and that you assumed that whoever had dealt with it in your absence had forgotten to enclose the Reply and Defence.

They say you then asked whether Mr Castleton would be prepared to grant a retrospective extension of time for service of the Reply and Defence and they said they would seek instructions but that they did not envisage Mr Castleton would be prepared to do so, given the dilatory way (in his view) that the Post Office had treated his requests for information and documentation. They then told you they had filed a Request for Judgment. (Apparently it was filed on 7 September).

They say the clear impression they got from you was that you suddenly realised on receipt of their letter of 14 September that no Reply and Defence had been filed.

I believe that Mr Castleton may now have obtained judgment in default on the counterclaim against the Post Office. I am therefore applying to set it aside. However, it would help the application if you could recall as best as possible what you and Mr Turner said in your conversation. Do you think Mr Turner's recollection of the conversation he had with you was accurate?

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [GRO]
Main office phone: [GRO]
Fax: [GRO]
www.bondpearce.com

From: Denise Gammack [GRO]
Sent: 17 November 2005 13:06
To: Stephen Dilley
Subject: RE: The Post Office -v- Mr L. Castleton

17/11/2005

Hi Stephen,

Thanks for your email. I hope all is going well in Plymouth for you, other than the fact that this CMS file is still going on.....

I'm sorry but I can't currently remember very much about this one. I'll carry on racking my brains and let you know if anything comes to back to me.

Regards otherwise

Denise

Denise Gammack
Stones Solicitors
Linacre House
Southernhay Gardens
Exeter EX1 1UG

Tel: **GRO**
Fax: **GRO**

From: Stephen Dilley: **GRO**
Sent: 16 November 2005 17:31
To: Denise Gammack
Subject: The Post Office -v- Mr L. Castleton

Dear Denise,

I hope you are well and enjoying life at Stones.

The Post Office -v- Mr L. Castleton claim continues. Mr Castleton's solicitors have made a comment about a telecon with you on 15 September and I'd appreciate your feedback before I go back to them on this point. Please see attached.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: **GRO**
Main office phone: **GRO**
Fax: **GRO**
www.bondpearce.com

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17/11/2005

17/11 '05 15:38 FAX

GRO

ROWE COHEN

001

QUAY HOUSE, QUAY STREET, MANCHESTER. M3 3JE (DX 14352 MCR-1)

Direct dial telephone:
Direct dial fax ::
e-mail:

GRO

GRO

**Fax****To:** Stephen Dilley - Bond Pearce**From:** Mark Turner**Fax:** GRO**Pages:** 4**Phone:****Date:** 17/11/05**Re:** The Post Office/Lee Castleton**CC:**

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

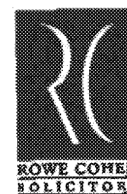
17/11 '05 15:38 FAX

GRO

ROWE COHEN

002

Date: 17 November 2005
Your ref: SJD3/FAC1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial: **GRO**
Direct fax: **GRO**
E-mail:



Bond Pearce
Solicitors

GRO

Dear Sirs

Post Office Limited -v- Castleton

We refer to your letter of yesterday and your fax received earlier today.

Disclosure

Prior to the issue of proceedings, we pressed your client to provide by way of voluntary pre-action disclosure various documents that, in our view, would assist in resolving this matter.

You did make available to us certain documentation under cover of your letter of 16 February. These documents consisted of a proportion of the papers removed by Cath Oglesby of your client from Marine Drive Post Office on the suspension of our client. Crucially, however, you did not return all of the documents that had been removed.

Most notably, you failed to return the complete set of daily snapshots. We have explained to you previously the pivotal importance of those documents and have repeatedly invited you to disclose to us the remainder which were not returned under cover of your letter of 16 February. We have also made available to you the preliminary report of Bentley Jennison, which confirms the importance of these documents and the need for their disclosure so as to be able to properly address the reason for the apparent shortfalls which form the basis of your client's claim.

To date, however, you have failed to address the reason for your client's inability or unwillingness to provide these documents, or at the very least the daily snapshots, in advance of formal standard disclosure, despite the fact that they could very well be determinative of the claim. Your responses have been bald assertions that your client is aware of its disclosure obligations, that it will abide by them in due course and that you awaited further substantive instructions in relation to our (repeated) requests.

We accept that the problems experienced by the sub-postmaster in Chelmsford who was referred to in the extract which we forwarded to you recently may not be related to our client's own problems. It does tend to support our client's assertion, however, that the Horizon system is not without its problems. This flies in the face of the blanket denial of any known problem with the Horizon system that your client has adopted to date, as well as its refusal to even countenance the possibility of such a fault.

Our purpose was merely to illustrate that our client's case is not an isolated one. Indeed, as we have previously explained, it is apparent from our client's own research and contact with other sub-postmasters that shortfalls of this kind and apparent problems with the Horizon system are not uncommon. Accordingly, we sought to put you on notice that we would require disclosure of documents in your client's possession that are relevant to these problems and to similar disputes with other sub-postmasters.

Quay House, Quay Street • Manchester M3 3JE • Tel: **GRO** • Fax: **GRO**
Email: **GRO** • Website: www.rowecohen.com

Partners: S. E. Cohen • I. Rowe • D. J. Horwath • J. N. Lewis • M. V. Hymanson • G. P. Small • A. Dennison • B. T. Coghill • J. V. Dwyer • A. Farley • A. Sacks • A. Taylor
M. C. Woodall • R. J. Sprouson • S. Raem • A. Curwen • R. J. Myer • H. Burns • S. P. Sutton Associates: L. F. Swarling • A. D. Owens • M. Molloy • P. Sampson Consultants: M. T. Horwath

This firm is regulated by the Law Society
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17-NOV-2005 15:39

GRO

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G:\MARKET\ABBEY\CASTLETON\171105 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

Reply and Defence to Counterclaim

The extension of time that your client afforded to our client for filing his Defence and Counterclaim followed an exchange of correspondence connected with the disclosure issues referred to above. As we made clear at the time, it was our view that proceedings had been issued prematurely without dealing fully with the request for pre-action disclosure. You agreed to the extension pending your taking further instructions in relation to our request for disclosure.

Your client's Reply to Defence and Defence to Counterclaim was due for service by 5 September, the last date for filing Allocation Questionnaires with the court. You provided us with a copy of your client's Allocation Questionnaire (dated 7 September) under cover of your letter dated 7 September. No statement of case was served under cover of that letter nor was any request received for any extension of time for service of a Reply and Defence. Had such an extension been sought, it would have been granted.

On 7 September, we spoke with a clerk at Scarborough County Court to enquire whether a Reply and Defence had been served. We were told that none had been received. Accordingly, we despatched Request for Judgment by Default later that day. We enclose a copy of the Request.

We then wrote to you on 14 September querying whether a Reply and Defence had been filed, given that the court had informed us that none had been received. The writer then received a voicemail message from Denise Gammack of your firm on 15 September asking him to telephone to discuss this matter.

He duly returned the call and, during the course of that conversation, Ms Gammack commented that there appeared to have been an oversight in relation to the Reply and Defence, that she had not been in the office at the time when the Allocation Questionnaire was despatched for filing and that she assumed that whoever had dealt with it in her absence had forgotten to enclose the Reply and Defence.

Ms Gammack asked whether our client would be prepared to grant a retrospective extension of time for service of the Reply and Defence. We said that we would need to seek instructions but that but that we did not envisage that our client would be prepared to do so, not least given the dilatory way in which (at least in his view) your client had dealt with our own requests for information and documentation. We indicated that we had, in any event, already filed a Request for Judgment.

The clear impression that the writer received from the conversation with Ms Gammack was that she had suddenly realised on receipt of our letter of 14 September that no Reply and Defence had been filed.

Rather tellingly in our view, there was then no attempt by your firm to serve a Reply and Defence immediately following that conversation. If it had been drafted and ready to serve, but had not been despatched to the court by oversight, it would be reasonable to assume that you would have addressed this immediately on becoming aware of the oversight. You did not. Nor did you make an application for a retrospective extension of time for service.

Indeed, no further correspondence was received from you until your letter of 7 November. Granted, the court did order a stay of proceedings for one month by its Order of 4 October. Nevertheless, there was a gap of some 3 weeks between your becoming aware that no Reply and Defence had been filed and the stay being imposed. That was, in our respectful view, ample time for you to make the appropriate application to the court for relief from sanction. Even once the stay was in place, you could have sought to serve a statement of case out of time and applied immediately upon its expiry for relief from sanction. You did not do so.

It appears that it was not until you received our letter of 14 November (enclosing a copy of a letter that we had sent to the court querying the form of the Judgment in Default Order dated 9 November) that you were stirred into action. Your client's Reply and Defence to Counterclaim (which we note is undated) was then received by us by fax under cover of your letter of 15 November. Please confirm when this document was actually drafted (as opposed to when it was signed).

17/11 '05 15:39 FAX

GRO

ROWECOHEN

004

Judgment in default

Our request for judgment was lodged with Scarborough County Court on 7 September. For some reason, it was not processed prior to the transfer of proceedings to the Central Office.

On receipt of notice of transfer, we wrote to the court on 10 October to enquire whether it had been actioned following receipt at Central Office. We received a reply dated 12 October indicating that the Request had not been processed either before transfer or on receipt, and that as the claim had been stayed immediately on receipt it could not now be processed without an application being made to lift the stay.

We wrote to the court again on 3 November, following the expiry of the stay, asking for our client's Request for Judgment to now be processed. We assume that this prompted the (rather oddly worded) "Judgment for the Claimant" dated 9 November, listing this matter for a CMC on 6 December.

We wrote to the court on 14 November querying the wording of the Judgment, copying the letter to you for reference.

Your assertion that no judgment against your client has yet been processed is, with respect, somewhat disingenuous. What else could the Judgment dated 9 November be intended to mean? Our client filed his Defence and Counterclaim in time so quite obviously it could not be intended to actually mean that judgment had been taken against the Defendant, as indicated on the face of the order. The only reasonable interpretation of the Order of 9 November is that it is a typographical error on the part of the clerk who drew up the Order.

This is confirmed by a message left for the writer earlier today by Sahin, one of the clerks in the Judgments Section at the Central Office, presumably prompted by our letter of 14 November. He indicated that there had been an error on the face of the order of 9 November and that a revised Order would be despatched to the parties in tonight's post. Having now spoken with the court, it has confirmed that the revision is to make it clear that the judgment is in favour of the Defendant, in default of a Defence having been served to the Counterclaim.

In all the circumstances, our client is not prepared to consent to the judgment being set aside. Irrespective of whether your client has a reasonable prospect of succeeding in defending the counterclaim, it is clear that there has been considerable delay in applying for relief from sanction. That delay is, in our view, sufficient reason for the court to decline to exercise its discretion to set judgment aside.

Thank you for the reference to *Coll -v- Tatum*. That case differs to these proceedings in that our client's Request for Judgment was processed (and without a hearing being required) before the purported service of your client's Reply and Defence. We shall leave the Master to determine any application your client might choose to make and to assess whether your client can bring itself within the ambit of the court's decision in *Coll -v- Tatum*.

Finally, you refer in paragraph 2 to our client's position viz a viz mediation being at odds with having already applied for judgment in default. We cannot agree. Even if the counterclaim was to proceed straight to a hearing to deal with quantum, it would still require further time and cost to resolve it, which mediation may assist in avoiding. In any event, your client's own claim would still need to proceed. We see nothing misleading in our correspondence relating to mediation nor inconsistent with our client having previously sought (and obtained) judgment in default.

Yours faithfully

GRO

ROWECOHEN

Bond Pearce

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

Fax

If any of this fax is missing or illegible
please telephone the number below

To: The Court Manager

Royal Courts of Justice

Fax: **GRO**

cc:

Your ref:

From: Stephen Dilley

Our ref: SJD3/ABG1/348035.134

Direct: **GRO**

Date: 17 November 2005

Fax: **GRO**

GRO

Number of pages: 6

Post Office Limited -v- Lee Castleton
Claim No: HQ05X02706

BY FAX AND DX ✓

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A list of members of Bond Pearce is open for inspection at the registered office. Regulated by the Law Society.
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www.bondpearce.com

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17 November 2005

By Fax **GRO** & DX

The Court Manager
Masters Support Unit
Queens Bench Division
Royal Courts of Justice
GRO
Strand

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

GRO

GRO

Direct: **GRO**

Our ref:
SJD3/ABG1/348035.134
Your ref:

Dear Sirs

Post Office Limited -v- Lee Castleton
Claim No: HQ05X02706

We act on behalf of the Claimant/Part 20 Defendant in relation to the above matter.

We enclose three copies of an Application Notice and draft Order for your attention. The Application Notice is for an Order that the Claimant be at liberty to file its reply to the Defence and Defence to Counterclaim out of time and that if a Judgment in Default has been entered against the Claimant, that it be set aside.

We also enclose a cheque for £100 with the hard copy of this letter being the Court Fee.

The Witness Statement in support of our Application will follow shortly. We understand that a Hearing has been listed for 30 minutes to take place on 6 December 2005 to decide the amount which the Defendant must pay the Claimant. In the light of our Application to set aside any Default Judgment that may have been entered against the Claimant, we would ask that the Hearing on 6 December be vacated and listed for the first available date thereafter with a time estimate of two hours.

We thank the Court in anticipation of its assistance and look forward to hearing from you.

Yours faithfully

Bond Pearce LLP

Stephen Dilley

From: Stephen Dilley
Sent: 17 November 2005 16:57
To: cath.oglesby [GRO]
Subject: FW: Urgent The Post Office -v- Lee Castleton (Marine Drive Post Office, Bridlington)

Importance: High

Attachments: Ecopy Scan.pdf



Ecopy Scan.pdf
(566 KB)

Dear Ms Oglesby,

I refer to my earlier email and to our telephone conversation today.

I attach to this email your letter to Mr Castleton dated 26 April 2004, the interview minutes of 10 May 2004 and your subsequent notes.

In addition to the queries raised below, it would be helpful if you could please explain in detail precisely what happens when a person goes into a post office to buy something. Precisely how is it recorded? Is it manually inputted into Horizon at the same time or later in the day? Is the cash register linked to Horizon? How does the Horizon system work? Could Mr Castleton be correct that the daily snapshots will not match the I will need to explain this to the judge who will know nothing at all about Horizon, so it would be helpful if you could be as thorough as possible.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [GRO]
Main office phone: [GRO]
Fax: [GRO]
www.bondpearce.com

-----Original Message-----

From: Stephen Dilley
Sent: 17 November 2005 11:50
To: cath.oglesby [GRO]
Cc: 'cheryl.woodward' [GRO]; 'mandy.talbot' [GRO]
Subject: Urgent The Post Office -v- Lee Castleton (Marine Drive Post Office, Bridlington)

Dear Ms Oglesby,

I have tried unsuccessfully to speak to you today.

Mr Castleton's solicitors are seeking the return of documents that they say you removed from the Marine Drive Post Office when you did an audit. I understand that not all those can be found.

I attach copies of the following:-

- (a) A without prejudice letter dated 30 September from Mr Castleton's solicitors to Bond Pearce;
- (b) Bentley Jennison's Report dated 23 September and attachments; and
- (c) White & Hoggard's report dated 18 August.

Bentley Jennison state that the deficiencies have probably been brought forward despite the fact that they have been entered onto the suspense account entry. They suspect this is because the Horizon system, despite the

expense account entry, has failed to recognise the entry on the daily snapshot. They have drawn this conclusion through looking at the discrepancy of £3,509.18 on Thursday 26 February 2004. They then suggest that this double accounting could have continued over a number of weeks and that as such, Mr Castleton's Defence, "appears to hold potential merit based on the limited documentation" they have so far reviewed. White & Hoggard reach a similar conclusion in their report.

Bentley Jennison seek:

- (i) A full list of all the transactions carried out within the Post Office (he says that it is not good enough that management information is not available simply because the "month end has been closed down".
- (ii) The actual audit report you prepared. He says that the actual report would have been a manuscript writing document rather than a typed document.
- (iii) P and A Reports for weeks 39-52.
- (iv) Cash and stock counts for when Mr Castleton began trading and when he stopped being a Post Office Sub-Postmaster.
- (vi) The events log for weeks 39 to 52.
- (vii) Transaction log.
- (viii) The daily snapshots.

Mr Castleton believes that if he can get these documents, he will be able to undertake a manual reconciliation of the cash account in order to substantiate his belief that the losses are not real but attributable to computer error.

1. Do you believe the suggestion put forward by the experts could (at least in theory) be correct? If not, why not?
2. Do you have a list of what documents you removed to do the audit? Is it normal for sub post office masters to do daily snapshots?
3. Would it be possible to regenerate the above missing records from computer records at the Post Office? If computer records are not kept centrally, would they be stored on the hard drives of the computers at the Marine Post Office? If so, could you obtain them?
4. In an email from Fujitsu to Richard Benton dated 5 May 2004, Fujitsu stated "It is possible that they are not accurately recording all transactions on the system. " If there have been human errors in recording the transactions, could an explanation be that:

- (a) there was nothing wrong with Horizon, because it simply reflected the information entered on to it; but
- (b) if staff punched in the wrong numbers into Horizon, there may have been no real loss (even though Horizon would show a loss) - it is simply an error in accurately recording transactions.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [REDACTED] GRO
Main office phone: [REDACTED] GRO
Fax: [REDACTED] GRO
www.bondpearce.com

-----Original Message-----

From: cheryl.woodwar [REDACTED] GRO [REDACTED] GRO
Sent: 17 November 2005 08:49
To: cath.oglesby [REDACTED] GRO
Cc: Stephen Dilley
Subject: Urgent Re: FW: The Post Office -v- Lee Castleton

Hi Cath

Could you please contact Stephen Dilley at Bond Pearce Solicitors in relation to Lee Castleton formally of Marine Drive Po. They need to know what documentation was removed from the office.
Stephen GRO

Hi Stephen

As you can see I have asked Cath to contact you but here is her number anyway GRO.

Thanks Cheryl.

This email and any attachments are confidential and intended for the addressee only. If you are not the named recipient, you must not use, disclose, reproduce, copy or distribute the contents of this communication. If you have received this in error, please contact the sender and then delete this email from your system.

Stephen Dilley

From: Stephen Dilley
Sent: 17 November 2005 15:22
To: 'john.h.jones' [GRO]
Cc: 'mandy.talbot' [GRO]
Subject: FW: Urgent The Post Office -v- Lee Castleton (Marine Drive Post Office, Bridlington)

Attachments: MULTIMEDIA_1077082.TIF



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Dear Mr Jones,

I am a solicitor at Bond Pearce LLP and have recently taken over conduct of the Post Office's claim against Mr Castleton. I understand from Ms Oglesby that you presided over his appeal against being dismissed in 2004. Is this correct?

You will see the gist of Mr Castleton's defence from my email to Ms Oglesby below. In summary, he has obtained 2 expert's reports which state that the deficiencies have probably been brought forward despite the fact that they have been entered onto the suspense account entry. They suspect this is because the Horizon system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot.

We need to obtain as much documentation as possible to ascertain whether there may be any truth in this defence. Ms Oglesby believes that a full set of the documentation which was removed from the post office would have been sent to you to deal with on appeal. Do you still have these documents? If so, please could you send them to me?

Please could you also answer the questions that I have directed to Ms Oglesby below?

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [GRO]
Main office phone: [GRO]
Fax: [GRO]
www.bondpearce.com

-----Original Message-----

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Sent: 17 November 2005 11:50
To: cath.oglesby [GRO]
Cc: 'cheryl.woodward' [GRO]; 'mandy.talbot' [GRO]
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(vii) Transaction log.

(viii) The daily snapshots.

Mr Castleton believes that if he can get these documents, he will be able to undertake a manual reconciliation of the cash account in order to substantiate his belief that the losses are not real but attributable to computer error.

1. Do you believe the suggestion put forward by the experts could (at least in theory) be correct? If not, why not?

2. Do you have a list of what documents you removed to do the audit? Is it normal for sub post office masters to do daily snapshots?

3. Would it be possible to regenerate the above missing records from computer records at the Post Office? If computer records are not kept centrally, would they be stored on the hard drives of the computers at the Marine Post Office? If so, could you obtain them?

4. In an email from Fujitsu to Richard Benton dated 5 May 2004, Fujitsu stated "It is possible that they are not accurately recording all transactions on the system. " If there have been human errors in recording the transactions, could an explanation be that:

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(b) if staff punched in the wrong numbers into Horizon, there may have been no real loss (even though Horizon would show a loss) - it is simply an error in accurately recording transactions.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [REDACTED] GRO }
Main office phone: [REDACTED] GRO
Fax: [REDACTED] GRO
www.bondpearce.com

-----Original Message-----

From: cheryl.woodwa [REDACTED] GRO
Sent: 17 November 2005 08:49
To: cath.oglesby [REDACTED] GRO

: Stephen Dilley
Subject: Urgent Re: FW: The Post Office -v- Lee Castleton

Hi Cath

Could you please contact Stephen Dilley at Bond Pearce Solicitors in relation to Lee Castleton formally of Marine Drive Po. They need to know what documentation was removed from the office.

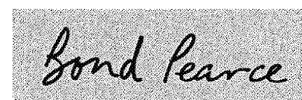
Stephen GRO

Hi Stephen

As you can see I have asked Cath to contact you but here is her number anyway GRO

Thanks Cheryl.

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Telephone attendance

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Stephen Dilley

Location: N/A

Date: 17 November 2005

Start time:

Units:

SJD3 having a telephone conversation with Sahin Chowdury in the Judgments and Orders Section of the High Court of Justice, Queens Bench Division. I explained that I was calling from Bond Pearce LLP and that we acted for the Claimant.

I asked him whether judgment had been entered for the Claimant or the Defendant. I explained that I had received a Default Judgment in favour of the Claimant. He confirmed that the judgment had been entered against the Defendant and in favour of the Claimant.

He said that a request was received on the 9th and that the judgment was entered on the 10th.

He then said that upon looking at the file there had been a typographical error and that the judgment should have been entered against the Claimant on the Defendant's Counterclaim, rather than against the Defendant on the claim. However, he said that all Default Judgments were standard and that therefore that there would never be a standard form of Default Judgment in favour of a Defendant against the Claimant. He said that he would refer the matter to the Master.

I said that our Reply to Defence and Defence to Counterclaim was filed on 15 November and asked him to acknowledge receipt of it. He said he would need to get the for this. I said that on the date that was filed i.e. 15 November, we had not received a Default Judgment against the Claimant. Accordingly, I sought to persuade him that a Default Judgment against the Claimant should not now be entered because we had already filed the Defence to the Counterclaim. He said he would have to refer the matter to the Master. I said that we would be making an Application today for an extension of time to serve the Reply to Defence and Defence to Counterclaim and that if a Default Judgment has been entered against the Claimant, we would apply to set that aside.

Time engaged: 12 minutes.

Stephen Dilley

From: Nicola McSherry
Sent: 17 November 2005 13:18
To: Stephen Dilley
Subject: Message

Please call John Jones from Post Office re Castleton on C

GRO

Thanks

Nicola McSherry
Secretary
for and on behalf of Bond Pearce LLP
Bond Pearce LLP

DDI: **GRO**
Fax:

www.bondpearce.com

Stephen Dilley

From: Avril Grigg

Sent: 17 November 2005 13:08

To: Stephen Dilley

Subject: Please call Mandy Talbot of Post Office re: Castleton on: GRO

Stephen Dilley

From: Denise Gammack [GRO]
Sent: 17 November 2005 13:06
To: Stephen Dilley
Subject: RE: The Post Office -v- Mr L. Castleton

Hi Stephen,

Thanks for your email. I hope all is going well in Plymouth for you, other than the fact that this CMS file is still going on.....

I'm sorry but I can't currently remember very much about this one. I'll carry on racking my brains and let you know if anything comes back to me.

Regards otherwise

Denise

Denise Gammack
Stones Solicitors
Linacre House
Southernhay Gardens
Exeter EX1 1UG

Tel: [GRO]
Fax: [GRO]

From: Stephen Dilley [GRO]
Sent: 16 November 2005 17:31
To: Denise Gammack
Subject: The Post Office -v- Mr L. Castleton

Dear Denise,

I hope you are well and enjoying life at Stones.

The Post Office -v- Mr L. Castleton claim continues. Mr Castleton's solicitors have made a comment about a telecon with you on 15 September and I'd appreciate your feedback before I go back to them on this point. Please see attached.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [GRO]
Main office phone: [GRO]
Fax: [GRO]
www.bondpearce.com

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17/11/2005

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Stones
Solicitors

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Tiverton Tel: [mal.gro](mailto:mal.gro@stones-solicitors.co.uk) Taunton Tel: [mal.gro](mailto:mal.gro@stones-solicitors.co.uk) Sidmouth Tel: [mal.gro](mailto:mal.gro@stones-solicitors.co.uk)

www.stones-solicitors.co.uk

Regulated by The Law Society

Stephen Dilley

From: Stephen Dilley
Sent: 17 November 2005 11:50
To: cath.oglesby [GRO]
Cc: 'cheryl.woodward' [GRO]; 'mandy.talbot' [GRO]
Subject: Urgent The Post Office -v- Lee Castleton (Marine Drive Post Office, Bridlington)

Attachments: MULTIMEDIA_1077082.TIF



MULTIMEDIA_1077
082.TIF (678 KB...

Dear Ms Oglesby,

I have tried unsuccessfully to speak to you today.

Mr Castleton's solicitors are seeking the return of documents that they say you removed from the Marine Drive Post Office when you did an audit. I understand that not all those can be found.

I attach copies of the following:-

- (a) A without prejudice letter dated 30 September from Mr Castleton's solicitors to Bond Pearce;
- (b) Bentley Jennison's Report dated 23 September and attachments; and
- (c) White & Hoggard's report dated 18 August.

Bentley Jennison state that the deficiencies have probably been brought forward despite the fact that they have been entered onto the suspense account entry. They suspect this is because the Horizon system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot. They have drawn this conclusion through looking at the discrepancy of £3,509.18 on Thursday 26 February 2004. They then suggest that this double accounting could have continued over a number of weeks and that as such, Mr Castleton's Defence, "appears to hold potential merit based on the limited documentation" they have so far reviewed. White & Hoggard reach a similar conclusion in their report.

Bentley Jennison seek:

- (i) A full list of all the transactions carried out within the Post Office (he says that it is not good enough that management information is not available simply because the "month end has been closed down".
- (ii) The actual audit report you prepared. He says that the actual report would have been a manuscript writing document rather than a typed document.
- (iii) P and A Reports for weeks 39-52.
- (iv) Cash and stock counts for when Mr Castleton began trading and when he stopped being a Post Office Sub-Postmaster.
- (vi) The events log for weeks 39 to 52.
- (vii) Transaction log.
- (viii) The daily snapshots.

Mr Castleton believes that if he can get these documents, he will be able to undertake a manual reconciliation of the cash account in order to substantiate his belief that the losses are not real but attributable to computer error.

1. Do you believe the suggestion put forward by the experts could (at least in theory) be correct? If not, why not?
2. Do you have a list of what documents you removed to do the audit? Is it normal for sub post office masters to do daily snapshots?
3. Would it be possible to regenerate the above missing records from computer records at the Post Office? If

computer records are not kept centrally, would they be stored on the hard drives of the computers at the Marine Post Office? If so, could you obtain them?

4. In an email from Fujitsu to Richard Benton dated 5 May 2004, Fujitsu stated "It is possible that they are not accurately recording all transactions on the system. " If there have been human errors in recording the transactions, could an explanation be that:

(a) there was nothing wrong with Horizon, because it simply reflected the information entered on to it; but

(b) if staff punched in the wrong numbers into Horizon, there may have been no real loss (even though Horizon would show a loss) - it is simply an error in accurately recording transactions.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP

DDI: [GRO]
Main office phone: [GRO]
Fax: [GRO]
www.bondpearce.com

-----Original Message-----

From: cheryl.woodward@ [GRO]
Sent: 17 November 2005 08:49
To: cath.oglesby@ [GRO]
Cc: Stephen Dilley
Subject: Urgent Re: FW: The Post Office -v- Lee Castleton

Hi Cath

Could you please contact Stephen Dilley at Bond Pearce Solicitors in relation to Lee Castleton formally of Marine Drive Po. They need to know what documentation was removed from the office.

Stephen [GRO]

Hi Stephen

As you can see I have asked Cath to contact you but here is her number anyway [GRO]

Thanks Cheryl.

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Bond Pearce

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

Fax

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To: Rowe Cohen

Fax: **GRO**

cc:

Your ref: MDT.113969

From: Stephen Dilley

Our ref: SJD3/ABG1/348035.134

Direct

GRO

Date: 17 November 2005

Fax: +

GRO

Number of pages: 3

Our Client: Post Office Limited
Your Client: Mr L Castleton
Without prejudice save as to costs

BY FAX AND DX

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www.bondpearce.com

17/11/05
14:18
Cor

Stephen Dilley

From: Helen Rumford
Sent: 17 November 2005 14:29
To: Stephen Dilley
Subject: RE: Marine Drive

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Do these help us?
This is urgent because they are helpful I will use them in an application to set aside that I am now making.

Many thanks.

Stephen

-----Original Message-----

From: mandy.talbot@GRO
Sent: 17 November 2005 13:13
To: Stephen Dilley
Subject: Marine Drive

Please find attached a schedule of the calls logged with the Horizon Helpline by Castleton during the relevant period.

Regards

Mandy Talbot

Litigation Team Leader
Company Secretary's Office
Legal Services

Royal Mail, Impact House, 2 Edridge Road, CROYDON, CR9 1PJ

Postline: GRO STD Phone: GRO, Fax: GRO, Mobile:
GRO

External Email: mandy.talbot@GRO

----- Forwarded by Mandy Talbot/e/POSTOFFICE on 17/11/2005 12:28 -----

Graham C Ward

To: Jennifer Robson/e/POSTOFFICE@GRO, Dave
04/11/2005 14:38 Hulbert/e/POSTOFFICE@GRO
cc: Mandy Talbot/e/POSTOFFICE@GRO
Subject: Marine Drive

Please find attached the details of calls made to the HSH during the January - March period. As you will see there are references to "discrepancies" which were referred to the NBSC. As stated by Brian Pinder in his e mail dated 2/11/05, he did not "identify any calls relating to system faults".....

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If this were a criminal matter, we could ask for a supporting witness statement briefly outlining the nature of the call and how it was resolved.

My own opinion is that I think the key to this case is how the "discrepancies" were dealt with by the NBSC and what advice / support the Pmtr was given at the time the original call was made. It seems clear from the above that the office were experiencing problems. User "error" deliberate or unwitting seems more likely as opposed to Horizon system faults.

Regards

Graham

Casework Manager
Post Office Ltd Investigation Team

PO BOX 1, CROYDON, CR9 1WN

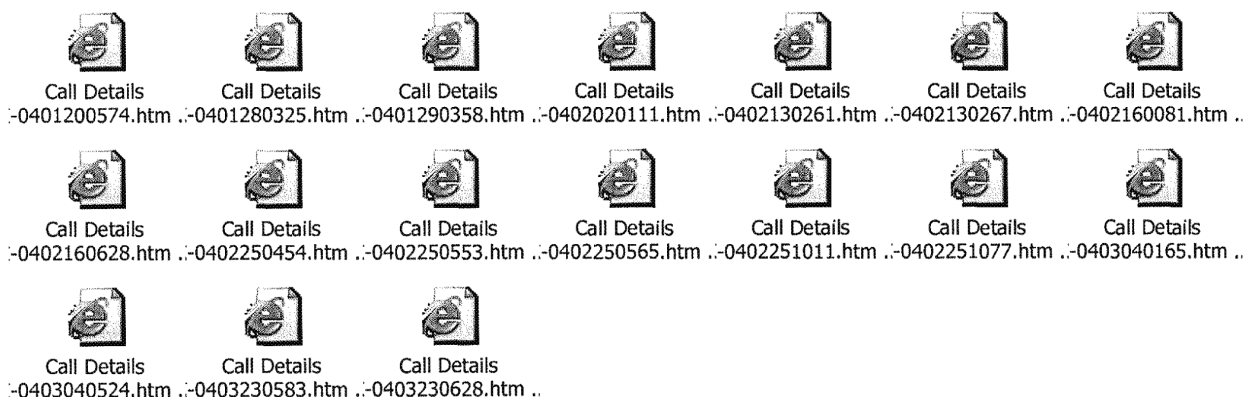
Postline: N/A, STD Phone: , Fax: , VoiceMail:
N/A, Mobes: Mobile: 2 External Email: graham.c.war@

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Postline [GRO] STD Phone [GRO] Fax [GRO] Mobile: [GRO]

External Email: mandy.talbot [GRO]
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Casework Manager
Post Office Ltd Investigation Team

PO BOX 1, CROYDON, CR9 1WN

Postline: N/A, STD Phone: **GRO** Fax: **GRO** VoiceMail:
N/A, Mobex: **GRO** Mobile: **GRO** External Email: graham.c.war@**GRO**

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17 November 2005
By Fax: **GRO** & DX

Rowe Cohen
Solicitors

GRO

VERY URGENT

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

Direct: **GRO**

Our ref:
SJD3/ABG1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client: Post Office Limited
Your Client: Mr L Castleton

We refer to our fax of 16 November.

(1) Disclosure

We note the comments in your 10 November letter in respect of which our client's position is fully reserved.

Standard Disclosure has not even taken place yet, but to try to save costs and settle proceedings at an early stage, we have already provided you with voluminous disclosure. Fujitsu examined the computer system at Marine Drive Post Office and confirmed that there were no problems with it. Accordingly, it would appear to be irrelevant as to whether or not a Sub-Postmaster in Chelmsford experienced any difficulties.

Our client will, of course, comply with its standard disclosure obligations when these proceedings move on to service of List of Documents.

(2) Reply to Defence and Defence to Counterclaim

The Claim was served on Mr Castleton on 14 June. You had until 28 June to file a Defence. We gave you a 28 day extension of time to file the Defence and Counterclaim until 15 August. Mr Castleton therefore had a total of 63 days to file his Defence and Counterclaim.

Your letter dated 4 November to the High Court makes it clear that you lodged the default judgment request with Scarborough County Court prior to the transfer to the Central Office. Please confirm the precise date you filed your request for judgment in default. It appears that you did not extend the same courtesy to us that we gave to you in terms of extensions of time before your request was filed. Of course, during the stay period nothing should have been filed as the proceedings are held in abeyance. The Reply to Defence and Defence to Counterclaim has now been filed and served. In real terms, it took just 4 days longer than your client did in filing the Defence and Counterclaim.

We refer you to the case of ***Coll v Tattum Chancery Division, 21 November 2001***. In that case an extension of time for service of a defence under CPR Part 15 was granted whether the defence was prima facie valid. The Court decided that granting default judgment would have been unjust. Mr Justice Neuberger stated that

"...where, as here, the application for judgment in default is made before the filing of the acknowledgement of service or filing of a Defence, but a Defence is filed before the hearing of the application, the proper course is plainly a matter for the court's discretion. In general, I would have thought that discretion will normally (especially where there is a bona fide defence) be exercised in favour of extending time...Albeit very late, the Defendants have come forward with Defences which, on their face, would, if the allegations are made out,

defeat the claim...it would be quite disproportionate to enter judgment thereby throwing the onus onto the Defendants requiring them to justify their being given permission to defend..."

We are applying today to the Court for an order permitting the late filing of the Reply to Defence and Defence to Counterclaim. We invite you to confirm that you agree to this now and also, if any judgment has been entered in default against our client (although, we have not received one), to agree to set this aside. We reiterate that we do not believe that either parties' best interests are served by taking technical procedural points. It would be inconceivable for the Counterclaim to succeed, if the Court accepts the Defendant was responsible for the loss of over £27,000. This dispute needs to be fully aired at trial, if it is not settled beforehand.

Please may we hear from you as soon as possible today.

Yours faithfully

Bond Pearce LLP

17 November 2005
By Fax [GRO] & DX

Rowe Cohen
Solicitors

GRO

VERY URGENT

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: [GRO]
GRO

[GRO]
Direct: [GRO]

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Bond Pearce LLP

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Ballard House
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Plymouth PL1 3AE

Fax

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To: Rowe Cohen

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cc:

Your ref: MDT.113969

From: Stephen Dilley

Our ref: SJD3/ABG1/348035.134

Direct

GRO

Date: 17 November 2005

Fax:

GRO

Number of pages: 3

Urgent

Our Client: Post Office Limited
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✓
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11:23
Cal.

17 November 2005
By Fax (GRO) & DX

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: (GRO)
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(GRO)
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Your Client: Mr L Castleton

We refer to our fax of 16 November. We have the following comments on your fax of 8 November:

1. Why are you perplexed? You know that Ms Gammack has left the office and it is understandable that her successor would need some time to read into voluminous documents and take instructions. During this time the employees of the Post Office dealing with this case also changed and we are now instructed by the Post Office's Legal Services team in Croydon.
2. You state that Mr Castleton is only willing to even contemplate mediation after certain conditions, including disclosure. We have not even reached the standard disclosure stage of this case yet, but in order to see whether an early conclusion could be reached in this matter, we have already disclosed numerous documents. This includes the final audit, weekly snapshots, final cash accounts, cash on hand/declared cash and weekly cash flow and Giro deposits/withdrawals. Your expert reports concede that the daily snapshots for week 49 does not necessarily mean that an error has been replicated for other weeks.
3. We have already confirmed that our client has been making every attempt to locate the documents you have requested, although since you made your initial disclosure requests we have supplied you with many documents and it is unclear precisely what the balance of information is that you are seeking. Is it just the particular documents mentioned in Bentley Jennison's report? Are you stating that if our client does not locate the documents, Mr Castleton's position is that he will not mediate?
4. We note your request for disclosure of all such documentation in relation to disputes arising with the operation of Horizon. However:
 - (a) CPR 31.22 states that a party to whom a document has been disclosed may only use that document for the purposes of those proceedings in which it is disclosed. Accordingly, if there are other proceedings involving the Horizon system (as to which the writer is unaware) then disclosure made to the Post Office in those proceedings is not permitted in this claim.
 - (b) CPR 31.7 provides that when giving disclosure, a party is required to make a reasonable search for documents and the factors in deciding the reasonableness of the search include the number of documents involved, the nature and complexity of the proceedings, the ease and expense of retrieval of any particular document and the significance of any document which is likely to be located during the search. Your request appears to be very broad and vague and it is not currently clear precisely what it is you are seeking. Having regard to the disclosure rules, we do not believe that it would be reasonable for the Post Office to search and disclose this category of documents.

In any event, this aspect of your disclosure request appears to be superseded by your 10 November letter in which you state that you already have this sort of information that your client has obtained directly from other Sub-Postmasters.

5. Irrespective of the above, it is clear that you have already formed a view on your client's case and you will doubtless air those views during any mediation. The reality is that after disclosure, both parties will have incurred significantly further costs and that even more will be at stake and positions will be more entrenched. It is unconstructive and untrue to suggest that parties can only mediate successfully after disclosure and that the parties cannot try to settle the case at an early stage based on the information then available. Accordingly, we believe that it would be most cost effective to mediate now. If, however, you refuse to do so, then at the next Case Management Conference we will seek a stay of the claim in order that the parties can attempt to settle and we will certainly refer to this exchange of correspondence on the question of costs.

Please take your client's instructions and revert to us.

Yours faithfully

Bond Pearce LLP

17 November 2005
By Fax **GRO** & DX

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

GRO

Direct: + **GRO**

Our ref:
SJD3/ABG1/348035.134
Your ref:
MDT.113969

Dear Sirs

Without prejudice save as to costs
Our Client: Post Office Limited
Your Client: Mr L Castleton

We refer to our fax of 16 November. We have the following comments on your fax of 8 November:

1. Why are you perplexed? You know that Ms Gammack has left the office and it is understandable that her successor would need some time to read into voluminous documents and take instructions. During this time the employees of the Post Office dealing with this case also changed and we are now instructed by the Post Office's Legal Services team in Croydon.
2. You state that Mr Castleton is only willing to even contemplate mediation after certain conditions, including disclosure. We have not even reached the standard disclosure stage of this case yet, but in order to see whether an early conclusion could be reached in this matter, we have already disclosed numerous documents. This includes the final audit, weekly snapshots, final cash accounts, cash on hand/declared cash and weekly cash flow and Giro deposits/withdrawals. Your expert reports concede that the daily snapshots for week 49 does not necessarily mean that an error has been replicated for other weeks.
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In any event, this aspect of your disclosure request appears to be superseded by your 10 November letter in which you state that you already have this sort of information that your client has obtained directly from other Sub-Postmasters.

5. Irrespective of the above, it is clear that you have already formed a view on your client's case and you will doubtless air those views during any mediation. The reality is that after disclosure, both parties will have incurred significantly further costs and that even more will be at stake and positions will be more entrenched. It is unconstructive and untrue to suggest that parties can only mediate successfully after disclosure and that the parties cannot try to settle the case at an early stage based on the information then available. Accordingly, we believe that it would be most cost effective to mediate now. If, however, you refuse to do so, then at the next Case Management Conference we will seek a stay of the claim in order that the parties can attempt to settle and we will certainly refer to this exchange of correspondence on the question of costs.

Please take your client's instructions and revert to us.

Yours faithfully

Bond Pearce LLP

Stephen Dilley

From: Stephen Dilley
Sent: 17 November 2005 10:35
To: 'mandy.talbot@GRO';
Cc: 'cheryl.woodward@GRO';
Subject: FW: The Post Office -v- Lee Castleton

Dear Mandy,

I refer to my email of 16 November and attach a draft fax that I propose to despatch to Mr Castleton's solicitors for your approval. I would like to discuss my comments in that fax about disclosure with you, before it is sent.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP

DDI: GRO
Main office phone: GRO
Fax: GRO
www.bondpearce.com

From: Stephen Dilley
Sent: 16 November 2005 19:31
To: 'mandy.talbot@GRO'; 'cheryl.woodward@GRO';
Subject: FW: The Post Office -v- Lee Castleton

Dear Mandy and Cheryl,

I tried to contact you both today, but you were not available.

1. Mandy, please can you let me know whether the Post Office has experienced widespread problems with Horizon? Mr Castleton's solicitors are seeking disclosure of this sort of information before they agree to mediate. If it would be difficult for you to find out this information, please can you give me an idea of how and why it would be difficult (and expensive) to retrieve it? (eg perhaps there are no central records). This will give me some ammunition to go back to Mr Castleton's solicitors with to explain why the Post Office does not feel it is appropriate to disclose it and to try to persuade them to mediate sooner rather than later.

2. Cheryl, I know you say the paperwork removed from Marine Drive can't now be found, but did the Post Office keep a list of what items it removed? Do you know that the Post Office definitely removed the documents Mr Castleton seeks? Do you have the contact details for Mrs Oglesby so that I can discuss this with her? She will be an important witness.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor

17/11/2005

for and on behalf of Bond Pearce LLP

DDI: [REDACTED] GRO

Main office phone: [REDACTED] GRO

Fax: [REDACTED] GRO

www.bondpearce.com

From: Stephen Dilley

Sent: 11 November 2005 14:06

To: 'mandy.talbot@[REDACTED] GRO'; 'cheryl.woodward@[REDACTED] GRO'

Subject: The Post Office -v- Lee Castleton

Dear Mandy and Cheryl,

Thanks, Cheryl, for your e-mail of 10 November.

I note that the Post Office is not able to find the documents which it removed from the sub post office. These documents are crucial to Mr Castleton's Defence and the Court will draw adverse inferences if we are not able to produce them. This reinforces my view that we should seek an early settlement.

I attach a letter dated 10 November 2005 from Mr Castleton's solicitors to Bond Pearce for your information, together with an article from the November 2005 edition of the Sub-Postmaster Magazine in which a sub-postmaster in Chelmsford complains of problems with the operation of the Horizon computer system. Other sub-postmasters' problems are in my view irrelevant to the issue of whether the Horizon worked for Mr Castleton, unless there is evidence of widespread problems. Mr Castleton's specific point is that there are widespread problems with Horizon and accordingly he should not have been dismissed.

Mandy, I look forward to hearing from you in relation to my 9 November letter. If it will be helpful to discuss things over the phone, please do not hesitate to contact me on telephone number [REDACTED] GRO

Kind regards.

Stephen Dilley

Solicitor

for and on behalf of Bond Pearce LLP

DDI: [REDACTED] GRO

Main office phone: [REDACTED] GRO

Fax: [REDACTED] GRO

www.bondpearce.com

17 November 2005
By Fax GRO & DX

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: + GRO
Fax: + GRO

GRO
Direct: GRO

Our ref:
SJD3/ABG1/348035.134
Your ref:
MDT.113969

Dear Sirs

Without prejudice save as to costs
Our Client: Post Office Limited
Your Client: Mr L Castleton

We refer to our fax of 16 November. We have the following comments on your fax of 8 November:

1. Why are you perplexed? You know that Ms Gammack has left the office and it is understandable that her successor would need some time to read into voluminous documents and take instructions. During this time the employees of the Post Office dealing with this case also changed and we are now instructed by the Post Office's Legal Services team in Croydon.
2. You state that Mr Castleton is only willing to even contemplate mediation after certain conditions, including disclosure. We have not even reached the standard disclosure stage of this case yet, but in order to see whether an early conclusion could be reached in this matter, we have already disclosed numerous documents. This includes the final audit, weekly snapshots, final cash accounts, cash on hand/declared cash and weekly cash flow and Giro deposits/withdrawals. Your expert reports concede that the daily snapshots for week 49 does not necessarily mean that an error has been replicated for other weeks.
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 - (b) CPR 31.7 provides that when giving disclosure, a party is required to make a reasonable search for documents and the factors in deciding the reasonableness of the search include the number of documents involved, the nature and complexity of the proceedings, the ease and expense of retrieval of any particular document and the significance of any document which is likely to be located during the search. Having regard to the disclosure rules, we do not believe that it would be reasonable for the Post Office to search and disclose this category of documents.
 - (c) Whether any other Sub-Postmasters have problems with Horizon is not determinative as to whether the Horizon system worked for Mr Castleton. What is much more relevant is that in Mr Castleton's case, Fujitsu reviewed the system and concluded that there were no problems. Your disclosure request seems merely designed to muddy the waters and delay settlement.
5. In any event, this aspect of your disclosure request appears to be superseded by your 10 November letter in which you state that you already have this sort of information that your client has obtained directly from other Sub-Postmasters.

6. Irrespective of the above, it is clear that you have already formed a view on your client's case and you will doubtless air those views during any mediation. The reality is that after disclosure, both parties will have incurred significantly further costs and that even more will be at stake and positions will be more entrenched. It is unconstructive and untrue to suggest that parties can only mediate successfully after disclosure and that the parties cannot try to settle the case at an early stage based on the information then available. Accordingly, we believe that it would be most cost effective to mediate now. If, however, you refuse to do so, then at the next Case Management Conference we will seek a stay of the claim in order that the parties can attempt to settle and we will certainly refer to this exchange of correspondence on the question of costs.

Please take your client's instructions and revert to us.

Yours faithfully

Bond Pearce LLP

Stephen Dilley

From: cheryl.woodward [GRO]
Sent: 17 November 2005 00:49
To: cath.oglesby [GRO]
Cc: Stephen Dilley
Subject: Urgent Re: FW: The Post Office -v- Lee Castleton

Hi Cath

Could you please contact Stephen Dilley at Bond Pearce Solicitors in relation to Lee Castleton formally of Marine Drive Po. They need to know what documentation was removed from the office.
Stephen [GRO]

Hi Stephen

As you can see I have asked Cath to contact you but here is her number anyway

[GRO]

Thanks Cheryl.

This email and any attachments are confidential and intended for the addressee only. If you are not the named recipient, you must not use, disclose, reproduce, copy or distribute the contents of this communication. If you have received this in error, please contact the sender and then delete this email from your system.

Bond Pearce

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: +
Fax: **GRO**
DX 8251 Plymouth

Fax

If any of this fax is missing or illegible
please telephone the number below

To: Rowe Cohen

cc:

Fax: **GRO**
Your ref: MDT.113969

From: Stephen Dilley

Our ref: SJD3/ABG1/348035.134

Direct: **GRO**

Date: 16 November 2005

Fax: +44

GRO

Number of pages: 3

Urgent

Our Client: Post Office Limited
Your Client: Mr L Castleton

BY FAX AND DX

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BT. 17.21
16/11/05

16 November 2005
By Fax GRO & Post

Rowe Cohen
Solicitors

GRO

URGENT

Dear Sirs

Our Client: Post Office Limited
Your Client: Mr L Castleton

Thank you for your fax dated 16 November. We have the following comments in response:

1. You are incorrect to state that our client's Reply to Defence and Defence to Counterclaim is over two months out of time. The claim was stayed for one month from 4 October to 3 November, for settlement. Given that there was a stay, nothing needed to be filed during this period and the time does not run during the stay. Ms Gammack has now left this firm but we have asked her to comment on your assertions. Our position is fully reserved.
2. We are surprised that you have made an application for Default Judgment, given that you confirmed Mr Castleton was willing to participate in a mediation after standard disclosure. Why would the standard disclosure stage of proceedings take place if a default judgment was obtained, triggering a hearing on quantum? Your client's position is misleading. We will revert to you separately on the question of disclosure.
3. In any event, you state that the onus is on us to set aside your client's Judgment in Default but we have not received any Judgment in Default against our client. If you have received a copy, please send this to us. The only Judgment in Default we have received is against your client. As no Judgment in Default has been entered against our client, your client is not entitled to do so given that our Defence to Counterclaim has been served and filed before any Judgment has been entered.
4. If the Court does enter Judgment in Default against our client, we are instructed to immediately apply to set it aside. The Court may set aside a Default Judgment if the Defendant has a real prospect of successfully defending the claim or there is some other good reason why the Defendant should be allowed to defend the claim. If the Court accepts at trial that your client has negligently, carelessly and/or in error failed to account for over £27,000, then it would be incongruous for the Counterclaim to succeed. The Claim and Counterclaim are intertwined and there needs to be a full trial of the issues they raise. We will refer to the fact that Fujitsu Services examined the computer system and confirmed that the discrepancies were caused by the difference between the transactions that were recorded on the system and the cash that was declared and were not caused by the system's software or hardware. In the light of this examination, we firmly believe that the Post Office claim has much more than a real prospect of success. Accordingly, if it necessary for us to apply to set aside any Judgment in Default, we invite you to consent to it now. If an application proves necessary, then we will refer to this fax on the question of costs.
5. If no Judgment in Default has been entered against our client, then we invite you to immediately confirm to the Court, copying us in, that you will withdraw your application.

Bond Pearce LLP

Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: GRO

Fax: GRO

GRO

Direct: GRO

Our ref:
SJD3/SJR2/348035.134
Your ref:
MDT.113969

We do not believe that either parties' interests are best served by interim applications taking technical points on procedure that will ultimately do little other than to increase the costs and entrench positions. We do believe that the best outcome would be for the claim to be stayed to allow a mediation to take place and will seek a stay at the next directions hearing.

Please let us have your response by return.

Yours faithfully

Bond Pearce LLP

Bond Pearce

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

Fax

If any of this fax is missing or illegible
please telephone the number below

To: Judgments and Orders Section
cc:

Royal Courts of Justice

Fa: **GRO**
Your ref:

From: Stephen Dilley

Our ref: SJD3/HR1/348035.134

Direct: **GRO**

Date: 15 November 2005

Fax: + **GRO**

Number of pages:

~~Fax + DX~~
Please

John

17.58

15/11/05

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www.bondpearce.com

F

15 November 2005

By Fax **GRO** & DX

Her Majestys Court Service
Judgments and Orders
Room No E15
Royal Courts of Justice

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: +

GRO

Fax: +

GRO

Direct: +

GRO

Direct: +

GRO

Our ref:
SJD3/LJP1/348035.134
Your ref:

Dear Sir/Madam

HQ05X02706
Post Office Limited v Mr Lee Castleton

We act for the Claimant and Part 20 Defendant in the above matter.

Please find enclosed our client's Reply to Defence and Defence to Counterclaim for filing.

We confirm that we have today served the same on the Defendant.

Yours faithfully

Bond Pearce LLP

Bond Pearce

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**
GRO

Fax

If any of this fax is missing or illegible
please telephone the number below

To: Mark Turner
cc:

Rowe Cohen Solicitors

Fax: **GRO**
Your ref: MDT.113969

From: Stephen Dilley

Our ref: SJD3/HR1/348035.134

Direct: **GRO**

Date: 15 November 2005

Fax: + **GRO**

Number of pages:

Our Client: Post Office Limited
Your Client: Mr L Castleton

*Fax + DX
please*

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f

15 November 2005

By Fax **GRO** & DX

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
GRO

GRO
Direct: **GRO**

Our ref:
SJD3/HR1/348035.134
Your ref:
MDT.113969

Dear Sirs

Post Office Limited v Mr L Castleton

Please find enclosed by way of service our client's Reply to Defence and Defence to Counterclaim.

We confirm we have today filed the same with the Court.

We regret that negotiations appear to have come to a halt and would suggest that we now proceed to mediation without any further unnecessary delay.

We look forward to hearing from you.

Yours faithfully

Bond Pearce LLP

Bond Pearce

Telephone attendance

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Helen Rumford

Location: N/A

Date: 15 November 2005

Start time:

Units:

ATTENDING (OUT) the court and explaining the situation and saying that we did intend to file the defence to counterclaim today. HR asking whether it would be likely that the order would be amended to be judgment for the defendant. However, the person I was speaking to said he was only a trainee and had not dealt with judgment before but did say that there was a note on the screen dated 10 November to say that no defence to the counterclaim had been filed.

He was unable to help me further.

Units
HR1

Bond Pearce

Telephone attendance

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Julian Summerhayes

Location: N/A

Date: 15 November 2005

Start time:

Units:

JMS1 attending OUT on Mandy Talbot and discussing matters. JMS1 wanted to know whether there was any evidence at all of the monies that were alleged by Royal Mail to be outstanding? MT indicating that she had gone through the file but was certainly not able to find any manual documents to confirm this. JMS1 talking through a few of the issues in the Reply and Defence to Counterclaim and saying he had slightly amended that from the version that had been sent through earlier. JMS1 would send that through via HR1's email address. MT talking about getting tired with this case. She was still not sure why the firm had been given instructions to issue. She will revert soonest.

2 units

Bond Pearce

Work chit

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Julian Summerhayes

Location: N/A

Date: 15 November 2005

Start time:

Units:

JMS1 amending Reply and Defence to Counterclaim and HR1 emailing that to the client.

5 units

Bond Pearce

Note

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Julian Summerhayes

Location: N/A

Date: 15 November 2005

Start time:

Units:

JMS1 discussing with HR1 the basis of the Reply and Defence to Counterclaim. JMS1 going through CPR Part 16 with her.

3 units.

Stephen Dilley

From: Rebecca Chappell
Sent: 14 November 2005 16:37
To: Stephen Dilley
Subject: RE: Post Office -v- Lee Castleton

Stephen

Please find the Lawtel summary of the relevant case below, in which judgment was given to the subpostmaster due to lack of original documentation.

As discussed, the cases I have worked on where the lack of evidence issue arose either settled (without entering into a substantial discussion on this point) or we got judgment based on the subpostmaster's weak defence.

Sorry I can't be of more help - good luck!

Rebecca

POST OFFICE COUNTERS LTD v TARLA MAHIDA (2003)

CA (Hale LJ, Kay LJ) 22/10/2003

CIVIL PROCEDURE - CIVIL EVIDENCE

DESTROYED EVIDENCE : SECONDARY EVIDENCE : RELIABILITY : ADMISSIBILITY :
POST OFFICES : SUB-POST MISTRESSES : DISCREPANCIES : SCHEDULES : ACCOUNTS :
RECOVERY OF SUMS : FAIRNESS : FAIR TRIALS : PRIMARY EVIDENCE : DEBTORS :
CREDITORS : CASE MANAGEMENT : DISCRETION : PROOF OF DEBT : CIVIL
PROCEDURE RULES 1998 SI 1998/3132 : CPR : CPR PART 31

Where a creditor was relying upon discrepancies in documents submitted by the debtor, and the debtor was requesting details of the claim, the creditor could not be said to have discharged the burden of proving the debt when it was responsible for destroying the primary evidence said to have proved that debt. That was a factor that should have weighed heavily in the judge's determination of whether the debt had been proved by the secondary evidence.

Appeal by the defendant ('M') from the decision of HH Judge Perry dated 31 October 2002, giving judgment in favour of the claimant ('P') and dismissing the counterclaim. M was employed as a sub-post mistress from 1988 until she was suspended in October 1994 and her contract terminated in 1995. The grounds of the termination were that P had found discrepancies in M's claims for payments in respect of Department of Social Security ('DSS') payments that had been made by M. In September 1997 P issued these proceedings seeking recovery of sums said to have been due which represented the discrepancies in the payments. M denied liability and counterclaimed for breach of contract. The judge found the claim made out and dismissed the counterclaim. By this appeal M claimed that she was denied a fair trial since the documentation relied upon by the judge was secondary evidence as to the alleged deficiencies. That evidence amounted to schedules drawn up by P which related to claim forms and receipts submitted by M when she had sought the payments. However, the actual documentation that was set out in those schedules was not adduced as evidence by P since it had either been destroyed by P or by the DSS in the usual course of document destruction. M argued that although the secondary evidence was admissible evidence, the judge was wrong to have admitted it or accept it as proving P's case. Accordingly, M argued that the judge

21/11/2005

should have exercised his discretion under CPR Part 31 and refused to admit the secondary evidence.

HELD: (1) There was no doubt that the secondary evidence was admissible evidence. The power contained in the Civil Procedure Rules 1998 SI 1998/3132 to exclude evidence, even if admissible, was principally a case management power designed to allow the court to stop cases getting out of hand. It would have been a harsh decision to have shut P out of its claim and the possibility of a defence to the counterclaim because of the non-existence of the original documents. Accordingly, the judge could not be said to have been plainly wrong in the exercise of his discretion to admit the evidence. (2) Nevertheless, there was a substantial unfairness in the process. M had requested sight of the original documents from a very early stage, but there were two key failures by P. Firstly, there was delay in P's response to M's request to see the documents, and secondly, P had failed to take proper care of the original documents which were the foundation of its claim. Those matters went to the weight accorded to the secondary evidence being admitted. (3) Whilst the judge could not be faulted for concluding that the secondary evidence entitled him to find that there had been an increased claim over a particular period, and that the evidence supported the dismissal of M's counterclaim, it was a separate issue as to whether the secondary evidence was of sufficient weight to prove the precise amount of debt that was said to have been due. Where a creditor was relying upon discrepancies in documents submitted by the debtor, and the debtor was requesting details of the claim, the creditor could not be said to have discharged the burden of proving the debt when it was responsible for destroying the primary evidence said to have proved the debt. That was a factor that should have weighed heavily in the judge's determination of whether the debt had been proved. (4) Whilst the secondary evidence did go some way, coupled with further evidence in the case, to prove some of the debt owed, it did not prove all of the claimed sums and accordingly the judge's order was substituted for one that only contained those sums proved. On that limited basis the appeal was allowed.

Appeal allowed.

David Craig instructed by Legal Services Royal Mail Group Plc for P. Mr J Kenny instructed by the Pro Bono Unit for M.

LTL 22/10/2003 EXTEMPORE : Times, October 31, 2003

Document No. AC9900565

From: Stephen Dilley
Sent: 14 November 2005 14:16
To: Rebecca Chappell
Subject: FW: Post Office -v- Lee Castleton

Rebecca,

I understand you have had to mediate RM claims in the past and address a documentation problem. I have a similar problem with a case that I am running for them. Please could you give me a call this afternoon to discuss?

Many thanks.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP

DDI: [REDACTED] GRO
Main office phone: [REDACTED] GRO
Fax: [REDACTED] GRO

21/11/2005

www.bondpearce.com

From: Stephen Lister
Sent: 07 November 2005 10:42
To: Stephen Dilley
Cc: Tom Beezer
Subject: RE: Post Office -v- Lee Castleton

Thank you Stephen.

Lack of documentary evidence has been a problem for RM in the past and there is a history of findings against them on the basis that they could not prove their debt. If this case will effectively put the Horizon system on trial, I agree that RM should seek to mediate a settlement. Rebecca Chappell has successfully mediated RM claims in the past and you should speak to her as she has also had to address the problem of lack of documentation. She may have some suggestions.

I am copying this email to Tom Beezer as he is the client care partner for RM litigation.

Regards,
Stephen

From: Stephen Dilley
Sent: 07 November 2005 10:01
To: Stephen Lister
Subject: Post Office -v- Lee Castleton

Dear Stephen,

As you are the relationship partner for the Royal Mail, I thought it would be helpful to update you in relation to a case I am dealing with for them in case Mandy Talbot mentions it. I recently inherited this case from Denise Gammack when she left the firm, who in turn inherited it from Laura Peto in CMS.

Mr Castleton ("Mr C") was a subpostmaster from July 2003 to March 2004. The Post Office a claim against him for approximately £27,115.83 plus interest and costs in respect of net losses. The real issue is whether there has been any real shortfall, or whether the shortfall has really been generated by computer error. Mr Castleton believes the post offices' weekly snapshots are inaccurate. Mr C has a wrongful termination claim for up to £250,000 but those losses have not yet been particularised.

The claim has been issued, a defence and counterclaim served, and the case was stayed for settlement. Mr C has obtained 2 experts' reports which conclude that the P.O's Horizon computer system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot and that Mr Castleton's Defence, "appears to hold potential merit based on the limited documentation" they have so far reviewed.

I have asked the P.O to produce some more documents to try to strengthen their claim, but they are struggling to do so. Given the nature of Mr Castleton's Defence, I suspect that the Court will draw adverse inferences against the Post Office if it is unable to produce relevant documents that could either help or hinder its case.

My view is either that we should obtain the documents to prove the claim is true, or take an early view that it is unlikely to succeed and seek an early settlement (which may even on a worst case scenario involve making a payment to Mr Castleton).

We take instructions from Cheryl Woodward, Agents Debt Team, Chesterfield but Mandy Talbot is copied in on emails. I spoke to Mandy last week to take instructions and her first question was why Bond Pearce had issued a claim when liability was unclear. I informed Mandy that my

21/11/2005

cc argues had expressed concern to Cheryl about issuing.

(There is an attendance note of a telecon between Laura and Richard Benton (Service Management Section) on file dated 20 April "LRB expressing concern that she would only want to issue if she was entirely satisfied there were no holes in the evidence which would make the claim fail" and letter from Laura to Cheryl dated 10 May stating "...although you have instructed me to issue proceedings, I am reluctant to do so with the knowledge that some vital evidence may be missing. In particular, some balance snapshots and documents for Week 51 and 52 are missing together with an audit trail. The debtor's solicitors claim that these documents are pivotal..." and email from Laura to Cheryl of 24 May "...it will damage the claim if we are unable to provide evidence pivotal to the claim." Laura was then told to issue a claim without this information.

Mandy's next comment was that Cheryl may not have had authority to tell Laura to issue a claim but I was able to tell Mandy that Cheryl had referred this question to her Managers before instruction Laura to proceed.

In any event, Mandy has instructed me to put forward an offer of mediation to try to settle the claim. In the meantime, she will try to obtain more info to support the P.O's claim.

If you have any further questions, please do not hesitate to contact me.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP

DDI: [REDACTED] GRO

Main office phone: [REDACTED] GRO

Fax: [REDACTED] GRO

www.bondpearce.com

Stephen Dilley

From: cheryl.woodward [GRO]
Sent: 10 November 2005 08:32
To: Stephen Dilley
Cc: mandy.talbot [GRO]; jennifer.robson [GRO]; carol.king [GRO]
Subject: Re: Post Office -v- Lee Castleton
Attachments: C.htm; Ecopy Scan.pdf



C.htm (3 KB)



Ecopy Scan.pdf
(408 KB)

Hi Stephen

In regards to your letter.
The paperwork which was removed from Marine Drive Po unfortunately cannot be found.

Cheryl.

"Stephen Dilley"
[GRO]
To: <mandy.talbot [GRO]>
cc: <cheryl.woodward [GRO]>
Subject: Post Office -v- Lee Castleton
09/11/2005 16:15

Please see attached.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [GRO]
Main office phone: [GRO]
Fax: + [GRO]
www.bondpearce.com <<http://www.bondpearce.com/>>

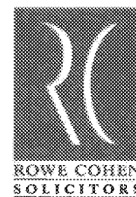
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BS1 6BJ.

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(See attached file: C.htm)

Date: 16 November 2005
Your ref: SJD3/FAC1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial: **GRO**
Direct fax : **GRO**
E-mail:



Bond Pearce
Solicitors

GRO

PLYMOUTH

By DX and Fax

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to your letter of 15 November.

Your client's Reply to Defence and Defence to Counterclaim is over two months out of time. It should be no surprise to you that judgment in default has been entered against your client. We indicated to your Denise Gammack during a telephone conversation on 15 September that we had applied for judgment in default given the failure to file a Defence to Counterclaim within the mandated period.

Ms Gammack indicated that she had been out of the office at the relevant time and had understood that one of her colleagues had attended to filing it with the court. Despite this apparent "oversight", you have made no attempt until now to either serve a Defence and Counterclaim on us or to apply to the court for relief from sanction and a retrospective extension of time to do so. This is consistent with the general approach that your client appears to have taken to this litigation as a whole.

The onus is very firmly on your client to apply to the court for relief from sanction and to set aside our client's judgment in default. It will not come as any surprise to you that any such application at the case management conference listed for 6 December will be vigorously opposed. Your client's own inaction and failure to make a prompt application for relief from sanction should now preclude the court from exercising any discretion in its favour.

We have made our position regarding mediation abundantly clear in our letter of 8 November. The ball is in your court.

Yours faithfully

GRO

ROWE COHEN

Quay House • Quay Street • Manchester M3 3JE • Tel: **GRO** • Fax: **GRO**
GRO Email law: **GRO** • Website www.rowecohen.com

Partners: S. E. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • H. Burns • S.P. Sutton Associates: L.F. Swerling • A.D. Owens • M. Molloy • P. Sampson Consultant: M.T. Horwich

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G:\MARKT\ABBEY\CASTLETON\161105 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

Stephen Dilley

From: Stephen Dilley
Sent: 16 November 2005 17:31
To: 'denisegammack' **GRO**
Subject: The Post Office -v- Mr L. Castleton
Attachments: Ecopy Scan.pdf

Dear Denise,

I hope you are well and enjoying life at Stones.

The Post Office -v- Mr L. Castleton claim continues. Mr Castleton's solicitors have made a comment about a telecon with you on 15 September and I'd appreciate your feedback before I go back to them on this point. Please see attached.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: **GRO**
Main office phone: **GRO**
Fax: **GRO**
www.bondpearce.com

16 November 2005
By Email denisegammack [GRO] k & Post

Ms D Gammack
Stones
Solicitors
Linacre House
Southernhay Gardens
Exeter
EX1 1UG

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: [GRO]
Fax: [GRO]

[GRO]
Direct: [GRO]

Our ref:
SJD3/ABG1/348035.134
Your ref:

Dear Denise

Post Office Limited -v- Mr L Castleton

You will previously recall dealing with this matter whilst you were still at Bond Pearce LLP. You emailed me about it on 29 September and I have taken it over since you have left.

After you left, the Court ordered there to be a stay on the case for a month and that has now expired. We are trying to seek a settlement, but Mr Castleton has applied for a Judgment in Default. I can see from the file that we received the Defence and Counterclaim on 15 August, so the Reply to Defence and Defence to Counterclaim ought to have been filed by around 29 August (i.e. within 14 days).

I attach a copy fax dated 16 November from Mr Castleton's solicitors in which they state that they informed you in a telephone conversation on 15 September that they had applied for Judgment in Default given the failure to file a Defence to Counterclaim within the mandated period. They state that you told them you had been out of the office at the relevant time and had understood that one of your colleagues had attended to filing it with the Court. I have looked on the file for a copy of your attendance note recording your conversation with Mr Castleton's solicitors on 15 September, but I cannot find anything. However, you have recorded a time entry on that date being a telephone call from Mr Castleton's solicitors in which the description states "Mark Turner from Rowe Cohen".

What I would like to do is to set the record straight with Mr Castleton's solicitors as to what was said on 15 September, but before I can do so, I would appreciate your comments. Please can you recall what was said in that conversation and confirm whether:

1. Rowe & Co are correct that you did inform them that one of your colleagues had filed the Reply to Defence and Defence to Counterclaim at Court because you were away at the relevant time (i.e. during August); and
2. You did believe that the Reply to Defence and Defence to Counterclaim had been filed and if so, who you thought had filed it? I cannot find a record of a Reply to Defence and Defence to Counterclaim on iManage dated around August or anybody's time on the system to suggest who may have dealt with it in your absence in August.

I look forward to hearing from you as soon as possible and thank you in anticipation of your assistance.

Kind regards.

Yours sincerely

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP

Date: 16 November 2005
 Your ref: SJD3/FAC1/348035.134
 Our ref: MDT.113969
 Please ask for: Mark Turner
 Direct dial: 0161 275 1600
 Direct fax: 0161 275 1601
 E-mail: **GRO**



Bond Pearce
 Solicitors

GRO

By DX and Fax

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
 Your client: Post Office Limited

We refer to your letter of 15 November.

Your client's Reply to Defence and Defence to Counterclaim is over two months out of time. It should be no surprise to you that judgment in default has been entered against your client. We indicated to your Denise Gammack during a telephone conversation on 15 September that we had applied for judgment in default given the failure to file a Defence to Counterclaim within the mandated period.

Ms Gammack indicated that she had been out of the office at the relevant time and had understood that one of her colleagues had attended to filing it with the court. Despite this apparent "oversight", you have made no attempt until now to either serve a Defence and Counterclaim on us or to apply to the court for relief from sanction and a retrospective extension of time to do so. This is consistent with the general approach that your client appears to have taken to this litigation as a whole.

The onus is very firmly on your client to apply to the court for relief from sanction and to set aside our client's judgment in default. It will not come as any surprise to you that any such application at the case management conference listed for 6 December will be vigorously opposed. Your client's own inaction and failure to make a prompt application for relief from sanction should now preclude the court from exercising any discretion in its favour.

We have made our position regarding mediation abundantly clear in our letter of 8 November. The ball is in your court.

Yours faithfully

GRO
 ROWE COHEN

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16-NOV-2005 09:53

GRO

G:\MARKTABBEN\CASTLETON\1105 LETTER TO BOND PEA
 INVESTOR IN PEOPLE

95%

P.02

16 November 2005
By Fax **GRO** & Post

Rowe Cohen
Solicitors

GRO

URGENT

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: + **GRO**
Fax: + **GRO**
GRO
Direct: + **GRO**

Our ref:
SJD3/SJR2/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client: Post Office Limited
Your Client: Mr L Castleton

Thank you for your fax dated 16 November. We have the following comments in response:

1. You are incorrect to state that our client's Reply to Defence and Defence to Counterclaim is over two months out of time. The claim was stayed for one month from 4 October to 3 November, for settlement. Given that there was a stay, nothing needed to be filed during this period and the time does not run during the stay. Ms Gammack has now left this firm but we have asked her to comment on your assertions. Our position is fully reserved.
2. We are surprised that you have made an application for Default Judgment, given that you confirmed Mr Castleton was willing to participate in a mediation after standard disclosure. Why would the standard disclosure stage of proceedings take place if a default judgment was obtained, triggering a hearing on quantum? Your client's position is misleading. We will revert to you separately on the question of disclosure.
3. In any event, you state that the onus is on us to set aside your client's Judgment in Default but we have not received any Judgment in Default against our client. If you have received a copy, please send this to us. The only Judgment in Default we have received is against your client. As no Judgment in Default has been entered against our client, your client is not entitled to do so given that our Defence to Counterclaim has been served and filed before any Judgment has been entered.
4. If the Court does enter Judgment in Default against our client, we are instructed to immediately apply to set it aside. The Court may set aside a Default Judgment if the Defendant has a real prospect of successfully defending the claim or there is some other good reason why the Defendant should be allowed to defend the claim. If the Court accepts at trial that your client has negligently, carelessly and/or in error failed to account for over £27,000, then it would be incongruous for the Counterclaim to succeed. The Claim and Counterclaim are intertwined and there needs to be a full trial of the issues they raise. We will refer to the fact that Fujitsu Services examined the computer system and confirmed that the discrepancies were caused by the difference between the transactions that were recorded on the system and the cash that was declared and were not caused by the system's software or hardware. In the light of this examination, we firmly believe that the Post Office claim has much more than a real prospect of success. Accordingly, if it necessary for us to apply to set aside any Judgment in Default, we invite you to consent to it now. If an application proves necessary, then we will refer to this fax on the question of costs.
5. If no Judgment in Default has been entered against our client, then we invite you to immediately confirm to the Court, copying us in, that you will withdraw your application.

We do not believe that either parties' interests are best served by interim applications taking technical points on procedure that will ultimately do little other than to increase the costs and entrench positions. We do believe that the best outcome would be for the claim to be stayed to allow a mediation to take place and will seek a stay at the next directions hearing.

Please let us have your response by return.

Yours faithfully

Bond Pearce LLP

16/11 '05 09:54 FAX

GRO

ROWECOHEN

QUAY HOUSE, QUAY STREET, MANCHESTER. M3 3JE (DX 14352 MCR-1)

Direct dial telephone:
Direct dial fax :
e-mail:

GRO



ACTION
COPY

Fax

To:	Stephen Dilley - Bond Pearce	From:	Mark Turner
Fax:	GRO	Pages:	
Phone:		Date:	16/11/05
Re:	The Post Office/Lee Castleton	CC:	
☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle			

16/11 '05 09:55 FAX

GRO

ROWE COHEN

002

Date: 16 November 2005
Your ref: SJD3/FAC1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO

Bond Pearce
Solicitors

GRO

PLYMOUTH

By DX and Fax

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to your letter of 15 November.

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Ms Gammack indicated that she had been out of the office at the relevant time and had understood that one of her colleagues had attended to filing it with the court. Despite this apparent "oversight", you have made no attempt until now to either serve a Defence and Counterclaim on us or to apply to the court for relief from sanction and a retrospective extension of time to do so. This is consistent with the general approach that your client appears to have taken to this litigation as a whole.

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We have made our position regarding mediation abundantly clear in our letter of 8 November. The ball is in your court.

Yours faithfully

GRO

ROWE COHEN

Quay House • Quay Street • Manchester M3 3JE • Tel

GRO

00 • Fax

GRO**GRO**

• Email to

GROWebsite www.rowecohen.com

MANAGING: E. Cohen • J. Rowe • D.J. Horwich • J.N. Lewis • M.V. Hymnsaen • G.P. Small • A. Donlon • B.T. Coghlan • J.W. Dwek • A. Farley • A. Sacks • A. Taylor
M.C. Woodall • R.J. Sprston • S. Roam • A. Curwen • R.J. Myer • M. Burns • S.P. Sutton Associates: L.S. Swerling • A.D. Owens • M. Molloy • P. Sampson Consultants: M.T. Horwich

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P.02

GAMMACK ABBEY CASTLETON 161105 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

15 November 2005
By Fax 0161 834 7382 & DX

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel:

GRO

GRO

GRO

Direct:

Our ref:
SJD3/HR1/348035.134
Your ref:
MDT.113969

Dear Sirs

Post Office Limited v Mr L Castleton

Please find enclosed by way of service our client's Reply to Defence and Defence to Counterclaim.

We confirm we have today filed the same with the Court.

We regret that negotiations appear to have come to a halt and would suggest that we now proceed to mediation without any further unnecessary delay.

We look forward to hearing from you.

Yours faithfully

Bond Pearce LLP

15 November 2005

By Fax: **GRO** & DX

Her Majestys Court Service
Judgments and Orders
Room No E15
Royal Courts of Justice

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

GRO

Direct: **GRO**

Our ref:
SJD3/LJP1/348035.134
Your ref:

Dear Sir/Madam

HQ05X02706
Post Office Limited v Mr Lee Castleton

We act for the Claimant and Part 20 Defendant in the above matter.

Please find enclosed our client's Reply to Defence and Defence to Counterclaim for filing.

We confirm that we have today served the same on the Defendant.

Yours faithfully

Bond Pearce LLP

Bond Pearce

Telephone attendance

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Helen Rumford

Location: N/A

Date: 15 November 2005

Start time:

Units:

ATTENDING (OUT) the Post Office – trying to speak to Cheryl (who had gone home) or Jennifer (who was in a meeting until 5pm). Asking to speak to Mandy Talbot.

Speaking to Mandy and explaining that the facts needed to go in. Mandy saying she had not had chance to read my email or attachment but would do so whilst I was on the telephone.

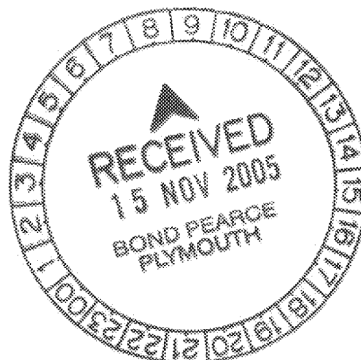
Mandy saying yes to amend para 1 because the errors occurred during his employment. Mandy saying that she could not help me regarding the £1256.88 and whether this had been repaid but she would chase Cheryl in the morning as only those in Chesterfield would know this but to leave it as no admissions so far. She said we may not ever be able to find this out as the paperwork had been sent to the auditors and she may not have this back.

Mandy saying that we were authorised to sign on their behalf and requesting that we did so and HR saying she would send it all off now.

Units
HR1

Date: 14 November 2005
Your ref: SJD3/FAC1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We enclose a copy of a letter that we have sent to the court, the contents of which will speak for themselves.
We also enclose a copy of our letter of 4 November to which we refer in that letter.

Yours faithfully

GRO

ROWE COHEN

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M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • H. Burns • S.P. Sutton **Associates:** L.F. Swerling • A.D. Owens • M. Molloy • P. Sampson **Consultant:** M.T. Horwich

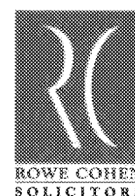
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Also at London

G:\MARK\ABBNEY\CASTLETON\141105 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE



Date: 14 November 2005
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:



Masters' Support Unit
The Royal Courts of Justice
The Strand
London
WC2A 2LL

Dear Sir/Madam

Post Office Limited v Castleton
Claim number HQ 05 X02706

We act for the Defendant in this matter.

We refer to the Judgment for Claimant dated 9 November. We assume that this has been generated as a result of our letter of 4 November 2005 and that it in fact relates to the Defendant's application for judgment in default of service of a Defence to the Counterclaim.

For the complete avoidance of doubt, would you please confirm that this is the case.

We have copied this letter to Bond Pearce, the solicitors for the Claimant, for reference.

Yours faithfully

ROWE COHEN

cc Bond Pearce – Solicitors for the Claimant



Date:
Our Ref:
Please ask for:
Direct dial:
Direct fax :
E-mail:

4 November 2005
MDT.113969
Mark Turner

GRO



Masters' Support Unit
The Royal Courts of Justice
The Strand
London
WC2A 2LL

Dear Sir/Madam

Post Office Limited v Castleton
Claim number HQ 05 X02706

We refer to our letter of 10 October regarding judgment in default in relation to the Defendant's counterclaim. A copy is enclosed for ease of reference, together with the reply received from the Judgments and Orders section.

The stay of proceedings imposed pursuant to the Order made by Master Fontaine dated 4 October has now expired. Settlement terms have not been reached.

In the circumstances, would you please now process our client's request for judgment in default (with damages to be assessed) which was lodged with Scarborough County Court prior to the transfer to Central Office but which has not apparently yet been actioned. A further copy of the Request for Judgment originally submitted is now enclosed.

We look forward to hearing from you.

Yours faithfully

ROWE COHEN

Enc



Helen Rumford

From: Helen Rumford
Sent: 15 November 2005 12:54
To: 'cheryl.woodward'
Cc: 'mandy.talbot'
Subject: The Post Office -v- Lee Castleton
Attachments: DOC_1089352.DOC

Dear Cheryl,

I am contacting you urgently because we have today received notice that Rowe Cohen, the Defendant's solicitors, have applied for Judgement to be entered against you because you have failed to file a Reply to their Defence and Defence to their Counter Claim.

Further to the issuing of proceedings the Defendant filed a Defence and Counterclaim to which we had until the 5 September 2005 to enter a Reply to the Defence and a Defence to the Counterclaim. Unfortunately due to the parties attempting to negotiate settlement and the Court ordering a stay in proceedings this deadline was overlooked by us.

Rowe Cohen then applied for Judgement against you, without our knowledge, on the basis that we had not filed a Reply and Defence to the Counterclaim. The Court then mistakenly awarded Judgement for the Claimant on the basis that no Defence was filed by the Defendant. Rowe Cohen had of course filed their Defence and wrote to the Court yesterday highlighting the error and we expect the Court to make the correction today.

I therefore now attach the draft Reply to Defence and Defence to Counterclaim for your approval. This must be sent to the Court today to try to prevent the Judgement being entered against you. Of course should Judgement be entered against you we would then apply to set the Judgement aside.

Please telephone me on receipt of this email to confirm your approval of the Reply and Defence to the Counterclaim or alternatively to detail any amendments you wish to make.

In particular please confirm whether Mr Castleton was suspended on 23 March 2004 because it is on this basis that we have admitted paragraph 1 of the Defendant's Defence. If Mr Castleton left on 23 March we can not see how he could be responsible for losses that occurred on 24 March. However please inform me if my understanding is incorrect.

Please also confirm whether the £1256.88 loss was repaid by Mrs Constable in January 2005. If so we will need to amend paragraph 2 to admit that this loss has now been repaid.

I look forward to hearing from you as soon as possible today. If I do not hear from you by 3pm today I will assume your approval and proceed to fax the Reply and Defence to Counterclaim to the Court.

Yours sincerely

Helen Rumford
Trainee Solicitor
for and on behalf of Bond Pearce LLP
DDI:
Main office phone:

15/11/2005

THE HIGH COURT OF JUSTICE

Claim No. HQ05XO2706

QUEENS BENCH DIVISION

BETWEEN:

POST OFFICE LIMITED

Claimant/Part 20 Defendant

-and-

LEE CASTLETON

Defendant/Part 20 Claimant

REPLY TO DEFENCE AND DEFENCE TO COUNTERCLAIM

Reply

- It is admitted that the DF was suspended on 23 March 2004. The remainder of Para 2 of the DF is denied. save that the errors dated 24 March 2004 fell between 18 March and 24 March 2004, the accounting period and the DF is responsible for them.*
1. Paragraph 2 of the Defence is admitted in that the Defendant was suspended on 23 March 2004 and is not responsible for the losses sustained after this date. *however*
- during the DF's period of employment*
2. No admissions are made as to paragraph 3 of the Defence however, the Claimant confirms that the Defendant was responsible for and obliged to make good without delay, all losses caused through his own negligence, carelessness or error and losses of any kind caused by his assistants. (See Section 12 of the Standard Sub-Postmaster's Contract). *£1256.88 repaid by Mrs Constance Jones?*
3. Paragraphs 5 and 6 of the Defence are denied. Fujitsu Services have looked at the system and have confirmed that the discrepancies were caused by the difference between the transactions that were recorded on the system and the cash that was declared and were not caused by the system's software or hardware.
4. Except where the Defendant has made admissions and except as appears in this Statement of Case, the Claimant joins issue with the Defendant upon his Defence.

Defence to Counterclaim

5. The Claimant repeats paragraphs 1, 2, 3 and 4 above.
6. The Claimant does not admit the loss and damage alleged in paragraph 10 of the Counterclaim or any loss and damage at all.

STATEMENT OF TRUTH

- The Claimant believes the facts stated in this Statement of Case are true.
- I am authorised by the Claimant to sign this Statement.

Full name:

Signed

Name of Claimant's solicitors: Bond Pearce LLP

Position of office held:

(if signing on behalf of firm or company)

- delete as appropriate

Claimant's or Claimant's solicitors' address to which documents or payments should be sent, if different from overleaf, including (if appropriate) details of DX, fax or email:

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

GRO

Ref: JMS1/348035.134

Claim No. HQ05X02706

IN THE HIGH COURT OF JUSTICE

QUEENS BENCH DIVISION

BETWEEN:

POST OFFICE LIMITED

Claimant/Part 20 Defendant

-and-

LEE CASTLETON

Defendant/Part 20 Defendant

**REPLY TO DEFENCE AND DEFENCE TO
COUNTERCLAIM**

BOND PEARCE LLP

Ballard House
West Hoe Road
Plymouth PL1 3AE

GRO

Solicitors for the Claimant/Part 20 Defendant

Stephen Dilley

From: Stephen Dilley
Sent: 11 November 2005 14:06
To: 'mandy.talbot' [GRO] 'cheryl.woodward' [GRO]
Subject: The Post Office -v- Lee Castleton
Attachments: Ecopy Scan.pdf; Ecopy Scan.pdf

Dear Mandy and Cheryl,

Thanks, Cheryl, for your e-mail of 10 November.

I note that the Post Office is not able to find the documents which it removed from the sub post office. These documents are crucial to Mr Castleton's Defence and the Court will draw adverse inferences if we are not able to produce them. This reinforces my view that we should seek an early settlement.

I attach a letter dated 10 November 2005 from Mr Castleton's solicitors to Bond Pearce for your information, together with an article from the November 2005 edition of the Sub-Postmaster Magazine in which a sub-postmaster in Chelmsford complains of problems with the operation of the Horizon computer system. Other sub-postmasters' problems are in my view irrelevant to the issue of whether the Horizon worked for Mr Castleton, unless there is evidence of widespread problems. Mr Castleton's specific point is that there are widespread problems with Horizon and accordingly he should not have been dismissed.

Mandy, I look forward to hearing from you in relation to my 9 November letter. If it will be helpful to discuss things over the phone, please do not hesitate to contact me on telephone number [GRO]

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [GRO]
Main office phone: + [GRO]
Fax: [GRO]
www.bondpearce.com

Stephen Dilley

From: Stephen Dilley
Sent: 11 November 2005 14:06
To: 'mandy.talbot' [GRO]; 'cheryl.woodward' [GRO]
Subject: The Post Office -v- Lee Castleton
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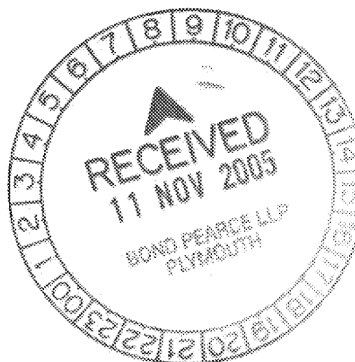
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Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [GRO]
Main office phone: [GRO]
Fax: [GRO]
www.bondpearce.com

Date: 10 November 2005
 Your ref: SJD3/FAC1/348035.134
 Our ref: MDT.113969
 Please ask for: Mark Turner
 Direct dial:
 Direct fax :
 E-mail:

GRO



Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to our letter of 7 November and enclose a copy of an extract from the November 2005 edition of *Subpostmaster* magazine.

You will see the highlighted section is a letter from a sub-postmaster in Chelmsford complaining of acute problems with the operation of the Horizon computer system, and the complete unwillingness on the part of both the Post Office and the Horizon Helpline to assist with the problem, or even acknowledge that a problem exists.

The parallels with our own client's position are striking. Indeed, our client's research shows that the situation in which the subpostmaster in question finds himself is duplicated among a substantial number of other subpostmasters around the country.

We are instructed that your client has been forced to settle claims brought against other subpostmasters, some of which involved very substantial payments being made to the subpostmaster, rather than take the matter to trial. Your client then commonly insists on the insertion of a confidentiality clause into the settlement agreement to prevent the subpostmaster discussing either the dispute or the terms of settlement.

One entirely reasonable assumption, based on the above, is that your client is only too aware that the Horizon system does not perform properly but that it cannot and will not publicly acknowledge that fact because to do so would potentially expose it to a wave of claims from subpostmasters who have been accused of shortfalls and who have made good the alleged losses. To acknowledge the problem would also most cause acute embarrassment to your client and, most likely, a public relations disaster.

In short, this is not an isolated incidence of problems with Horizon. This is entirely consistent with our client's position since this dispute first arose. Your client flatly refused to countenance that the alleged shortfall could be the result of anything other than user error (or even outright fraud) on the part of our client or his employees, despite the fact that it knew very well that there are numerous other cases with similar, if not identical facts, around the country.

Our client has spoken with Mr Bajaj, the writer of the letter in the enclosed article, and Mr Bajaj has confirmed that he will be happy to give evidence of the problems he has experienced for use in these proceedings. Likewise, the subpostmasters at Doncaster and Milson Moor, who have also experienced similar issues with Horizon and your client's refusal to acknowledge the existence of a problem, have confirmed that they will also provide statements.

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G:\MARKT\ABBEY\CASTLETON\101105 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

In the circumstances, this supports our previously-expressed requirement that your client provide full and frank disclosure of the problems that it has experienced with the Horizon system, the claims that it has pursued against other subpostmasters on the basis of alleged shortfalls and the outcome of those claims. We shall expect your client to comply with its disclosure obligations in this regard as and when these proceedings move on to service of Lists of Documents.

Receipt is acknowledged for your letter of 9 November. We look forward to hearing from you once you have taken your client's instructions in that regard.

Yours faithfully

GRO
KOWE COHEN

Enc

Your letters

Letters to the Editor should be addressed to:
The Editor, Dolwyddelan Post Office, Castle Terrace,
Dolwyddelan, Gwynedd, LL25 0NJ.



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V11 dilemma

SIR - For several months now customers have received V11 reminders five or six working days prior to the magic 15th of the month. Customers being customers assume that they can immediately visit their local Post Office® and tax the vehicle - after all, for years now that nice chap behind the counter has been telling them they can tax their vehicle as soon as they receive the reminder thus avoiding the busy month end.

No one looks forward to buying an MVL; it's a stress purchase and to be told that you've 'got to wait till Saturday' is therefore particularly galling having girded one's loins to face the annual insurance and MOT checks.

I have made numerous representations to the NBSC - the consistent response is "The customer should read the reminder form". Not terribly customer friendly, in my view. The fact is that most customers don't read forms and simply become aggravated when you cannot serve them. Not surprisingly, an aggravated customer is less than fertile ground for sowing the seeds of credit card, car insurance, home phone etc.

This really needs to be addressed. In my office this involves potentially hundreds of customers during the week in question. We should be aiming to delight customers not to deliberately dismay them.

Peter Fishwick
Upton Heath Post Office
Chester

Is it worth the risk

SIR - "Top up with 3 pay, 10 minutes to reverse it". Who wants to sell them, is it worth selling them, is it worth the risk?

If you make a mistake in selling a Top Up 3 pay voucher, you only have 10 minutes to reverse it otherwise you have to bear the loss. Ions to sell these vouchers and reversals are straightforward but by the time you finish serving a customer with a few items, and work out how to do the reversal if the 10 minutes has passed, the Helpline cannot help and the E Top up 3 Pay company doesn't have a refund policy.

I had a bad experience this week; weighing the risk against the profit we make by selling them is not worth it. The time limit should be increased to a reasonable time for the reversal of these vouchers otherwise we should not sell them.

Mrs N K Seghal
Leamington Post Office
Newcastle-upon-Tyne

Problems with Horizon

SIR - Since December 2004 we've had problems with the functioning of Horizon. It seems that certain transactions are either not recorded or go missing. On three occasions we had to pay over £4000, £3,500 and £3,000 respectively.

When taken up with the Helpline and the people concerned there was no assistance or explanation - excepting there is no error notice had been the reply. During the last nine months no expert from Horizon has come to explain how the daily ending balance is plus, but at the end of the week goes into a massive deficit. The Helpline admits that there are a lot of complaints about the system.

How many other subpostmasters have had the same problem? Has any other subpostmaster refused to make good?

I feel that the Post Office® and Horizon have intentionally adopted the attitude to shut down a post office rather than admit that the Horizon system can go wrong, because if they admit, it could open the floodgates to claims.

V K Bajaj
Torquay Road Post Office
Chelmsford

Tell management not subpostmasters

SIR - I really must comment on the front page story in the September issue of *The Subpostmaster*, entitled "Growth for Profit and Share in Success". Georgina Daly ends the article with a few "pointers" to help members "deliver the growth in profit necessary to reach the (POL) target figure".

Miss Daly makes fine, commonsense sentiments but they should be addressed to the management of Post Office Ltd, not to subpostmasters.

● We KNOW what our customers want from our business - but Post Office Ltd won't listen to us!

● How can we keep competitors at bay when Post Office Ltd tie our hands?

● We KNOW how to do things better and cheaper but Post Office Ltd won't consider our ideas.

● Making the business more commercial, more flexible and better able to compete in the future is not in our control; we are in the lap of the gods of Post Office Ltd management. Speak to

them, Miss Daly, while we concentrate on ensuring that our private businesses are successful.

Jane Full
Kenwyn St Post Office
Truro

Editor: I rather fancy that Miss Daly has done just that through the pages of The Subpostmaster which is widely read in Post Office® circles.

Branch Trading

SIR - I have just received and "remmed" in my first stock under new Branch Trading system. I believe that this will lead to more errors instead of less. The reason being that most items are put on the Horizon stock system by volume and not value.

This makes it impossible at a glance to see if you have made a mistake because there is no total value to compare. This means it should have been checked by someone else and, guess what, we had forgotten to put one item on because it is quite difficult to check things on screen.

I believe this simple check should be re-incorporated in the software.

Another concern is the lack of Barclays cheque deposit envelopes. The Barclays customers tell us that it is difficult to convince the bank's Helpline to give them sufficient envelopes; Lloyds have a better system and sends the customer 10 envelopes.

T J Andrews
Charing Post Office
Ashford

Federation supports subpostmasters

SIR - This morning I received a letter from our General Secretary regarding the Post Office® Trading Restrictions Agreement. I had previously received a letter from a fellow subpostmaster who I have always considered progressive and supportive of our cause.

Sadly, in this case my fellow subpostmaster seems to be off net! I will therefore not be subscribing to his well-intended cause.

I give my full support to our General Secretary and our Federation! It is my considered opinion that to follow any other course to the one explained by the General Secretary would be counter productive. It would weaken the future of our Federation and our own security. The main object of our

Federation is to maintain the sub post office network and support subpostmasters.

In my view there is no room for two organisations trying to make representations on our behalf. If we are not careful, our negotiating strength will be diluted. It seems that the other organisation is out to promote the well being of convenience stores with an appendage of a sub post office. I am a subpostmaster (and have been so for over 50 years); my private business is an appendage to my post office.

We do trade under the Post Office® flag and work under similar rules to a high street franchise, although we are not a franchise. We all know from the time we are appointed what we can do and what we can't do. However, this does not stop our Federation from pressing for improvements in our terms.

If I understand the position correctly, if you run a Pizza Hut, you buy stock from Pizza Hut, in the same way as we receive our goods and services through Post Office Ltd. You don't sell Spaghetti House products in your Pizza Hut, although they may be more profitable. If you run a pub tied to a brewery, you must get your stock from the brewery - you cannot go to a cash and carry although you could obtain your stock there at less cost than from the brewery. It is accepted practice; if you trade under a flag you accept the rules of the house.

However, one thing that does bug me is hearsay, if you have a shop within a shop you can buy foreign currency independently and sell it more profitably than supplied by the Post Office®. As long as you don't sell it over the Post Office® counter. Is this correct?

John Margeson OBE TD JP
Queensferry Post Office
Deeside

Seller beware

SIR - Sadly, your article about the pitfalls of appointing a commercial estate agent came too late for us, but just how do you know if an agent is 'reputable'?

We signed a contract with an agent and assumed it was normal practice when they charged us £450+VAT up front.

Since then we have heard little except vague assurances of client interest and the usual estate agent stuff about there being a huge potential market for properties like ours. On one occasion they wanted to put up a 'For Sale' notice outside the shop!

Mike Williams
Dummer Post Office
Hampshire

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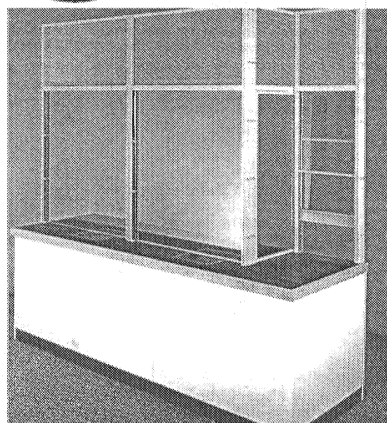
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Stephen Dilley

From: cheryl.woodward@ [GRO]
Sent: 10 November 2005 08:32
To: Stephen Dilley
Cc: mandy.talbot@ [GRO]; jennifer.robson@ [GRO]; carol.king@ [GRO]
Subject: Re: Post Office -v- Lee Castleton
Attachments: C.htm; Ecopy Scan.pdf



C.htm (3 KB)



Ecopy Scan.pdf
(408 KB)

Hi Stephen

In regards to your letter.
The paperwork which was removed from Marine Drive Po unfortunately cannot be found.

Cheryl.

"Stephen Dilley"

[GRO]

d To: <mandy.talbot@ [GRO]>
cc: <cheryl.woodward@ [GRO]>
Subject: Post Office -v- Lee Castleton

09/11/2005 16:15

Please see attached.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [GRO]
Main office phone: [GRO]
Fax: [GRO]
www.bondpearce.com <<http://www.bondpearce.com/>>

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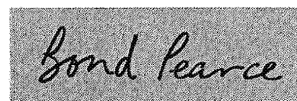
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9 November 2005
By Email mandy.talbot **GRO** & Post

Ms Mandy Talbot
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Tel: **GRO**
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Direct: **GRO**
 GRO

Our ref:
SJD3/LAF1/348035.134
Your ref:

Dear Mandy

Post Office Limited v. Lee Castleton

I refer to our telephone conversation on 3 November 2005.

As requested, I enclose a copy of the papers we have received from the Post Office in Chesterfield, for your information. This includes an email from Julie Walsh at Fujitsu to Richard Benton dated 5 May 2004, that states:

"There is no evidence whatsoever of any system problem"

If Fujitsu could prepare a formal report explaining precisely what steps they took to examine the system and their conclusion, then I could disclose this to Mr Castleton's solicitors to strengthen the Post Office's case. Would you or Cheryl be able to obtain this from Fujitsu or would you be happy for me to approach Fujitsu directly for this?

Mr Castleton's solicitors state that he is willing mediate, provided that beforehand the Post Office discloses:

1. The documents Mr Castleton has been seeking since March. As previously discussed, it would be useful if the Post Office could supply the documents set out in my 18 October email. I am copying this letter to Cheryl Woodward and would ask her to let me know if she has been able to find them.
2. All other documents concerning problems with the operation of the Horizon system, because Mr Castleton believes that a number of other sub postmasters are in dispute with the Post Office arising from problems with the operation of Horizon.

Is the Post Office experiencing significant problems with Horizon? I anticipate that it would be a very tall order to ask the Post Office to record and collate all the problems reported with Horizon throughout England and Wales. The disclosure rules state that a party has to disclose only the documents on which they rely and which adversely affect their own or the other party's case, or support the other party's case. The Post Office has to make a reasonable search for those documents, but when deciding what it is "reasonable" to search for, the Court will consider the number of documents involved, the nature and complexity of the proceedings, the ease and expense of retrieval of any particular document and the significance of any document which is likely to be located during the search.

If you agree that it would be unreasonable for the Post Office to disclose those sorts of documents, please could you give me an idea of the number of sub post offices in England and Wales which you would have to contact and how difficult and expensive it would be to obtain those documents. I will then be able to explain to Mr Castleton's solicitors why we do not believe that it is reasonable to conduct a nationwide search.

In my view, unless there is evidence to suggest that many sub post masters have problems with Horizon, then other sub postmaster's problems are probably irrelevant to the issue of whether the Horizon system worked for Mr Castleton. Do you agree?

The Court will probably list a case management conference to take place now the stay has expired. Hopefully we can persuade Mr Castleton's solicitors to voluntarily agree to extend the stay so that we can adjourn the case management conference and save the costs of attending. I have sent Mr Castleton's solicitors a holding response, but look forward to hearing from you in relation to the above so that I can reply to them substantively.

Kind regards,

Yours sincerely

GRO

Stephen Dilley

for and on behalf of Bond Pearce LLP

Enclosures by post only

Your ref: 8 November 2005
Our ref: SJD3/FAC1/348035.134
Please ask for: MDT.113969
Direct dial: Mark Turner
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

By DX and Fax

Without prejudice except as to costs

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to your letter of 7 November.

It is somewhat perplexing that, after we first raised the issue of ADR with you during the writer's conversation with your Miss Gammack on 15 September, and the court having subsequently ordered a one month stay of its own motion, your client only now proposes mediation following the expiry of that stay. Your client seems to have little appetite for these proceedings and has to date shown very little inclination to drive them on.

Our client is prepared to participate in mediation, subject to two qualifications. Firstly, our long-standing request for disclosure of documentation **must** be addressed before he is willing to contemplate mediation. The report of Bentley Jennison that we made voluntarily available to you over a month ago demonstrates the fundamental relevance of the documents which we have been seeking from your client since as long ago as March this year. There can, in our view, be no objection to their disclosure.

Secondly, documentation relating to the problems experienced with the Horizon system by other sub-postmasters is also central to our client's claim. Our client is aware of a number of other sub-postmasters involved in disputes with your client arising from problems with the operation of Horizon leading to alleged shortfalls. We will therefore require disclosure of all such documentation as a precondition of our client's participation.

These are not unreasonable conditions. We do not believe that mediation can meaningfully take place in the absence of disclosure of these documents. To that end, we would propose that your client either give voluntary disclosure in advance of any court order of the documents which we have requested on numerous occasions in the past or that further discussion of ADR be deferred until such time as standard disclosure (and any subsequent application for specific disclosure which our client might want to pursue) has been completed.

We look forward to hearing from you further in this regard.

Yours faithfully

GRO

ROWE COHEN

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Partners: S.E. Cohen • I. Rowe • D.J. Horwich • J.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
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cc:
05/05/2004 12:32 Subject:

Richard,
I have had a chat with Anne, she used the message store viewing to investigate this. If you want copies of extracts for the particular incorrect declarations please submit an ad hoc request requesting this information. Hope this helps, see below:
NO TRANSACTION DATE AND TIME WAS PROVIDED FOR THIS ACTION USING CURRENT DATE
AND TIME By Anne Chambers at 26-feb-2004 15:16:00 Category 94 - Advice and guidance given I have checked various things on the system. All the internal reconciliation checks are ok. Cheques are being handled correctly (except for 10th Feb when the clerk forgot to cut off the report - but this didn't cause a discrepancy). Cash declarations look ok, they usually use drawer id 11. Occasionally they have used a different drawer id, this can lead to amounts apparently doubling on the cash flow report, and should be avoided. But again it will not cause a discrepancy. Checking the cash transactions on the system against the declarations shows that they are not working particularly accurately (i.e. at the end of the day the cash they declare in the drawer is tens, hundreds or thousands of pounds astray from what has been recorded on the system). It is possible that they are not accurately recording all transactions on the system. There is no evidence whatsoever of any system problem. I've mentioned this outlet to Julie Welsh (Customer Services) who will try to get POL to follow it up, but in the meantime please tell the PM that we have investigated and the discrepancies are caused by the difference between the transactions they have recorded on the system and the cash they have declared, and are not being caused by the software or hardware.

Julie Welsh
Service Delivery Manager HSH
Business Service Management, Post Office Account

FUJITSU SERVICES
Lovelace Road
Bracknell
Berks
RG12 8SN

Tel: **GRO** Internal: **GRO**

9 November 2005

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

GRO
Direct: **GRO**

Our ref:
SJD3/SJR2/348035.134
Your ref:
MDT.113969

Dear Sirs

Without prejudice save as to costs
Post Office Limited v Mr L Castleton

Thank you for your letter dated 8 November.

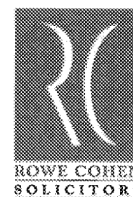
We are seeking instructions on the contents of your letter and will revert to you once we have them.

Yours faithfully

Bond Pearce LLP

Date: 8 November 2005
Your ref: SJD3/FAC1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

By DX and Fax

Without prejudice except as to costs

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to your letter of 7 November.

It is somewhat perplexing that, after we first raised the issue of ADR with you during the writer's conversation with your Miss Gammack on 15 September, and the court having subsequently ordered a one month stay of its own motion, your client only now proposes mediation following the expiry of that stay. Your client seems to have little appetite for these proceedings and has to date shown very little inclination to drive them on.

Our client is prepared to participate in mediation, subject to two qualifications. Firstly, our long-standing request for disclosure of documentation **must** be addressed before he is willing to contemplate mediation. The report of Bentley Jennison that we made voluntarily available to you over a month ago demonstrates the fundamental relevance of the documents which we have been seeking from your client since as long ago as March this year. There can, in our view, be no objection to their disclosure.

Secondly, documentation relating to the problems experienced with the Horizon system by other sub-postmasters is also central to our client's claim. Our client is aware of a number of other sub-postmasters involved in disputes with your client arising from problems with the operation of Horizon leading to alleged shortfalls. We will therefore require disclosure of all such documentation as a precondition of our client's participation.

These are not unreasonable conditions. We do not believe that mediation can meaningfully take place in the absence of disclosure of these documents. To that end, we would propose that your client either give voluntary disclosure in advance of any court order of the documents which we have requested on numerous occasions in the past or that further discussion of ADR be deferred until such time as standard disclosure (and any subsequent application for specific disclosure which our client might want to pursue) has been completed.

We look forward to hearing from you further in this regard.

Yours faithfully

GRO

ROWE COHEN

Quay House • Quay Street • Manchester M3 3JE • Tel

GRO

• Fax

GRO

GRO

Mail fax

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• Website www.rowecohen.com

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M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • H. Burns • S.P. Sutton Associates: L.F. Swerling • A.D. Owens • M. Molloy • P. Sampson Consultant: M.T. Horwich

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G:\MARKT\ABBEY\CASTLETON\081105 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

08/11 '05 15:35 FAX

GRO

ROWECOHEN

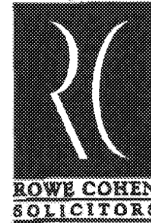
001

QUAY HOUSE, QUAY STREET, MANCHESTER. M3 3JE (DX 14352 MCR-1)

Direct dial telephone:
Direct dial fax ::
e-mail:

GRO

ACTION
COPY



Fax

To: Stephen Dilley - Bond Pearce

From: Mark Turner

Fax: **GRO**

Pages:

Phone:

Date: 08/11/05

Re: The Post Office/Lee Castleton

CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

08/11 '05 15:35 FAX

GRO

ROWECOHEN

002

Date: 8 November 2005
Your ref: SJD3/FAC1/348035.134
ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

By DX and Fax

Without prejudice except as to costs

Dear Sirs

Our client: Mr L Castleton - Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to your letter of 7 November.

It is somewhat perplexing that, after we first raised the issue of ADR with you during the writer's conversation with your Miss Gammack on 15 September, and the court having subsequently ordered a one month stay of its own motion, your client only now proposes mediation following the expiry of that stay. Your client seems to have little appetite for these proceedings and has to date shown very little inclination to drive them on.

Our client is prepared to participate in mediation, subject to two qualifications. Firstly, our long-standing request for disclosure of documentation must be addressed before he is willing to contemplate mediation. The report of Bentley Jennison that we made voluntarily available to you over a month ago demonstrates the fundamental relevance of the documents which we have been seeking from your client since as long ago as March this year. There can, in our view, be no objection to their disclosure.

Secondly, documentation relating to the problems experienced with the Horizon system by other sub-postmasters is also central to our client's claim. Our client is aware of a number of other sub-postmasters involved in disputes with your client arising from problems with the operation of Horizon leading to alleged shortfalls. We will therefore require disclosure of all such documentation as a precondition of our client's participation.

These are not unreasonable conditions. We do not believe that mediation can meaningfully take place in the absence of disclosure of these documents. To that end, we would propose that your client either give voluntary disclosure in advance of any court order of the documents which we have requested on numerous occasions in the past or that further discussion of ADR be deferred until such time as standard disclosure (and any subsequent application for specific disclosure which our client might want to pursue) has been completed.

We look forward to hearing from you further in this regard.

Yours faithfully,

GRO

ROWE COHEN

Quay House • Quay Street • Manchester M3 3JE • Tel

GRO

• Fax

GRO

GRO

• Email law@

GRO

• Website www.rowecohen.com

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M.C. Woodall • R.J. Spruston • S. Roon • A. Curwen • R.J. Myer • H. Burns • S.P. Sutton Associates: L.F. Swerking • A.D. Owens • M. Molloy • R. Simpson Consultants: M.T. Horwich

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G:\MARKET\BHE\CASTLETON\081105\LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

08-NOV-2005 15:35

01

GRO

94%

P.002

FILE

7 November 2005

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

GRO

Direct: **GRO**

Our ref:
SJD3/FAC1/348035.134
Your ref:
MDT.113969

Dear Sirs

Without Prejudice Save as to Costs
Post Office Limited v Mr L Castleton

Thank you for your letter dated 31 October 2005. We have since spoken with your Mr Turner and have taken instructions from our client.

We are instructed to put forward an offer of mediation for the parties to attend to see whether this claim may be settled. Please take your client's instructions and revert to us. In the event that mediation is declined, we reserve the right to refer to this letter on the question of costs and refer you to the cases of *Dunnett v Railtrack* [2002] and *Burchell v Bullard*.

In the event that your client is willing to attend the mediation, we will let you have our proposals for the venue, mediator and suggested dates.

We await hearing from you

Yours faithfully

Bond Pearce LLP

7 November 2005

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

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Dear Sirs

Without Prejudice Save as to Costs
Post Office Limited v Mr L Castleton

Thank you for your letter dated 31 October 2005. We have since spoken with your Mr Turner and have taken instructions from our client.

We are instructed to put forward an offer of mediation to see whether this claim may be settled. Please take your client's instructions and revert to us. We refer you to the cases of **Dunnett v Railtrack [2002]** and **Burchell v Bullard [2005]**. In the event that Mr Castleton declines mediation, we will at the appropriate time refer the Court to this letter on the question of costs.

In the event that Mr Castleton is willing to attend a mediation, we will provide you with our proposals for the venue, mediator and suggested dates.

We await hearing from you

Yours faithfully

Bond Pearce LLP

Stephen Dilley

From: Stephen Dilley
Sent: 07 November 2005 10:01
To: Stephen Lister
Subject: Post Office -v- Lee Castleton

Dear Stephen,

As you are the relationship partner for the Royal Mail, I thought it would be helpful to update you in relation to a case I am dealing with for them in case Mandy Talbot mentions it. I recently inherited this case from Denise Gammack when she left the firm, who in turn inherited it from Laura Peto in CMS.

Mr Castleton ("Mr C") was a subpostmaster from July 2003 to March 2004. The Post Office a claim against him for approximately £27,115.83 plus interest and costs in respect of net losses. The real issue is whether there has been any real shortfall, or whether the shortfall has really been generated by computer error. Mr Castleton believes the post offices' weekly snapshots are inaccurate. Mr C has a wrongful termination claim for up to £250,000 but those losses have not yet been particularised.

The claim has been issued, a defence and counterclaim served, and the case was stayed for settlement. Mr C has obtained 2 experts' reports which conclude that the P.O's Horizon computer system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot and that Mr Castleton's Defence, "appears to hold potential merit based on the limited documentation" they have so far reviewed.

I have asked the P.O to produce some more documents to try to strengthen their claim, but they are struggling to do so. Given the nature of Mr Castleton's Defence, I suspect that the Court will draw adverse inferences against the Post Office if it is unable to produce relevant documents that could either help or hinder its case.

My view is either that we should obtain the documents to prove the claim is true, or take an early view that it is unlikely to succeed and seek an early settlement (which may even on a worst case scenario involve making a payment to Mr Castleton).

We take instructions from Cheryl Woodward, Agents Debt Team, Chesterfield but Mandy Talbot is copied in on emails. I spoke to Mandy last week to take instructions and her first question was why Bond Pearce had issued a claim when liability was unclear. I informed Mandy that my colleagues had expressed concern to Cheryl about issuing.

(There is an attendance note of a telecon between Laura and Richard Benton (Service Management Section) on file dated 20 April "LRB expressing concern that she would only want to issue if she was entirely satisfied there were no holes in the evidence which would make the claim fail" and letter from Laura to Cheryl dated 10 May stating "...although you have instructed me to issue proceedings, I am reluctant to do so with the knowledge that some vital evidence may be missing. In particular, some balance snapshots and documents for Week 51 and 52 are missing together with an audit trail. The debtor's solicitors claim that these documents are pivotal..." and email from Laura to Cheryl of 24 May "...it will damage the claim if we are unable to provide evidence pivotal to the claim." Laura was then told to issue a claim without this information.

Mandy's next comment was that Cheryl may not have had authority to tell Laura to issue a claim but I was able to tell Mandy that Cheryl had referred this question to her Managers before instruction Laura to proceed.

In any event, Mandy has instructed me to put forward an offer of mediation to try to settle the

07/11/2005

claim. In the meantime, she will try to obtain more info to support the P.O's claim.

If you have any further questions, please do not hesitate to contact me.

Kind regards.

Stephen Dilley

Solicitor

for and on behalf of Bond Pearce LLP

DDI: [REDACTED]

GRO

Main office phone: [REDACTED]

GRO

Fax: [REDACTED]

GRO

www.bondpearce.com

Stephen Dilley

From: Nicola McSherry
Sent: 03 November 2005 11:02
To: Stephen Dilley
Subject: Message

Please call Mandy Talbot of Royal Mail Services re Lee Castleton on **GRO** when you have finished your meeting.

Thanks

Nicola McSherry
Secretary
for and on behalf of Bond Pearce LLP
Bond Pearce LLP
DDI: **GRO**
Fax: **GRO**
www.bondpearce.com

03/11/2005

Stephen Dilley

From: jennifer.robson [GRO]
Sent: 02 November 2005 14:48
To: Stephen Dilley
Cc: cheryl.woodward [GRO]; nicholas.samuel [GRO]
Subject: ARQ Ref 0506/405

Stephen
please see the attached from Fujitsu.
Nicholas
I now need you to confirm to Bond Pearce that you are happy for the legal case to proceed please.
Regards
Jennifer

Debt Recovery Section manager
Post Office Ltd
Finance

1st Floor West, No 1 Future Walk, West Bars, CHESTERFIELD, S49 1PF
Postline: [GRO] STD Phone: [GRO], Mobex: [GRO], Mobile:
[GRO]

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If you have received this in error please contact the sender and then delete this email from your system.

External Email: jennifer.robson [GRO]

----- Forwarded by Jennifer Robson/e/POSTOFFICE on 02/11/2005 14:14 -----

Graham C Ward

To: Jennifer
02/11/2005 13:53 Robson/e/POSTOFFICE@ [GRO]
cc:
Subject: ARQ Ref 0506/405

as per previous e mail

Regards

Graham

----- Forwarded by Graham C Ward/e/POSTOFFICE on 02/11/2005 13:52 -----

Pinder Brian

[GRO] x.f To: [GRO]
cc:
02/11/2005 12:20 Subject: ARQ Ref 0506/405

Graham

I have sent you the CD containing the helpdesk calls (1 Jan 04 - 31 Mar 04) re 213337 Marine Drive as requested.
I was not able to identify any calls referring to system faults.

Regds

Brian Pinder
Security Manager

Stephen Dilley

From: cheryl.woodward [GRO]
Sent: 01 November 2005 08:21
To: Stephen Dilley
Subject: RE: Mr L Castleton - Marine Drive Post Office, Bridlington

Hi Stephen

I have passed the e-mail on to my Managers and await their reply.

Cheryl.

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Stephen Dilley

From: cheryl.woodward [GRO]
Sent: 01 November 2005 08:21
To: Stephen Dilley
Subject: RE: Mr L Castleton - Marine Drive Post Office, Bridlington

Hi Stephen

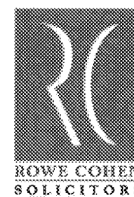
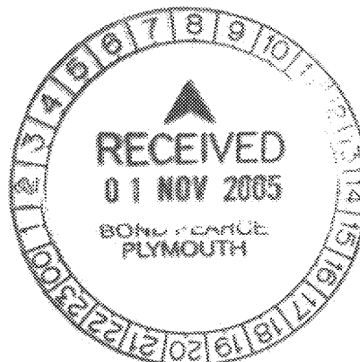
I have passed the e-mail on to my Managers and await their reply.

Cheryl.

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Date: 31 October 2005
Your ref: Stephen Dilley
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We understand that Denise Gammack has left your firm and this matter is now being dealt with by Stephen Dilley.

You will be aware that the stay of proceedings ordered by Master Fontaine expires at the end of this week. We have heard nothing from you in relation to our letter of 15 September. Do you intend to respond to it?

Yours faithfully

GRO

ROWE COHEN

P.S. We have now spoken since dictating this letter.

Stephen Dilley

From: Stephen Dilley
Sent: 31 October 2005 15:17
To: 'cheryl.woodward' [GRO]
Cc: 'mandy.talbot' [GRO]
Subject: RE: Mr L Castleton - Marine Drive Post Office, Bridlington

Dear Cheryl,

Thanks for your email of 25 October.

Mr Castleton's solicitor is chasing for a substantial reply. The stay is about to expire and the usual practice is then for the Court to have a hearing to set a timetable for the parties to move the claim forward. The disclosure of documents is likely to be the first thing that is ordered. If we cannot back up the claim with documents, my advice is to seek an early settlement.

I look forward to hearing from you as soon as possible in relation to my 18 October email.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP
DDI: [GRO]
Main office phone: [GRO]
Fax: [GRO]
www.bondpearce.com

-----Original Message-----

From: cheryl.woodward [GRO]
Sent: 25 October 2005 11:49
To: Stephen Dilley
Subject: Re: Mr L Castleton - Marine Drive Post Office, Bridlington

Hi Stephen

I would like to thank you for email and attachments dated 18th October 2005.

I have spoken to my Senior Manager who is in contact with various people in relation to this matter and will come back to you as soon as I have received any further information. We have noted the timescale.

Thanks Cheryl.

This email and any attachments are confidential and intended for the addressee only. If you are not the named recipient, you must not use, disclose, reproduce, copy or distribute the contents of this communication. If you have received this in error, please contact the sender and then delete this email from your system.

Stephen Dilley

From: Avril Grigg

Sent: 31 October 2005 14:49

To: Stephen Dilley

Subject: Please call Mark Turner at Rowe Cohen on GRO re: Royal Mail and Lee Castleton

Bond Pearce

Telephone attendance

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Stephen Dilley

Location: N/A

Date: 31 October 2005

Start time:

Units:

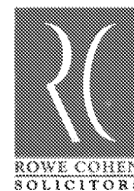
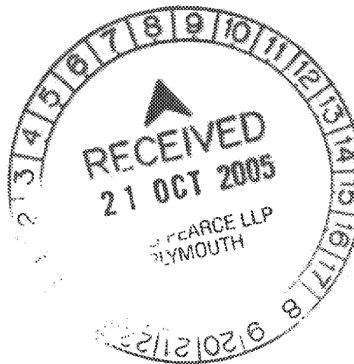
SJD3 having a telephone conversation with Mr Turner at Rowe Cohen. He wanted to know where we were up to. I said I had read into the papers and was awaiting instructions from my client. He said that the previous position with my predecessor is that he was going to take instructions on a without prejudice expert report that had been sent to us and wanted to know what I had to say about that. I said I was awaiting instructions and would come back to him. He wanted to know if I could give him a deadline of when I would hear from the clients. I said that I did not know but would update him as soon as I heard.

Finalising and despatching email to Cheryl to chase her for a reply.

Time engaged: 12 minutes

Date: 20 October 2005
Your ref: DEG1/NJM1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We enclose copies of a letter received by our client from your client and of our response to it, the contents of which should hopefully speak for themselves..

Yours faithfully

GRO
ROWE COHEN

Enc

Quay House • Quay Street • Manchester M3 3JE • Tel **GRO** • Fax **GRO**
GRO Email **GRO** Website www.rowecohen.com

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M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARKET\ABBEY\CASTLETON\201005 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE



MARINE+DRIVE+PO

GRO

TO: 2

GRO

PAGE: 002

Mr Lee Castleton

14 South Marine Drive
Bridlington
YO15 3DB

14th October 2005

Dear Mr Castleton,

I have been asked to write to you in order to gather some information with regards to the sale of Marine Drive Post Office. I understand that the office is currently on the market and I wonder if you could let me have the details of the business transfer agent that you are using. Could you please let me know what the current asking price is and also whether you have reduced the price in order to attract more buyers? In order to speed the process up we could also put the details on the Post Office Internet and I wonder what your thoughts are on this.

Could you please let me have these details within the next two weeks, as we need to find a permanent solution to this issue.

Yours Sincerely

GRO

Angela Bettison

Area Intervention Manager,
Post Office Ltd

The Markets DMB,
6/15 New York Street,
LEEDS,
LS2 7DZ

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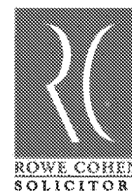
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Registered office: Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB. VAT number: GB 4296256 29. Ultimately owned by Citigroup Inc, New York, USA.

Date: 20 October 2005
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:



Ms A Bettison
Area Intervention Manager
Post Office Limited
The Markets DMB
6/16 New York Street
Leeds
LS2 7DZ

Dear Madam

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington

We act on behalf of Mr Castleton in the litigation that the Post Office is pursuing against him. We have been passed a copy of your letter of 14 October sent to our client.

We confess that we are somewhat confused by your letter. On what basis do you claim to be entitled to the information that you seek? Both the property from which Marine Drive Post Office presently operates and the business that shares the same premises are owned by our client. At no time has our client indicated that he has any desire or intention to sell the property and his business.

The Post Office has indicated that it wishes to relocate the post office that operates from our client's premises. That is its right, although for the avoidance of doubt our client contends in the litigation that is proceeding that the termination of his contract as a sub-postmaster was wrongful.

Removal of the post office from our client's premises is an entirely separate issue to that of disposal of our client's property and business. It may be that you are under the mistaken impression that our client is seeking to dispose of his business as a going concern together with the post office that you are presently seeking to transfer. He is not – the property and his business are categorically not for sale.

It is entirely a matter for you as to how you seek to transfer the post office.

We have copied this letter to Bond Pearce, the solicitors acting on the Post Office's behalf in the claim against our client.

Yours faithfully

ROWE COHEN

cc Bond Pearce

Quay House, Quay Street, Manchester, M3 3JE • Tel: **GRO** • Fax: **GRO**
all law & **GRO** • Website: www.rowecohen.com

Partners: S.E. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARKT\ABBEY\CASTLETON\201005 LETTER TO A BETTISON @ POST OFFICE
INVESTOR IN PEOPLE



Stephen Dilley

From: Stephen Dilley
Sent: 18 October 2005 12:43
To: 'cheryl.woodward@' **GRO**
Cc: 'mandy.talbot@' **GRO**
Subject: Mr L Castleton - Marine Drive Post Office, Bridlington
Attachments: MULTIMEDIA_1077082.TIF

Dear Ms Woodward

I refer to Denise's email of 29 September.

Denise has now left the firm and I am dealing with this matter. I have reviewed the voluminous papers and thought it would be helpful to set out my view of the case at this point:

Case Summary

1. The Post Office's claim is for approximately £27,115.83 plus interest and costs in respect of net losses. Clearly, Mr Castleton is contractually responsible for any losses that the Post Office makes caused by negligence or error. However, the real issue is whether there has been any real shortfall, or whether this shortfall has really been generated by computer error. To win, the Post Office must show that there has been a real shortfall.

2. Was Mr Castleton dismissed summarily? If the answer is "yes", then if the Post Office cannot show that there was a real shortfall and loses its claim and has dismissed him without a good reason, then unless his contact say otherwise, it appears that you may well have to take Mr Castleton's wrongful termination claim seriously. He claims that he has suffered loss for up to £250,000 but those losses have not yet been particularised and I will need to analyse any evidence in support of them. Please could you supply me a full copy of his contract?

3. From the outset, Mr Castleton's case has consistently been that if you return to him all of the documents removed by Mrs Ogglesby on 10 May 2004, then he will be able to demonstrate that the losses are not real. He has repeatedly sought the return of the daily snapshots, because he believes that the only way to verify the accuracy of the weekly snapshots and weekly balances is to manually cross check them by reference to the daily snapshots.

Experts' Reports

I enclose copies of the following:-

(a) A without prejudice letter dated 30 September from Mr Castleton's solicitors to Bond Pearce;

(b) Bentley Jennison's Report dated 23 September and attachments; and

(c) White & Hoggard's report dated 18 August.

Bentley Jennison state that the deficiencies have probably been brought forward despite the fact that they have been entered onto the suspense account entry. They suspect this is because the Horizon system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot. They have drawn this conclusion through looking at the discrepancy of £3,509.18 on Thursday 26 February 2004. They then suggest that this double accounting could have continued over a number of weeks and that as such, Mr Castleton's Defence, "appears to

hold potential merit based on the limited documentation" they have so far reviewed. White & Hoggard reach a similar conclusion in their report.

You may think the expert has got it wrong, but even if they have, they can only form their view on the information available and this is what the Court will have to do when the claim gets to trial.

Further disclosure

Bentley Jennison seek:

(i) A full list of all the transactions carried out within the Post Office (he says that it is not good enough that management information is not available simply because the "month end has been closed down".

(ii) The actual audit report prepared by Mrs Ogglesby. He says that the actual report would have been a manuscript writing document rather than a typed document.

(iii) P and A Reports for weeks 39-52.

(iv) Cash and stock counts for when Mr Castleton began trading and when he stopped being a Post Office Sub-Postmaster.

(vi) The events log for weeks 39 to 52.

(vii) Transaction log.

In your email to Denise of 26 September, you state that you are probably not going to be able to produce any further paperwork. However, the onus is on the Post Office to prove its case on the balance of probabilities. Given the nature of Mr Castleton's Defence, I suspect that the Court will draw adverse inferences against the Post Office if it is unable to produce relevant documents that could either help or hinder its case. The outcome could well be that instead of recovering £27,000, the Post Office ends up paying to Mr Castleton a significant sum for wrongful termination of his contract.

Next Steps

Do you have the documents that the expert and Mr Castleton have requested? My view is either that we should obtain the documents to prove the claim is true, or take an early view that it is unlikely to succeed and that in order to extricate yourselves from proceedings, you will probably have to make a payment to Mr Castleton. The Court has ordered that the claim be stayed until 3 November 2005 to enable the parties to try to settle.

Once you have reviewed this email, please could you contact me to discuss strategy. It may be that an early without prejudice meeting or mediation asap would be useful. The worst move would be to run the claim to trial and then find you cannot produce the documents you need because at that stage, both parties will have incurred significant costs and the stakes will be that much higher.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor

Bond Pearce LLP

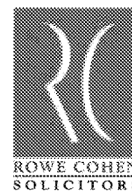
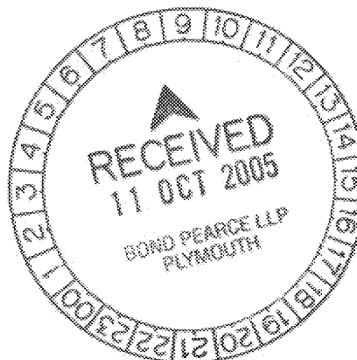
DDI: GRO

18/10/2005

Main office phone: **GRO**
Fax: **GRO**
www.bondpearce.com

Date: 10 October 2005
Your ref: DEG1/NJM1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to our letter of 30 September. We assume that you will by now have received a copy of the Order of Master Fontaine dated 4 October staying these proceedings for one month to allow the parties to discuss settlement.

We look forward to hearing from you in relation to our letter of 30 September and in relation to your client's position on settlement more generally.

Yours faithfully

GRO

ROWE COHEN

Quay House • Quay Street • Manchester M3 3JE • Tel: **GRO** • Fax: **GRO**
GRO • Email law@**GRO** • Website www.rowecohen.com

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M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARKET\ABBEY\CASTLETON\101005 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

Bond Pearce

Not sent

Memo

If you have any questions concerning this
memo please telephone the number below

To: Stephen Lister - Bristol

cc:

From: Julian Summerhayes

Ref: JMS1\ABG1\348035.134

Direct: **GRO**

Date: 3 October 2005

Post Office Limited
Mr L Castleton - Marine Drive Post Office, Bridlington

I attach a letter from Rowe Cohen Solicitors of 30 September 2005 (and enclosures).

I cannot immediately recall seeing any details on this case but I do recall, from a brief conversation with Gareth Kagan, that Denise may have transferred the file to you. If that is not the case no doubt you will let me know.

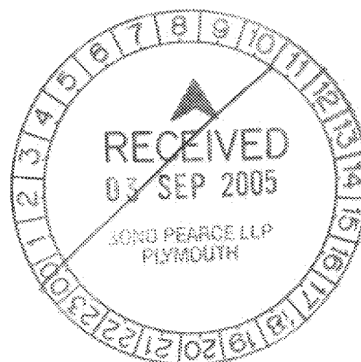
Julian Summerhayes

As

GRO

Date: 30 September 2005
 Your ref: DEG1/NJM1/348035.134
 Our ref: MDT.113969
 Please ask for: Mark Turner
 Direct dial:
 Direct fax :
 E-mail:

GRO



Bond Pearce
Solicitors

GRO

Without Prejudice

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
 Your client: Post Office Limited

We refer to our recent without prejudice telephone discussions (Mark Turner/Denise Gammack).

As we mentioned when we spoke, we have instructed an expert accounting witness, Chris Hine of Bentley Jennison, to review the documentation that your client has made available to date. His brief was to consider certain of those documents in light of our client's pleaded defence to the effect that the alleged shortfall is (at least in part – and we cannot be any more specific than that given the incomplete disclosure which has been given) attributable to problems with the Horizon system.

In order to assist you and your client in understanding our client's position, we are prepared to disclose to you on a without prejudice basis the report which Mr Hine has prepared. Since the report refers to a report prepared by Andrew Richardson of White & Hoggard, a copy of his report together with supporting documentation is also enclosed.

By way of explanation, Mr Richardson acts as auditor to the business owned by our client's father in law. His report was obtained directly by our client as a "second opinion" on the methodology that our client had used in reviewing the available documentation. To avoid any question of partiality, we commissioned Bentley Jennison to consider the same documentation as had been available to Mr Richardson, as well as his report, and to comment on whether they agreed with its findings.

For the complete avoidance of doubt, both documents are made available to you and your client on an entirely without prejudice basis. Whilst the substance of the Bentley Jennison report is likely to form the core of any formal report prepared for use in court, we reserve the right to rely on a report which may differ in form to that which we have presently disclosed.

As you will see, both Mr Richardson and Mr Hine concur with our client's position that there, at the very least, discrepancies in the way in which the Horizon system appears to treat weekly balances. This simply serves to reinforce what both we and our client have said from the outset, namely that the daily balance snapshots which have not yet been disclosed will be of fundamental importance in analysing whether there is a problem caused by the way in which the Horizon system operated during our client's tenure as sub-postmaster as Marine Drive Post Office.

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Partners: S.E. Cohen • I. Rowe • D.J. Horwich • T.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
 M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARKET\ABBEY\CASTLETON\300905 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

We look forward to hearing from you once you and your client have had an opportunity to review the enclosures to this letter.

Yours faithfully

GRO
ROWE COHEN

Enc

Bentley Jennison

Our ref: CH/PIB/C1024
Your ref: MDT.113969

Rowe Cohen
Quay House
Quay Street
Manchester
M3 3JE

Litigation Support

26 Pall Mall
Manchester
M2 1JR

Telephone: GRO
Facsimile: GRO
E-mail: GRO
www.bentley-jennison.co.uk

23 September 2005

Dear Sirs

The Post Office -v- Lee Castleton

Further to your letter of instruction dated 6 September 2005 in the above matter, I set out below my thoughts on the papers provided for my review.

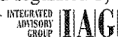
I have reviewed the following documentation:

- Various correspondence between Rowe Cohen and Bond Pearce, between 8 February and 3 August 2005
- Daily 'snapshots' for the Marine Drive Post Office, from Thursday 26 February 2004 to Wednesday 3 March 2004, representing week 49 of the accounting year
- Letter dated 18 August 2005 from Andrew Richardson, principal at accountants White & Hoggard, to Mr Lee Castleton
- Copy of final audit, dated 25 March 2004, as carried out by Miss Helen Hollingworth (and as attached to the letter dated 25 May 2005, from Bond Pearce to Rowe Cohen)
- Horizon Cash Account (Final) for Week 49
- Statement of Claim, dated 9 June 2005
- Defence and Counterclaim, dated 15 August 2005

Offices at: Birmingham Bristol Cardiff Harrogate Leeds London Milton Keynes Nottingham Stoke-on-Trent Swindon Telford

A list of Partners' names is available for inspection at: 26 Pall Mall, Manchester M2 1JR

Bentley Jennison is registered to carry on audit work by the Institute of Chartered Accountants in England and Wales and authorised and regulated by the Financial Services Authority for Investment Business

A member of  IAGI INTERNATIONAL® An Association of Independent Professional firms in Europe

Rowe Cohen

23 September 2005
Page 2 of 5**Daily snapshots for week 49**

At **Document 1** is a copy of the daily snapshot printed at the end of Thursday 26 February 2004, being Day One of the week. This shows a discrepancy of £3,509.18.

I note that this an identical amount to that recorded by the Horizon system as having been deficient in week 48, as identified in the audit undertaken by Helen Hollingworth, the schedule for which is set out at **Document 2**.

This schedule also shows that cumulative deficiencies of £8,243.10 were put into a suspense account relating to weeks 43-46, although I note that no figure appears to be disclosed specifically for the following week, week 47.

The identical amounts of £3,509.18 point to two possible scenarios, either that (a) there has been a deficiency suffered on day one of week 49 that **exactly** matches the sum of the deficiency for the whole of week 48, or (b) the figure is the brought forward deficiency from week 48. I consider it reasonable to assume that option (b) is the most likely scenario.

On Day Two of Week 49, being Friday 27 February 2004, an entry for £3,509.68 is shown as "Loss a 2a in", per **Document 3**.

I am unable to explain the difference of 50 pence between the suspense account figure and the daily snapshot deficiency, although I note that in White & Hoggard's report they explain that Mr Castleton informed them this was a manual entry following instructions from Horizon technical support.

The £3,509.68 appears to represent the entry on the suspense account (**Document 4**) for the same amount, processed on 27 February 2004, which I would expect given the daily snapshot entry.

Suspense account

A suspense account is generally used by accountants to 'park' transactions that have either been erroneously posted and are pending correction, or which, as is the case here, are transactions that are either unreconciled or unexplainable.

From my experience, the impact of a suspense posting would allow a line to be drawn under the cumulative deficiencies on the daily prints, effectively resetting the figure to zero, which should be reflected as such on the end of day print.

However, it is evident that on the end of day print (**Document 5**) there is still a deficiency of £3,509.18, notwithstanding the suspense account entry.

Rowe Cohen

23 September 2005
Page 3 of 5

This again leads to two possible scenarios, either that (a) following the suspense account entry an identical shortage of £3,509.18 was again borne by the branch during the course of the day, or (b) the Horizon system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot, leaving the figure of £3,509.18 unchanged.

Again, after considered reflection, it is more probable that scenario (b) has occurred.

For Days 3, 4, 5 and 6 (Saturday 28 February 2004 - Tuesday 2 March 2004), identical entries occur in relation to the figure of £3,509.68, with a cumulative deficiency of £3,509.18 being shown at the end of each day.

For the final day of week 49, Wednesday 3 March 2004, the entry of £3,509.68 again is recorded, however the total deficiency now shows £3,512.26 (**Document 6**), an increase of £3.08, and supported by the final Horizon Cash Account print (**Document 7**).

I note that in week 49 the cost of a first class stamp was 28 pence. The increase of £3.08 could, therefore, represent (and in line with Andrew Richardson's opinion) a scenario whereby a book of 12 first class stamps was sold, but only money for one single stamp was taken (ie $(12 \times 0.28) - 0.28$).

Having already concluded that the system should have no longer been recognising the £3,509.18 (posted to suspense) on a daily basis, the only discrepancy for the week should, in my opinion, have been the £3.08 deficiency apparently borne on Wednesday 3 March 2004.

The system has, therefore, appeared to overstate the deficiency for the week by the amount of the deficiency in week 48, being £3,509.18.

The report of White & Hoggard essentially appears to reach the same conclusion, in that this sum has been erroneously double counted.

Cumulative deficiencies

I would note that the Horizon system, from the documentation I have reviewed, appears to record deficiencies on a cumulative basis, hence the running total of £8,243.10 up to the end of week 46 being rolled into week 47's suspense account and carried forward to week 49 (Document 4).

Based on this approach, the integrity of the system is heavily dependent upon weekly figures being both accurate, and carried forward correctly.

In the isolated case of week 49 this appears not to have taken place, with the implication that errors could, theoretically, have been double counted over a number of weeks.

Rowe Cohen

23 September 2005
Page 4 of 5

As such, Mr Castleton's defence, that the root of the problem lies with the inaccurate figures produced by Horizon, appears to hold potential merit based on the limited documentation I have so far reviewed.

Clearly, however, I have only had sight of the daily snapshots for week 49, which although appearing to indicate an error within the Horizon system for that short period, does not necessarily mean that it has been replicated for other weeks. This can only be checked through an analysis of the daily snapshots for all relevant periods.

Andrew Richardson's conclusion that *"the balance of probabilities would suggest that it is quite likely that this has also happened in earlier periods"* is, I suspect, a little premature and can only be proven following a more detailed review.

Equally, other issues aside from the discrete problems evident in Week 49 may be uncovered, upon a more detailed inspection of relevant Horizon documentation.

Disclosure

The documentation I would ideally need sight of (further to that listed in your letter dated 11 April 2005, and presuming such papers were used in the normal course of business at the branch) to gain a clearer picture of how Horizon worked, and whether it was working as intended, is as follows:

- Daily snapshots for the period preceding, during, and following the alleged deficiencies borne under the management of Mr Castleton, which as suggested in copy correspondence might be from weeks 39-52 inclusive, although for completeness (and if considered cost effective) it may be appropriate to analyse the period from when Horizon was first used in the branch to gauge the effectiveness of the system from Day One
- Copy of the full audit report following the inspection made by Helen Hollingworth and Chris Taylor, on 25 March 2004, to include a breakdown of the week 51 balance of £11,210.56 (Document 2)
- P&A reports produced for weeks 39-52, summarising sums paid to customers in allowances through vouchers, and any vouchers supporting the reports
- Cash and stock count at the points in time when Mr Castleton began/left his post as subpostmaster
- Events log produced by the Post Office centrally, summarising which individuals are working on the Horizon system, and when the various reports were produced within the branch - for weeks 39-52 inclusive

Bentley Jennison

Rowe Cohen

23 September 2005
Page 5 of 5

- Transaction log produced by the Post Office, which should summarise all financial transactions undertaken by the branch - weeks 39-52 inclusive
- Any contemporaneous notes made by Mr Castleton in relation to the Horizon system, or by any other employees, or by anyone who may have been assisting Mr Castleton in the initial period following his appointment as subpostmaster

I trust the contents of this letter are self-explanatory, but if you should require clarification on any of the matters raised herein, please do not hesitate to contact me.

Yours faithfully

GRO

 **Chris Hine**
National Litigation Support Partner
Enc.

GRO

Document 1

Marine Drive FA0: 213377
17:30 26/02/2004 CAV:49 BV:01 SU: AA
Balance Snapshot - Office Copy

*****Discrepancies in this Account*****
*Discrepancy OVER 0.00 *
*Discrepancy SHORT 3509.18 *
*Nett discrepancy 3509.18- *

VALUE STOCK & MOP	VOLUME	VALUE
Cash		83966.93
Cash		83966.93
MOP		83966.93
TV stap f2	347	694.00
BBC TV LICENCE STAMP		694.00
Stamp Card	27	8.10
First Day Env	44	11.00
Pres Pack		105.10
Mini Sheets		29.31
PHILATELIC ITEMS		153.51
1st class stap	3631	1016.68
First Class Stamps		1016.68
2nd class stap	3508	701.60
Second Class Stamps		701.60
Postage stap		1096.43
Airletter Pack	3	6.90
Airletter Single	15	6.30
Int rep coupon	7	4.20
SplDel 6D1	7	28.35
SplDel 6D2	5	20.25
Other Postage Items		1162.45
S/a 2ndx100	20	400.00
Second Class S/A Staps		400.00
S/a 1stx100	20	560.00
First Class S/A Staps		560.00
Special 1st	950	266.00
Special 2nd	1000	200.00
Special Europe	100	38.00
Special 47p	100	47.00
Special 68p	100	68.00
Special 42p	100	42.00
Special Stamps		661.00
SAS bk 1st x 12	38	127.68
SAS bk 2nd x 12	43	103.20
SAS bk 1st x 6	46	77.28
Stp bk euro x 6	41	93.48
Stamp Books - Misc		401.64
POSTAGE		4903.37
PO phonecrd f5	4	20.00
PO phonecrd f10	10	100.00
PO phonecrd f20	8	160.00
PO Holidaycrd f10	20	200.00
PO Branded Call Cards		480.00
PHONE CARDS		480.00
PO 50p	17	8.50
PO f1	10	10.00
PO f2	16	32.00
PO f4	3	12.00
PO f6	9	54.00
PO f7	12	84.00
PO f8	9	72.00
PO f9	9	81.00
PO f15	21	315.00
Gift PO f5	14	70.00
Gift PO f10	9	90.00
Gift PO f20	13	260.00
Face Value		1088.50
PO fee 50p	17	4.25
PO fee f1	10	2.50
PO fee f2	16	8.00
PO fee f4	3	1.50
PO fee f6	9	7.20
PO fee f7	12	9.60
PO fee f8	9	9.00
PO fee f9	9	9.00
PO fee f15	21	23.10
Gift PO fee f5	14	11.20
Gift PO fee f10	9	9.00
Gift PO fee f20	13	15.60
Fees		109.95
POSTAL ORDERS		1198.43
Instants f1	1367	1367.00
Instants f2	455	910.00
Instants f3	128	384.00
Instants f5	37	185.00
HAT LOT INSTANT WIN GAM		2846.00
Lwood lotto	22	22.00
LITTLEWOOD SCRATCHIES		22.00
MVL stap	67	335.00
MVL SAVINGS STAMP		335.00
TOTAL STOCK & MOP		94599.26

Stack
10,632-33

83966-93
13377-11
-82

To:	From:	cc:
Cath Oglesby	Helen Hollingworth Inspector	

Date: 25th March 2004

Audit of Post Office ® Marine Drive branch, FAD 213337

An audit took place at Marine Drive Post Office on the 25th March 2004. Helen Hollingworth led the audit and in attendance was Chris Taylor. The audit commenced at 8.00am and on our arrival the sub postmaster was very pleased to see us. He explained problems he had been having at the office regarding balancing. His problems with balancing started in week 43 with a mis-balance of -4230.97. He was adamant that no members of staff could be committing theft and felt that the mis-balances were due to a computer problem. He had been in contact with the Retail Line Manager Cath Oglesby and the Horizon help line regularly since the problems began. The following table gives further weeks balance declarations on the cash account.

48	-3509.18	
46	-8243.10	
45	-6730.01	
44	-6754.09	
43	-4230.97	
48	-3509.18	This amount put into suspense week 49
46	-8243.10	This amount put into suspense week 47
45	-6730.01	Rolled loss
44	-6754.09	
43	-4230.97	

In week 47 £8243.10 was put into suspense. Although horizon had been contacted and the Retail Line was aware of this figure, this was not authorised. In week 49 £3509.68 was added to make the amount carried in the suspense account total £11752.78. This was also not authorised.

week 51 balance	- £11210.56
suspense account	- £11752.78
expected audit result	- £22563.34
difference at audit	- £2795.41 (-£1769.00 lottery -£1026.41 cash)
audit result	- £25758.75

On the completion of the audit the Retail Line Manager Cath Oglesby was contacted, along with the Investigation team and the Audit Line Manager. The sub postmaster was suspended pending enquiries and an interim postmaster was put in charge at the office.

Document 3

PAYMENTS	VOLUME	VALUE
Red Vltts \$1000	5	351.04
GIRD WITHDRAWALS		351.04
IR Child Benefit	15	307.15
INLAND REVENUE		307.15
Key 4/5 wdrwl	1	200.00
Ord a/c wdrwl	1	162.49
NS & I WITHDRAWALS/PAYMENTS		162.49
P&A 7 disability	7	1369.60
Allowances		1369.60
P&A 10 com ben	39	4610.18
P&A 11 inv spt	12	895.53
P&A 12 inv inh	6	240.97
P&A 13 ret pens	85	7389.20
P&A 14 inv ben	29	2899.36
Pensions		16035.24
P & A milk tkn	3	0.00
Milk tokens P & A		0.00
PENSIONS&ALLOWANCES		17404.84
TV stamp rdn	2	114.00
RBC TV Licence Stamp Rdn		114.00
SAVING STAMPS REDEEMED		114.00
Oth vchr to tp	1	0.28
Miscellaneous		0.28
OTHER PAYMENTS		0.28
Loss a 2a in	1	3509.68
UNCLAIMED PAYMENTS		3509.68
Nat lot cash pre	1	2.00
NATIONAL LOTTERY PRIZES		2.00
Green giro	16	2125.24
Green Girocheques		2125.24
Green giro milk	4	0.00
Milk Tokens - Green		0.00
GREEN/VIOLET GIROCHEQUES		2125.24
Co-op chg encsh	1	100.00
Co-op		100.00
PERSONAL BANKING CHD ENCASH		100.00
R&L CASH WDL	2	170.00
Alliance & Leic. Withdrawals		170.00
BARCLAYS WDRWL	2	80.00
Barclays Withdrawals		80.00
CA CASH WDL	4	375.00
CA WD LIMIT	3	313.07
Card account Withdrawals		688.07
LTSR Cash wdrwl	2	150.00
Lloyds TSB Withdrawals		150.00
NR CASH WITHDRAWAL WITH PIN		1088.07
Visa Debit	2	277.98
Switch	3	42.67
DEBIT CARD ONLINE PAYMENTS		320.65
Transfers Out		0.00
Rem Out Data Cen		1152.20
Rem Out Client		0.00
Rem Out Auto Dist		0.00
REMITTANCES OUT		1152.20
Reval Down		0.00
Total Stock & MoP		102345.35
Nett discrepancies		3509.18
TOTAL PAYMENTS		132702.17
Balance C/Fwd		105854.53

*** END OF REPORT ***

* Loss to 2a.

26 847.64

Document 4

Marine Drive
17:38:00 03/03/2004

FAD 2133377

Page 1
CAP 49

Suspense Account - Office Copy

WARNING - Check the C/Fwd column for negative values. If present refer to the
Horizon User Guide for instructions on how to proceed

SU	Date	Product	Volume	Value	B/Fwd	C/Fwd
RD Cheques		A				
TOTAL			0	0.00	0.00	0.00
RD Cheques		B				
TOTAL			0	0.00	0.00	0.00
RD Cheques		C				
TOTAL			0	0.00	0.00	0.00
Vouchers						
TOTAL			0	0.00	0.00	0.00
Shortages in Rems etc						
TOTAL			0	0.00	0.00	0.00
Burglary etc losses						
TOTAL			0	0.00	0.00	0.00
POL Cheques						
TOTAL			0	0.00	0.00	0.00
Migration UP						
TOTAL			0	0.00	0.00	0.00
Cash Shortages		A				
AA	27/02/04	Loss A to Table 2a	1	3,509.68		
TOTAL			1	3,509.68	8,243.10	11,752.78
Cash Shortages		B				
TOTAL			0	0.00	0.00	0.00
Cash Shortages		C				
TOTAL			0	0.00	0.00	0.00
Cash Shortages		D				
TOTAL			0	0.00	0.00	0.00
Prepurchases						
TOTAL			0	0.00	0.00	0.00
Cash Surpluses not yet adjusted		A				
TOTAL			0	0.00	0.00	0.00
Cash Surpluses not yet adjusted		B				

Document 5

Marine Drive FAD: 2133377
17:31 27/02/2004 CAP:49 RP:01 SU: AA
Balance Snapshot - Office Copy

*****Discrepancies in this Account*****
*Discrepancy O/R 0.00 *
*Discrepancy SHORT 3509.18 *
*Nett discrepancy 3509.18- *

VALUE STOCK & MOP	VOLUME	VALUE
Cash		92017.00
Cash		92017.00
MOP		92017.00
TV stap f2	344	688.00
DBC TV LICENCE STAMP		688.00
Stamp Card	27	8.10
First Day Env	44	11.00
Pres Pack		105.10
Mini Sheets		29.31
PHILATELIC ITEMS		153.51
1st class stap	3589	1004.92
First Class Stamps		1004.92
2nd class stap	3393	678.60
Second Class Stamps		678.60
Postage stap		1090.03
Airletter Pack	3	6.90
Airletter Single	15	6.50
Int rev coupon	7	4.20
Solbel SD1	6	24.30
Solbel SD2	5	20.25
Other Postage Items		1151.98
1/2 2nd100	18	360.00
Second Class S/A Staps		360.00
3/4 1st100	18	504.00
First Class S/A Staps		504.00
Special 1st	950	266.00
Special 2nd	1000	200.00
Special Europe	100	38.00
Special 47p	100	47.00
Special 68p	100	68.00
Special 42p	100	42.00
Special Stamps		661.00
SAS bk 1st x 12	34	114.24
SAS bk 2nd x 12	39	93.60
SAS bk 1st x 6	40	67.20
Stp bk euro x 6	40	91.20
Stamp Books - Misc		366.24
POSTAGE		4725.74
PO phonecard f5	2	10.00
PO phonecard f10	10	100.00
PO phonecard f20	8	160.00
PO Holidaycard f10	20	200.00
PO Branded Call Cards		470.00
PHONE CARDS		470.00
PO 50p	17	8.50
PO f1	9	9.00
PO f2	16	32.00
PO f4	3	12.00
PO f6	9	54.00
PO f7	12	84.00
PO f8	9	72.00
PO f9	9	81.00
PO f15	20	300.00
Gift PO f5	12	60.00
Gift PO f10	6	60.00
Gift PO f20	11	220.00
Face Value		992.50
PO fee 50p	17	4.25
PO fee f1	9	2.25
PO fee f2	16	8.00
PO fee f4	3	1.50
PO fee f6	9	7.20
PO fee f7	12	9.60
PO fee f8	9	9.00
PO fee f9	9	9.00
PO fee f15	20	22.00
Gift PO fee f5	12	9.60
Gift PO fee f10	6	6.00
Gift PO fee f20	11	13.20
Fees		101.60
POSTAL ORDERS		1094.10
Instants f1	1360	1360.00
Instants f2	455	910.00
Instants f3	128	384.00
Instants f5	37	185.00
HAT LOT INSTANT WIN GAM		2839.00
Lwood lotto	22	22.00
LITTLEWOOD SCRATCHIES		22.00
MVL stap	67	335.00
MVL SAVINGS STAMP		335.00
TOTAL STOCK & MOP		102345.35

Stock 10328-35.

Marine Drive FAD: 2133377
07:37 04/03/2004 CAP:49 RP:01 SU: RA
Final Balance - Office Copy

*****Discrepancies in this Account*****
*Discrepancy OVER 0.00 *
*Discrepancy SHORT 3512.26 *
*Nett discrepancy 3512.26 *

VALUE STOCK & MOP	VOLUME	VALUE
Cash		72712.62
Cash		72712.62
MOP		72712.62
TV stamp £2	285	570.00
BBC TV LICENCE STAMP		570.00
Stamp Card	27	8.10
First Day Env	44	11.00
Pres Pack		90.00
Mini Sheets		29.31
PHILATELIC ITEMS		138.41
1st class stamp	3082	862.96
First Class Stamps		862.96
2nd class stamp	3117	623.40
Second Class Stamps		623.40
Postage stamp		1037.05
Airletter Pack	3	5.90
Airletter Single	13	5.46
Int rep coupon	7	14.00
SpDel SD1	6	24.30
SpDel SD2	3	30.25
Other Postage Items		1036.16
S/A 2nd100	15	300.00
Second Class S/A Stamps		300.00
S/A 1st100	15	420.00
First Class S/A Stamps		420.00
Special 1st	950	266.00
Special 2nd	1000	200.00
Special Europe	100	38.00
Special 47p	100	47.00
Special 68p	100	68.00
Special 42p	100	42.00
Special Stamps		661.00
SAS bk 1st x 12	11	36.96
SAS bk 2nd x 12	28	52.80
SAS bk 1st x 6	25	42.00
Stp bk euro x 6	39	88.32
Stamp Books - Misc		220.68
POSTAGE		4186.20
PO phonecard £5	2	10.00
PO phonecard £10	10	100.00
PO phonecard £20	8	160.00
PO Holidaycard £10	20	200.00
PO Branded Call Cards		470.00
PHONE CARDS		470.00
PO 50p	16	8.00
PO £1	2	2.00
PO £2	14	28.00
PO £3	2	6.00
PO £6	8	48.00
PO £7	12	84.00
PO £8	8	64.00
PO £9	9	81.00
PO £10	2	20.00
PO £15	33	495.00
Gift PO £5	12	60.00
Gift PO £20	4	80.00
Face Value		768.00
PO fee £50p	15	7.50
PO fee £1	2	2.00
PO fee £2	14	28.00
PO fee £3	2	6.00
PO fee £6	8	48.00
PO fee £7	12	84.00
PO fee £8	8	64.00
PO fee £9	9	81.00
PO fee £10	2	20.00
PO fee £15	33	495.00
Gift PO fee £5	12	60.00
Gift PO fee £20	4	80.00
Fees		82.00
POSTAL ORDERS		250.00
Instant £1	123	123.00
Instant £2	400	800.00
Instant £3	128	384.00
Instant £5	37	185.00
NAT LOT INSTANT WIN GAN		2620.00
Lwood Lotto	21	21.00
LITTLEWOOD SCRATCHIES		21.00
NVL stamp	36	180.00
NVL SAVINGS STAMP		180.00
TOTAL STOCK & MOP		81749.03

4565-42

Stach 9036-41

4258-15

Stock Sold 308-27

OVER 3509-18
Short 7018-36
3509-18

76424-86
72912-62

Receipts
16557-97

Payments
16557-97

3512-26

Page: 1 Office code: 2133377 Week No: 49 Week Ending: 03/03/2004

Date: 04/03/2004 Time: 07:46

OFFICE NAME: Marine Drive
ADDRESS: 14 South Marine DriveBridlington
YO15 3DB

TELEPHONE: GRO

OFFICE CODE: 213 337 7

DATE STAMP:

30

Week Ended: 03/03/2004

Week No 49

Document 7

2003/2004
HORIZON

Cash Account (Final)

01262
672025

TO BE SIGNED BEFORE DESPATCH OF CASH ACCOUNT

SUBPOSTMASTER/FRANCHISEE/BRANCH MANAGER:

EXAMINED IN TP: _____

GRO



TABLE 2 UNCLAIMED PAYMENTS

50	£ p	Date	91
26			Unpaid Cheques A
27			Unpaid Cheques B
28			Unpaid Cheques C
29			
30			Vouchers
31			Shortages in REMS etc
32			Burglary etc Losses
33			POL Chq pension homes
34			
35			Migration
36			
37			
38			

TABLE 2(a) AUTHORISED CASH SHORTAGES

50	28 501
46	11,752.78
47	Cash Shortages A
48	Cash Shortages B
49	Cash Shortages C
49	Cash Shortages D

TABLE 3 UNCHARGED RECEIPTS

50	
60	
61	
62	
63	Pre-purchase
64	Cash Surplus A
65	Cash Surplus B
66	Surpluses in Rems etc
67	
68	Migration
71	
72	

DISCREPANCIES TABLE

07	
01	Surplus
02	3,512.26 Shortage

TABLE 10(g) NUMBER OF TRANSACTIONS

72	2	E111 Certificates
79		OB Chqs
78		NS ISA Cash Cross Warr
82		Citibank M Order
81		
73		Parcellforce by 9 & 10
65		Parcellforce 24/48
66		Internat Datapost
71		Low Cover
83		Medium Cover
75		High Cover
80		Contract Parcels Inland
67		Contract Parcels Internat
76	11	Special Delivery Items
88		UKPA Contingency
74	1	Airsure
87	1	International signed for
85		Swiftair
89		
94		
90		Parcellforce by noon
84		
77		Disc Whise Packs
91	9	Postmans Pouches
68		SORN
69		BGas Recon/Discon
92		Carnet Vouchers
93		TVL U75 Pre-Application
70		
63		Pre-order Buy Back
64		
57	22	Home Shop Returns
58		
59		Standard Life SHP Apps
60		PCL Smartcard Applications
61		MVL Postal Applications
62		
86		
95		
10		
15		SWEB/LEB
20		
25		
30	1	LINK Balance Enquiries
35	17	Card Account balance enquiries
40	3	A & L Balance Enquiries
45		Special Delivery by 9.00am
50		
55		
26		
27		
28		
29		

Cont...

White & Hoggard

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Mr Lee Castleton
Marine Drive Post Office
14 South Marine Drive
Bridlington
East Yorkshire
YO15 3DB

*1-3 Wheelgate
Malton
North Yorkshire
YO17 7HT*

Telephone

GRO

Fax:

GRO

E-mail: White.Hoggard

Our Ref: AWR/GL/1/F031

Your Ref:

Date: 18th August 2005

Dear Lee

You have asked me to produce a report on my findings following my examination of the documents presented to me for Marine Drive Post Office in respect of the week ended 3rd March 2004 and the apparent discrepancy claimed by the Post Office which I understand at 4th March 2004 amounted to £15,265.04.

I have therefore examined the daily balance printouts that you produced covering the period 26th February 2004 to 4th March 2004 and also the report marked "Horizon Cash Account (Final)" dated 4th March 2004 in relation to the week ended 3rd March 2004.

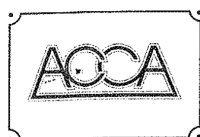
My conclusions are as follows:-

- a) The Horizon Cash Account (Final) Report for week 49 (week ended 3rd March 2004) produced on 4th March 2004 (time 07:46) indicates the following:

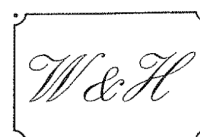
Table 2 (a) authorised cash shortages (A)	11,752.78
Discrepancies Table	3,512.26
Total	£ 15,265.04

- b) The Suspense Account summary attached to the report – office copy dated 3rd March 2004 (time 17:38) produces the following under the heading "Cash Shortages A"

AA 27 th February 2004 Loss A to Table 2a	3,509.68
Brought forward	8,243.10
Total	£ 11,752.78



PRINCIPAL: Andrew W. Richardson F.C.C.A.
MANAGERS: Keith A. Rhodes F.C.C.A.
Mrs Lesley R. Richardson



- c) The difference between the above two reports is £3,512.26 (I will refer to this figure later in my observations).
- d) The Horizon Cash Account (Final) Report for week no.49 (week ended 3rd March 2004) dated 4th March 2004 (time 07:46) indicates the following:

Balance Due to Post Office	97,014.07
Less Stock (Table A)	(9,036.41)
Less Cash (Table 5)	(72,712.62)
Shortfall	£ 15,265.04

- e) The above entry at (d) above appears to me to comprise the following:

1. Discrepancies Table	3,512.26
2. AA 21 st February 2004 Loss A to Table 2a	3,509.68
3. Brought forward from earlier periods	8,243.10
Total	£ 15,265.04

- f) It follows, therefore, that we need to ascertain how each of the above apparent discrepancies at paragraph (e) have arisen.
- g) In order to attempt to explain the apparent discrepancies I have prepared a detailed analysis of the daily balance printouts covering the period 26th February 2004 (time 17:30) to 4th March 2004 (time 07:46). I have used the Horizon Cash Account (Final) Report for the analysis of the movements on 4th March 2004. My conclusions are as follows:

1. Discrepancies Table - £3,512.26

This figure is not on the Suspense Account Summary dated 3rd March 2004 but appears to comprise part of the overall shortfall (see a and c above). This figure appears to include the "discrepancies in this account" summary on the "final balance" sheet dated 26th February 2004 but is recorded as £3,509.18 increasing by £3.08 (which I believe is a book of stamps) to £3,512.26 on 3rd March 2004. It is understood that the sum of £3,509.18 is a discrepancy from an earlier period. **I have seen no evidence to reveal how this discrepancy from the earlier period has been arrived at.**

2. AA 27th February 2004 Loss A to Table 2 a - £3,509.68

On the "final balance" sheet dated 26th February 2004 (time 17:30) there is an entry for "net discrepancies" of £3,509.18 which equates to the "discrepancies in this account" entry – see g 1 above.

On the "balance snapshot – office copy" sheet dated 27th February 2004 (time 17:31) there is an entry "OTHER PAYMENTS" loss a – 2a amounting to £3,509.68. This entry is then repeated daily.

I understand from my telephone conversation with you that this amount was input manually under instructions from Horizon technical support which probably explains the difference of 50p from the previously mentioned sum of £3,509.18.

If the sum of £3,509.68 is indeed the same entry as the sum of £3,509.18 recorded in g 1 above, and it seems highly likely that this is the case, there is a duplication in the apparent shortfall.

It follows that a rational explanation is needed for this apparent double counting in the Post Office records.

3. Brought forward from Earlier Period - £8,243.10

In addition to having no documentary evidence to support the discrepancy of £3,509.18, which appears to be duplicated by the further entry of £3,509.68, there is no documentation to support the discrepancies from earlier periods amounting to £8,243.10. **It is therefore absolutely essential to obtain documentary evidence supporting the discrepancies that are claimed to have arisen in the earlier periods of £3,509.18 and £8,243.10.**

h) Conclusion

From the limited available evidence of one weeks transactions referred to above my conclusion is that it is highly likely that the sum of £3,509.18 has been recorded twice increasing the apparent discrepancy during the week ended 3rd March 2004. On the assumption that I am correct in this conclusion, and there seems to be no rational explanation for this amount appearing twice other than my conclusion, then there has to be doubt as to whether or not the discrepancies brought forward from earlier periods of £3,509.18 and £8,243.10 can be substantiated. It is therefore absolutely imperative that the Post Office produce documentation to justify their claim for the earlier periods in order to produce evidence that the system is operating correctly. At the present time it would appear to me that during the week ended 4th March 2004 an incomplete instruction to input a manual entry of £3,509.18 (incorrectly entered as £3,509.68) has created a double counting of this amount in the calculations produced by the Post Office of shortfall. If this has happened for the one week where we have documentary evidence then the balance of probabilities would suggest that it is quite likely that this has also happened in earlier periods and has to cast doubt on the credibility of the claim made by the Post office which therefore needs to be examined in some further detail with the benefit of supporting documentation.

I hope that the above report is of some assistance.

Kind regards

Yours sincerely

GRO

Andrew W Richardson

Bond Pearce

Memo

If you have any questions concerning this
memo please telephone the number below

To: Stephen Dilley

cc: Laura Peto

From: Denise Gammack

Ref: DEG1\SJR2\348035.134

Direct: **GRO**

Date: 29 September 2005

Claim against Mr Lee Castleton

I know that we have already had a brief discussion about this matter, and I have passed you the files already. I did say I would also let you have a memo outlining the background issues, which I set out below.

If you need any more general information about these sorts of claims that CMS are dealing with I am sure that Laura will be able to help you. You may also be able to get some assistance from your relatives!

I set out the main issues below:

Background

CMS have been passed bulk instructions from Royal Mail (via Stephen Lister) to prosecute sub-postmasters/mistresses for losses that Royal Mail say occurred during the course of their employment. Indeed, the losses normally lead to their dismissal.

Traditionally, Royal Mail's approach to this has been to prosecute the former employee for theft and to get them convicted, to make a public showing of the fact that these losses will not be tolerated. However, the focus now is very much on recovering the money rather than obtaining a conviction.

The contracts that these employees sign have a clause in them which effectively states that after their employment has ended, the former employee is liable to repay Royal Mail any losses found to have arisen at the sub-post office. In the first instance Royal Mail tries to recover these from the former employee direct and when that correspondence fails, the matter comes to us to issue proceedings.

That is what has happened in relation to Mr Castleton.

Mr Castleton's Case

Mr Castleton was dismissed from his position at the Marine Drive sub-post office in Bridlington, Yorkshire when it was found that his sub-post office had suffered losses in excess of £25,000. Initially Mr Castleton considered employment tribunal proceedings for unfair dismissal but decided against it.

Initially, Royal Mail did try to recover this loss from him direct but, as you will see from the correspondence, he has always denied that any loss exists at all. Mr Castleton's position is that the "loss" has been created by errors within the computer system that the sub-postmasters/mistresses use to operate the sub-post office.

This computer system is called Horizon. Royal Mail are in the process of removing this system so that a new, more streamlined one, can be installed instead. However, for the purposes of this case Horizon is the relevant system.

Mr Castleton insists that if he can be provided with copies of records showing the daily transactions made on the Horizon system while he was at the sub-post office, he will be able to use them to show that the "loss" is a fiction created by errors in the system. Mr Castleton's solicitor claims that his client currently has only one week's worth of such print outs, and has already sent them to an expert.

The expert has been instructed to prepare a report to confirm Mr Castleton's case. We are going to be sent this on a without prejudice basis once it is finalised and I expect it to arrive shortly.

Our client is aware that the temporary sub-post office staff that replaced Mr Castleton suffered no problems at all with the Horizon computer in question.

Disclosure

Clearly, disclosure of the computer records maintained while he was at the sub-post office and an examination of the system itself are crucial in this case. However, disclosure has also been a particular problem in this matter. Mr Castleton has repeatedly requested copies of documents that were taken away after an investigation at the sub-post office was completed and insists that these will include the daily records he needs. We have asked Royal Mail repeatedly to disclose everything that they can find but this turns out to be more difficult than one might anticipate.

When Royal Mail investigate sub-postmasters/mistresses for losses, they have an investigation team which comprises various people in several different offices. This means that paperwork gets spread out between them, and sometimes gets lost, and even sometimes gets destroyed. In addition Royal Mail put a lot of documents into a storage system and to get items out of it they have to pay the storage facility to do that. Royal Mail do not like doing this, at all, and tries to avoid it.

This issue was raised at a training day that I recently attended where we emphasised to Royal Mail the importance of disclosure and they acknowledge that they need to get themselves re-organised in this respect. You may wish to have a look at a case called *Post Office v Mehida* which does deal specifically with this issue.

The most recent correspondence that I have had from Cheryl Woodward at our client gives me the impression that they may well want to pull out of these proceedings. They say that they cannot locate anymore relevant documents and they want to see the other side's expert report. I have told them that we will send it when it arrives and that in the meantime we need to deal with the ongoing Court proceedings.

The Court Proceedings

Proceedings were commenced in the Scarborough County Court. Mr Castleton subsequently filed a Defence and Counterclaim for losses incurred as a result of losing his employment which should not have happened because there is no loss. This Counterclaim is not quantified but is limited to £250,000. As a result of this the claim has now been transferred by the Court to the Queens Bench Division in London.

The matter has been allocated to a Master Fontaine, as yet no further directions have been received. Royal Mail prefer to use particular barristers in relation to these matters and for this one I have lined up David Craig at Devereux Chambers. He was recommended to me by Mandy Talbot (who I know you have already met) and his clerk confirms his general availability although I have not yet sent him any papers. David Craig was involved in the *Mehida* case above and so is well aware of the problems relating to disclosure.

Contacts

Our main client contact in this matter is a debt recovery investigator at the Chesterfield office named Cheryl Woodward. I normally contact her by e-mail on

GRO

Mandy Talbot is aware that this matter has been transferred to London and has requested that she be copied in to all further e-mails. In addition she needs to be sent a scanned copy of the expert report, when that comes in.

Mandy tells me that in previous cases where Defendants have alleged problems with the computer system, reference has been made to the amount of telephone calls recording complaints made to the service desk and where there have been none such defences have failed. I know that in this case we have such records on the file from Fujitsu, who used to operate the Horizon system for the client.

Mandy has also given me the contact details for a Keith Baines at Fujitsu who may need to be called on to provide a witness statement. Mandy has indicated that as Fujitsu no longer operate the Horizon system he may not be as co-operative as we would like, nevertheless I do have his contact details, which are:

Keith Baines
Post Office Limited
Second Floor
Calthorpe House
15-20 Phoenix Place
London
WC1X 0DG

Telephone: **GRO**
Mobile: **GRO**
E-mail: **GRO**

Next Steps

I should be grateful if you would assume conduct of this matter and continue to progress it further. I am sure that Laura will be able to assist you where necessary with preparation of documents, etc. I will let Cheryl know that I am leaving and I will give her your contact details instead.

If you have any further queries before I leave please let me know.

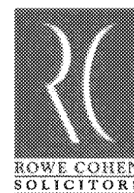
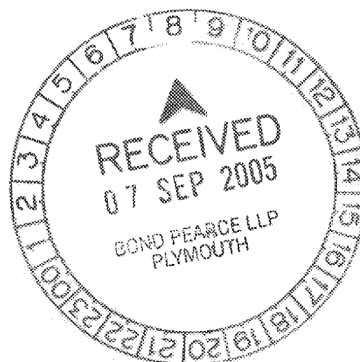
While I have been assisting CMS with this matter they have continued to prepare the bills for me, on a monthly basis. I will leave it to you to decide whether or not that can continue!

Regards.

Denise Gammack
Solicitor

Date: 6 September 2005
Your ref: DEG1/NJM1/348035.134
Of f: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We enclose a copy of our client's allocation questionnaire.

Yours faithfully

GRO

ROWE COHEN

Enc

Quay House • Quay Street • Manchester M3 3JE • Tel **GRO** • Fax + **GRO**
GRO Email law@ **GRO** Website www.rowecohen.com

Partners: S.E. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
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G:\MARKET\ABBNEY\CASTLETON\060905 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE



Sally Rundle

From: Denise Gammack
Sent: 29 September 2005 11:23
To: Sally Rundle
Subject: FW: Lee Castleton

Can you put a copy of this reply on the file as well please thanks

-----Original Message-----

From: cheryl.woodward [mailto:cheryl.woodward@GRO]
Sent: 29 September 2005 12:19
To: Denise Gammack
Subject: Re: Lee Castleton

Hi Denise

Thanks for that information.

Good luck for whatever you are moving on to.

Cheryl.

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S. Rundle

From: Denise Gammack
Sent: 29 September 2005 10:34
To: Sally Rundle
Subject: FW: Lee Castleton

Hi - could you print this off and file it, Stephen has the file in his room thanks

From: Denise Gammack
Sent: 29 September 2005 10:34
To: 'cheryl.woodward' [GRO]
Cc: Laura Peto
Subject: Lee Castleton

Dear Cheryl,

I just wanted to confirm that as yet I have not received the report from Mr Castleton's solicitors. I shall let you have a copy when it arrives, Mandy Talbot has also asked for a copy to be emailed to her which we can also do.

In the meantime I need to let you know that this week, I am leaving Bond Pearce. Laura will still be here to deal with matters but I have also asked my colleague Stephen Dilley to assist Laura with this after my departure. Stephen is also a solicitor in the firm's Commercial Litigation and Regulation department and I am sure that he will be able to assist you to its conclusion. Stephen's email address is stephen.dilley [GRO]

If you have any queries in the meantime please feel free to contact me, it has been a pleasure to assist you this far and I hope that it concludes favourably,

Regards

Denise

Denise Gammack
Solicitor

Bond Pearce LLP

DDI: [GRO]

Main office phone: [GRO]

Fax: + [GRO]

www.bondpearce.com

29/09/2005

Denise Gammack

From: cheryl.woodward
Sent: 26 September 2005 14:52
To: Denise Gammack
Subject: Re: Lee Castleton

GRO

Hi Denise

It looks as though we are not able to produce any further paperwork. I spoke to Anne Allaker last week she said she would contact you again. She has tried contacting another source to see if they have any paperwork relating to this case.

Is there any chance we could see the evidence that Mr Castleton has on the investigation on the paperwork he has had checked.

Cheryl.

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Denise Gammack

From: Denise Gammack
Sent: 26 September 2005 14:38
To: 'cheryl.woodward'
Subject: Lee Castleton

GRO

Dear Cheryl,

Thank you for your email.

I will send you a copy of Mr Castleton's expert's report once I have had it in from his solicitor - I haven't seen it yet but I expect it shortly.

In terms of paperwork, the main thing that Mr Castleton is after is more daily snapshots from Horizon so that he/his expert can try to show how the whole "debt" is accounted for by system problems (they say).

I have not heard further from the court who I expect to hear from shortly as well in terms of either issuing directions or listing a hearing to deal with case management, and again once I hear from them I shall let you know.

In the meantime, if any further avenues in terms of documents can be explored, please let me know how you get on with those. Given that the Counsel we have lined up was involved with the Mehida case (I presume this is familiar to you but if not I apologise and can send you a case report) it may be as well to ask him for an advice on the merits of continuing on with the documents we have, including Mr Castleton's expert's report.

I will contact you again once I have heard from the court/other side,

Denise

Denise Gammack
Solicitor
Bond Pearce LLP

DDI: GRO

Main office phone: +1 GRO

Fax: GRO

www.bondpearce.com

26/09/2005



HER MAJESTY'S
COURTS SERVICE
hmcs

HER MAJESTY'S COURTS SERVICE
SUPREME COURT GROUP
QUEEN'S BENCH DIVISION
Judgments & Orders
Room No: E15
Royal Courts of Justice
The Strand
London
WC2A 2LL

GRO

Tel **GRO**
Fax **GRO**
Minicom VII **GRO**
(Helpline for the deaf and hard of hearing)

www.hmcourts-service.gov.uk

Our ref:

Your ref:

CMS/348035/134



15th September 2005

Dear Sir/Madam

RE : Case Number : HQ05X02706
Post Office Limited v Mr Lee Castleton

This action commenced on the 9th June 2005 under number 5SZ00651 has now been transferred to the Queen's Bench Division of the High Court, Royal Courts of Justice, London, pursuant to an order dated 12th September 2005. The assigned Master is Master Fontaine. The above number has been allocated. Please quote the new number when making enquiries.

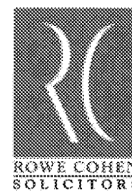
Yours faithfully

GRO

Mark Quigley
Judgments & Orders

Date: 14 September 2005
Your ref: DEG1/NJM1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

Thank you for your letter of 7 September with enclosed copy allocation questionnaire.

We would have expected you to serve a copy of your client's Defence to Counterclaim along with the allocation questionnaire. Having spoken with the court, it has confirmed that no Defence to Counterclaim appears to have been received.

Would you please confirm whether a Defence to Counterclaim was filed with the allocation questionnaire and, if so, provide a copy to us by return?

Yours faithfully

GRO

ROWE COHEN

Quay House • Quay Street • Manchester M3 3JE • Tel **GRO** • Fax **GRO**
Email **GRO** • Website www.rowecohen.com

Partners: S.E. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARKT\ABBEY\CASTLETON\140905 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

Denise Gammack

From: cheryl.woodward
Sent: 08 September 2005 11:41
To: Denise Gammack
Subject: Re: Lee Castleton

GRO

Hi Denise

I've just spoken to Anne Allaker who is going to contact you in relation to what paperwork they have found and what else they may or may not find.

Her contact number is GRO if you need it.

Please get back to me if need be.

Thanks Cheryl.

This email and any attachments are confidential and intended for the addressee only. If you are not the named recipient, you must not use, disclose, reproduce, copy or distribute the contents of this communication. If you have received this in error, please contact the sender and then delete this email from your system.

7 September 2005

The Court Manager
Scarborough County Court
Pavilion House
Valley Bridge Road
Scarborough
North Yorkshire
YO11 2JS

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

GRO
Direct: **GRO**

Our ref:
DEG1/SJR2/348035.134
Your ref:

Dear Sirs

Post Office Limited v Lee Castleton
Claim No. 5SZ00651

We act for the Claimant and Part 20 Defendant in the above matter.

We enclose our client's Allocation Questionnaire for filing together with our cheque for £100 in favour of HMCS.

Yours faithfully

7 September 2005

Rowe Cohen Solicitors
14352 MCR-1

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: +44 (0)1752 234567
Fax: +44 (0)1752 234567
Direct: +44 (0)1752 234567

Our ref:
DEG1/LAF1/348035.134
Your ref:
MDT.113969

Dear Sirs

Your Client: Mr L Castleton - Marine Drive Post Office, Bridlington
Our Client: Post Office Limited

We enclose a copy of our client's allocation questionnaire.

Yours faithfully

Allocation questionnaire

To be completed by, or on behalf of,

Post Office Limited

who is ~~XXX XXX XXX~~ ~~XXX~~ [Claimant] ~~XXXXXXXXXX~~
~~XXXXXXXXXXXXXX~~ in this claim

In the Scarborough County Court

Claim No. 5SZ00651

Last date for filing
with court office 5 September 2005

Please read the notes on page five before completing the questionnaire.

You should note the date by which it must be returned and the name of the court it should be returned to since this may be different from the court where proceedings were issued.

If you have settled this claim (or if you settle it on a future date) and do not need to have it heard or tried, you must let the court know immediately.

Have you sent a copy of this completed form to the other party(ies)?

☒ Yes☐ No

A Settlement

Do you wish there to be a one month stay to attempt to settle the claim, either by informal discussion or by alternative dispute resolution?

☒ Yes☐ No

B Location of trial

Is there any reason why your claim needs to be heard at a particular court?

☒ Yes☐ No

If Yes, say which court and why?

Given the quantum of the counterclaim and issues involved the matter should be transferred to the High Court in London

C Pre-action protocols

If an approved pre-action protocol applies to this claim, complete **Part 1** only. If not, complete **Part 2** only.
If you answer 'No' to question in either Part 1 or 2, please explain the reasons why on a separate sheet and attach it to this questionnaire.Part 1 The* protocol applies to this claim.*please say
which
protocol

Have you complied with it?

☐ Yes☐ No

Part 2 No pre-action protocol applies to this claim.

Have you exchanged information and/or documents (evidence) with the other party in order to assist in settling the claim?

☒ Yes☐ No

D Case management information

What amount of the claim is in dispute?

£ All of it

Applications

Have you made any application(s) in this claim?

☐ Yes☒ No

If Yes, what for?

(e.g. summary judgment,
add another party)

For hearing on

Witnesses

So far as you know at this stage, what witnesses of fact do you intend to call at the trial or final hearing including, if appropriate, yourself?

Witness name

Witness to which facts

See attached Sheet

Experts

Do you wish to use expert evidence at the trial or final hearing?

☒ Yes☐ No

Have you already copied any experts' report(s) to the other party(ies)?

☒ None yet
obtained☐ Yes☐ No

Do you consider the case suitable for a single joint expert in any field?

☒ Yes☐ No

Please list any single joint experts you propose to use and any other experts you wish to rely on. Identify single joint experts with the initials 'SJ' after their name(s).

Expert's name

To be confirmed

Field of expertise (eg. orthopaedic surgeon, surveyor, engineer)

operation of the Claimant's computer system

Do you want your expert(s) to give evidence orally at the trial or final hearing?

☒ Yes☐ No

If Yes, give the reasons why you think oral evidence is necessary:

To explain the function of the computer system and its operation.

H Other information

Have you attached documents to this questionnaire?

☐ Yes ☒ No

Have you sent these documents to the other party(ies)?

☐ Yes ☐ No

If Yes, when did they receive them?

Do you intend to make any applications in the immediate future?

☐ Yes ☐ No

If Yes, what for?

In the space below, set out any other information you consider will help the judge to manage the claim.

Signed **GRO**

Date 7 September 2005

~~XXXXXX~~ [Solicitor] [for the] ~~XXX XXX XXX~~ []
[Claimant] ~~XXXXXXXX~~ ~~XXXXXXXXXXXX~~

Please enter your firm's name, reference number and full postal address including (if appropriate) details of DX, fax or e-mail

Bond Pearce LLP Ballard House West Hoe Road Plymouth		if applicable	
		fax no.	GRO
		DX no.	8251 Plymouth
Tel. no.	GRO	Postcode	PL1 3AE
		e-mail	

Your reference no. 348035.134

Track

Which track do you consider is most suitable for your claim?

Tick one box

☐small
claims
track☐fast
track☐multi-
track

If you have indicated a track which would not be the normal track for the claim, please give brief reasons for your choice

E Trial or final hearing

How long do you estimate the trial or final hearing will take?

3 days hours minutes

Are there any days when you, an expert or an essential witness will not be able to attend court for the trial or final hearing?

☐

Yes

☐

No

If Yes, please give details

Name
see attached sheetDates not available
to be confirmed**F Proposed directions***(Parties should agree directions wherever possible)*

Have you attached a list of the directions you think appropriate for the management of the claim?

☐

Yes

☒

No

If Yes, have they been agreed with the other party(ies)?

☐

Yes

☒

No

G Costs*Do not complete this section if you have suggested your case is suitable for the small claims track or you have suggested one of the other tracks and you do not have a solicitor acting for you.*

What is your estimate of your costs incurred to date?

£2,000

What do you estimate your overall costs are likely to be?

£20,000-30,000

In substantial cases these questions should be answered in compliance with CPR Part 43

Date: 6 September 2005
Your ref: DEG1/NJM1/348035.134
Of: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We enclose a copy of our client's allocation questionnaire.

Yours faithfully

GRO

ROWE COHEN

Enc

Quay House • Quay Street • Manchester M3 3JE • Tel: **GRO** • Fax: **GRO**
GRO • Email: **GRO** Website: www.rowecohen.com

Partners: S.E. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns **Associates:** L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy **Consultant:** M.T. Horwich

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G:\MARKTABB\B\CASTLETON\060905 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

Allocation questionnaire

To be completed by, or on behalf of,

Lee Castleton

In the

Scarborough County Court

Claim No.

5 SZ 00651

Last date for filing
with court office

5 September 2005

who is ☐ 1st ☐ 2nd ☐ 3rd ☐ ~~Part 20 claimant~~ ☐ Claimant ☐ Defendant
in this claim

Please read the notes on page five before completing the questionnaire.

You should note the date by which it must be returned and the name of the court it should be returned to since this may be different from the court where the proceedings were issued.

If you have settled this claim (or if you settle it on a future date) and do not need to have it heard or tried, you must let the court know immediately.

Have you sent a copy of this completed form to the other party(ies)?

☒ Yes☐ No**A Settlement**

Do you wish there to be a one month stay to attempt to settle the claim, either by informal discussion or by alternative dispute resolution?

☒ Yes☐ No**B Location of trial**

Is there any reason why your claim needs to be heard at a particular court?

☒ Yes☐ No

If Yes, say which court and why?

Scarborough for the convenience of the Defendant.

However, given the issues in dispute and the potential quantum of the counterclaim, the Defendant believes that the matter should be transferred to Scarborough District Registry of the High Court.

C Pre-action protocolsIf an approved pre-action protocol applies to this claim, complete **Part 1** only. If not, complete **Part 2** only. If you answer 'No' to the question in either Part 1 or 2, please explain the reasons why on a separate sheet and attach it to this questionnaire.**Part 1**

The

protocol applies to this claim.

**please say
which
protocol*

Have you complied with it?

☐ Yes☐ No**Part 2**

No pre-action protocol applies to this claim.

Have you exchanged information and/or documents (evidence) with the other party in order to assist in settling the claim?

☒ Yes☐ No

D Case management information

What amount of the claim is in dispute?

£ ALL

Applications

Have you made any application(s) in this claim?

☐ Yes☒ No

If Yes, what for?

(e.g. summary judgment,
add another party)

For hearing on

Witnesses

So far as you know at this stage, what witnesses of fact do you intend to call at the trial or final hearing including, if appropriate, yourself?

Witness name	Witness to which facts
Lee Castleton	The running of Marine Drive Post Office
Lisa Castleton	" " " "
Christine Train	" " " "

The Defendant also intends to call a number of other current and former sub-postmasters who have experienced similar difficulties with the Horizon computer system to those experienced by the Defendant.

Experts

Do you wish to use expert evidence at the trial or final hearing?

☒ Yes☐ No

Have you already copied any experts' report(s) to the other party(ies)?

☒ None yet
obtained☐ Yes☐ No

Do you consider the case suitable for a single joint expert in any field?

☐ Yes☐ No

Please list any single joint experts you propose to use and any other experts you wish to rely on. Identify single joint experts with the initials 'SJ' after their name(s).

Expert's name	Field of expertise (eg. orthopaedic surgeon, surveyor, engineer)
Christopher Hine - Bentley Jennison	Accountant

Depending on the substance of the Claimant's Reply to Defence and Counterclaim, the Defendant also envisages the potential need for an expert to give evidence regarding the Horizon computer system, its operation and the scope for computer error giving rise to apparent financial shortfalls.

Do you want your expert(s) to give evidence orally at the trial or final hearing?

☒ Yes☐ No

If Yes, give the reasons why you think oral evidence is necessary:

H Other information

Have you attached documents to this questionnaire?

☒ Yes ☐ No

Have you sent these documents to the other party(ies)?

☐ Yes ☐ No

If Yes, when did they receive them?

N/A - they already have copies

Do you intend to make any applications in the immediate future?

☒ Yes ☐ No

If Yes, what for?

Potentially an application for specific disclosure - see attached copy correspondence

In the space below, set out any other information you consider will help the judge to manage the claim.

The Defendant has since before proceedings were issued sought the return of documents removed by the Claimant when the Defendant was suspended as sub-postmaster at Marine Drive Post Office. Some of those documents have been returned but others remain outstanding. Certain of those documents, most crucially the daily snapshot reports generated at the end of each day's business by the Defendant, are required to undertake a manual reconciliation of the cash account in order to substantiate the Defendant's belief that the apparent losses claimed by the Claimant are in fact explicable and are not in fact real losses but rather are attributable to computer error.

If these documents are not produced - and the Claimant does not appear to contest their relevance or disclosability - an application for specific disclosure will be required.

Following disclosure of these documents, the Defendant will need to amend his statement of case in order to more fully particularise both his Defence and his Counterclaim. The statement of case could not be pleaded more fully at the outset in the absence of the disclosure sought from the Claimant which was not provided.

The Defendant also envisages that he will wish to adduce evidence from a number of other sub-postmasters who have found themselves in dispute with the Claimant in similar circumstances. Time will be required to obtain statements from these individuals, which process is likely to be time-consuming given that they are located around the country. Accordingly, the enclosed Defendant's draft directions provide for a more elongated time table than might otherwise be ordered by the court more usually.

The position regarding expert evidence should become clearer following completion of disclosure. The Defendant would respectfully suggest that detailed consideration of expert evidence issues, and the making of specific directions in that regard, be held over to a case management conference to be convened following completion of disclosure and inspection.

Signed

GRO

Date

6 September 2005

~~[Counsel]~~ ~~[Solicitor]~~ ~~[for the]~~ ~~[1st]~~ ~~[2nd]~~ ~~[3rd]~~
~~[Claimant]~~ ~~[Defendant]~~ ~~[Part 20 claimant]~~

Please enter your firm's name, reference number and full postal address including (if appropriate) details of DX, fax or e-mail

Rowe Cohen Quay House Quay Street Manchester		if applicable	
		fax no.	GRO
		DX no.	14352 MANCHESTER 1
Tel. no.	GRO	Postcode	M3 3JE
		e-mail	GRO
Your reference no. MDT. 113969			

Notes for completing an allocation questionnaire

- If the claim is not settled, a judge must allocate it to an appropriate case management track. To help the judge choose the most just and cost-effective track, you must now complete the attached questionnaire.
- If you fail to return the allocation questionnaire by the date given, the judge may make an order which leads to your claim or defence being struck out, or hold an allocation hearing. If there is an allocation hearing the judge may order any party who has not filed their questionnaire to pay, immediately, the costs of that hearing.
- Use a separate sheet if you need more space for your answers marking clearly which section the information refers to. You should write the claim number on it, and on any other documents you send with your allocation questionnaire. Please ensure they are firmly attached to it.
- The letters below refer to the sections of the questionnaire and tell you what information is needed.

A Settlement

If you think that you and the other party may be able to negotiate a settlement you should tick the 'Yes' box. The court may order a stay, whether or not all the other parties to the claim agree. You should still complete the rest of the questionnaire, even if you are requesting a stay. Where a stay is granted it will be for an initial period of one month. You may settle the claim either by informal discussion with the other party or by alternative dispute resolution (ADR). ADR covers a range of different processes which can help settle disputes. More information is available in the Legal Services Commission leaflet 'Alternatives to Court' free from the LSC leaflet line Phone: 0845 3000 343

B Location of trial

High Court cases are usually heard at the Royal Courts of Justice or certain Civil Trial Centres. Fast or multi-track trials may be dealt with at a Civil Trial Centre or at the court where the claim is proceeding. Small claim cases are usually heard at the court in which they are proceeding.

C Pre-action protocols

Before any claim is started, the court expects you to have exchanged information and documents relevant to the claim, to assist in settling it. For some types of claim e.g. personal injury, there are approved protocols that should have been followed.

D Case management information

Applications

It is important for the court to know if you have already made any applications in the claim, what they are for and when they will be heard. The outcome of the applications may affect the case management directions the court gives.

Witnesses

Remember to include yourself as a witness of fact, if you will be giving evidence.

Experts

Oral or written expert evidence will only be allowed at the trial or final hearing with the court's permission. The judge will decide what permission it seems

appropriate to give when the claim is allocated to track. Permission in small claims track cases will only be given exceptionally.

Track

The basic guide by which claims are normally allocated to a track is the amount in dispute, although other factors such as the complexity of the case will also be considered. A leaflet available from the court office explains the limits in greater detail.

Small Claims track	Disputes valued at not more than £5,000 except those including a claim for personal injuries worth over £1,000 and those for housing disrepair where either the cost of repairs or other work exceeds £1,000 or any other claim for damages exceeds £1,000
Fast track	Disputes valued at more than £5,000 but not more than £15,000
Multi-track	Disputes over £15,000

E Trial or final hearing

You should enter only those dates when you, your expert(s) or essential witness(es) will not be able to attend court because of holiday or other commitments.

F Proposed directions

Attach the list of directions, if any, you believe will be appropriate to be given for the management of the claim. Agreed directions on fast and multi-track cases should be based on the forms of standard directions set out in the practice direction to CPR Part 28 and form PF52.

G Costs

Only complete this section if you are a solicitor and have suggested the claim is suitable for allocation to the fast or multi-track.

H Other Information

Answer the questions in this section. Decide if there is any other information you consider will help the judge to manage the claim. Give details in the space provided referring to any documents you have attached to support what you are saying.

operation of the Horizon computer system, and the timing of service of expert accounting evidence, be deferred to a further case management conference to be listed following completion of disclosure.

DATED 5 September 2005

Served by Rowe Cohen of Quay House, Quay Street, Manchester M3 3JE (Ref: MDT.113969)

Solicitors for the Defendant

Claim No. 5 SZ 00651

IN THE SCARBOROUGH COUNTY COURT

BETWEEN:

POST OFFICE LIMITED

Claimant

and

LEE CASTLETON

Defendant

DEFENDANT'S PROPOSED DIRECTIONS

1. The claim be allocated to the multi-track and transferred to Scarborough District Registry of the High Court; ✓
2. The Defendant shall be at liberty to serve a Reply to Defence to Counterclaim by 4pm on 19 September 2005; ✓
3. Standard disclosure of documents by list to take place by 4pm on 30 September 2005, with inspection of documents to take place by 14 October 2005; ✓
4. Witness statements to be mutually exchanged by 4pm by 10 February 2006; ✓
5. The parties shall each have leave to call an expert accounting witness to deal with (a) whether a manual reconciliation of the daily snapshot reports and other documents produced by the Defendant in the court of running Marine Drive Post Office can explain the apparent shortfalls claimed by the Claimant and (b) the quantum of the Defendant's counterclaim. ✓
6. Further directions regarding expert evidence, including the question of whether the parties shall have leave to adduce evidence from an expert witness dealing with the

Denise Gammack

From: cheryl.woodward [GRO]
Sent: 06 September 2005 12:58
To: Denise Gammack
Subject: DEG1/LAF1/348035.134 Marine Drive Lee Castleton

Hi Denise

Just to keep you up to date.

I have contacted several people to find the whereabouts of all Marine Drive paperwork. At the moment its not clear who has it.

I have been told Mr Castleton had copies of all paperwork before it left the office?

Again I will let you know when I hear anything else.

Cheryl.

----- Forwarded by Cheryl Woodward/e [GRO] 06/09/2005 11:53 -----

Cheryl Woodward

To: denise.gammack [GRO]
26/08/2005 11:03 cc:
Subject: DEG1/LAF1/348035.134 Marine Drive Lee
Castleton

Hi Denise

I have finally received a response to the above and have been told to continue with the claim against Mr Castleton. I am trying to locate the whereabouts of all the paperwork which was removed from Marine Drive Po. I am on leave for 1wk after today and will get back to you on my return unless I have some further news before 2pm.

If you have any further queries next week please contact Paul Dann.

Thanks Cheryl

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Denise Gammack

From: cheryl.woodward
Sent: 26 August 2005 12:04
To: Denise Gammack
Subject: DEG1/LAF1/348035.134 Marine Drive Lee Castleton

Hi Denise

I have finally received a response to the above and have been told to continue with the claim against Mr Castleton. I am trying to locate the whereabouts of all the paperwork which was removed from Marine Drive Po. I am on leave for 1wk after today and will get back to you on my return unless I have some further news before 2pm.

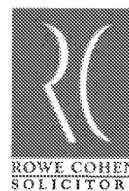
If you have any further queries next week please contact Paul Dann.

Thanks Cheryl

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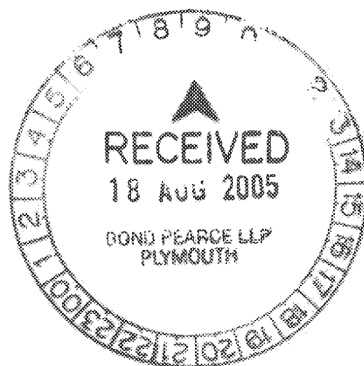
Date: 17 August 2005
Your ref: DEG1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO



Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

Thank you for your letter of 16 August.

We confirm that a cheque for £1,300 was remitted to the court when filing the Defence and Counterclaim. We can only assume that the incoming post had not yet been processed at the time when you spoke with the Court. It is our experience that it can sometimes take a day or two for documents to be processed by the Court on receipt.

In principle, we agree that the matter should probably be transferred to the High Court and that a joint approach to the Court can be made. However, we see no obvious attraction in the matter being transferred to London given the distance from our client.

A better solution would in our view be for the matter to be transferred to the nearest District Registry of the High Court. It would appear from the Court Directory in the White Book (Vol 2 – para 11-5 on page 2556) that Scarborough has its own District Registry. If so, the most expedient way to proceed would simply be to request a transfer from the County Court to the High Court.

We shall discuss this with our client and revert to you in due course.

Yours faithfully

GRO

ROWE COHEN

Quay House • Quay Street • Manchester M3 3JE • Tel: **GRO** • Fax: **GRO**
GRO Email: **GRO** Website: www.rowecohen.com

Partners: S.E. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.E. Sutton • M. Molloy Consultant: M.T. Horwich

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Also at London



G:\MARKT\ABBEY\CASTLETON\170805 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

Denise Gammack

From: cheryl.woodward [GRO]
Sent: 17 August 2005 10:20
To: Denise Gammack
Subject: Re: Lee Castleton

Hi Denise

I've received Mr Castleton's defence this morning and passed it on.

I have said we need to respond quickly but how long it will take I cannot say but will update you as soon as I can.

Thanks Cheryl.

This email and any attachments are confidential and intended for the addressee only. If you are not the named recipient, you must not use, disclose, reproduce, copy or distribute the contents of this communication. If you have received this in error, please contact the sender and then delete this email from your system.

Bond Pearce

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

Fax

If any of this fax is missing or illegible
please telephone the number below

To: Mark Turner

Rowe Cohen Solicitors

Fax: **GRO**

cc:

Your ref: MDT.113969

From: Denise Gammack

Our ref: DEG1/LAF1/348035.134

Direct: **GRO**

Date: 16 August 2005

Fax: **GRO**

Number of pages:

Our Client: Post Office Limited

Your Client: Mr L Castleton - Marine Drive Post Office, Bridlington

Confidentiality notice

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Registered office: Bristol Bridge House 138-141 Redcliff Street Bristol BS1 6BJ. VAT number GB143 0282 07.
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1A_1051943_1

www.bondpearce.com

CM
15.30
16/8/05

16 August 2005

By Fax **GRO** & DX

Rowe Cohen Solicitors
14352 MCR-1

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: + **GRO**

Fax: **GRO**

GRO

Direct: **GRO**

Our ref:
DEG1/LAF1/348035.134
Your ref:
MDT.113969

Dear Sirs

Your Client: Mr L Castleton - Marine Drive Post Office, Bridlington
Our Client: Post Office Limited

Thank you for your letter dated 15 August 2005 attaching your client's Defence and counterclaim. We note that the Counterclaim is limited to a figure not exceeding £250,000. Has your client paid the appropriate court fee for this? We understand this to be £1,300. Please confirm.

We are not sure that the Scarborough County Court will have jurisdiction to continue to deal with this Claim given the size of your client's alleged Counterclaim. Unless the Court is prepared to make an Order of its own volition we consider that a formal request should be made to transfer the matter to, say, London. We did telephone the Court today to try to clarify the point but were told that as yet, they have not received your client's Defence and Counterclaim.

Yours faithfully

16 August 2005

Cheryl Woodward
Agents Debt Team 3
First Floor East
1 Future Walk
Chesterfield
S49 1PF

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel:

GRO

Fax:

GRO

Direct:

GRO

GRO

Our ref:
DEG1/LAF1/348035.134
Your ref:

Dear Cheryl

Lee Castleton

I refer to our telephone conversation of 16 August and attach a copy Defence and Counterclaim filed by Mr Castleton's solicitors.

If anyone has any specific comments to make about anything in the document please let me know as soon as possible. I am sure that you will see that as far as they are concerned, Mr Castleton's solicitors are of the view that until they have received the disclosure they have requested they will simply deny everything until any disclosed evidence proves otherwise.

I should be grateful if you could let me know the position in respect of disclosure as soon as possible.

Yours sincerely

Denise Gammack
Solicitor

Enclosures

1. Defence & Counterclaim

Date: 15 August 2005
Your ref: DEG1/NJM1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO

By Fax and DX

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We enclose by way of service our client's Defence and Counterclaim. Please acknowledge receipt.

Given that your client has not been able or willing to deal with our requests in relation to pre-action disclosure, the statement of case has had to be pleaded in outline. We shall amend it to more fully particularise our client's Defence and his Counterclaim against your client following completion of disclosure.

Yours faithfully

GRO
ROWE COHEN

Enc



15/08 '05 15:26 FAX

GRO

ROWE COHEN

002

Date: 15 August 2005
Your ref: DEG1/NJM1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO

Bond Pearce
Solicitors

GRO

By Fax and DX

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We enclose by way of service our client's Defence and Counterclaim. Please acknowledge receipt.

Given that your client has not been able or willing to deal with our requests in relation to pre-action disclosure, the statement of case has had to be pleaded in outline. We shall amend it to more fully particularise our client's Defence and his Counterclaim against your client following completion of disclosure.

Yours faithfully

GRO

ROWE COHEN

Enc

Quay House, Quay Street, Manchester, M3 3JE, Tel:

GRO

Fax:

GRO

GRO

E-mail law@

GRO

Website www.rowecohen.com

Partners: K.R. Cohen • I. Bone • D.J. Harwell • L.N. Lewis • M.Y. Hymnison • G.P. Squire • A. Dannison • B.T. Coghlan • J.M. Dook • A. Farley • A. Sack • A. Taylor
M.C. Woodall • R.J. Spruston • S. Koom • A. Curwen • R.J. Myers • D. Vayns • H. Burns Associates; L.F. Swerling • A.D. Owens • S.R. Sutton • M. Molloy Consultant; M.T. Harwell

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15-AUG-2005 15:25

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94%

MARK T. HARWELL • CASTLETON 130805 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

P. 02

Bond Pearce

Telephone attendance

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Denise Gammack

Location: N/A

Date: 15 August 2005

Start time:

Units:

DEG engaged in considering the defence from Roe Cohen Solicitors. Noting they are making a counterclaim of anything up to £250,000 and resolving to ask them to confirm whether they have paid the relevant fee for this, £1300, according to the new fees rules.

Units: 2
DEG

Denise Gammack

From: cheryl.woodward[GRO]
Sent: 10 August 2005 11:10
To: Denise Gammack
Subject: Re: Lee Castleton

Hi Denise

I still have not received a response from higher Management to date. I've asked Paul to chase them again and will get back to you as soon as I hear anything.

Sorry Cheryl.

This email and any attachments are confidential and intended for the addressee only. If you are not the named recipient, you must not use, disclose, reproduce, copy or distribute the contents of this communication.

If you have received this in error, please contact the sender and then delete this email from your system.

Denise Gammack

From: Denise Gammack
Sent: 10 August 2005 10:40
To: 'cheryl.woodward' [GRO]
Subject: Lee Castleton

Dear Cheryl,

Thank for the email that I received this morning.

Yesterday we received a telephone call from Mr Castleton's solicitors asking whether we had any more documents to disclose which would assist with his client's defence, otherwise he would only file one in short form pending further disclosure. As I have nothing else to give him at this stage he is going to file a short form of defence and I am sure that I can tell you what it will say (i.e. there were problems with Horizon and further full disclosure awaited).

I look forward to hearing further from you once higher management have considered the position and formulated instructions for me.

Regards

Denise Gammack

Denise Gammack
Solicitor
Bond Pearce LLP
DDI: [GRO]
Main office phone: + [GRO]
Fax: + [GRO]
www.bondpearce.com

10/08/2005

Bond Pearce

Work chit

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Denise Gammack

Location: N/A

Date: 10 August 2005

Start time:

Units:

DEG considering an incoming update e-mail from Sheryl Woodward at Royal Mail.

1 unit

DEG then typing and sending her a reply.

1 unit

DEG

Denise Gammack

From: cheryl.woodward
Sent: 04 August 2005 15:09
To: Denise Gammack
Subject: Re: Lee Castleton

GRO

Hi Denise

Thanks for the letter from Mr Castleton's Solicitor. I have passed this on hoping to hurry things along.

Paul Dann my Manager has also passed it on to his manager and we have our fingers crossed.

Sorry Cheryl.

This email and any attachments are confidential and intended for the addressee only. If you are not the named recipient, you must not use, disclose, reproduce, copy or distribute the contents of this communication. If you have received this in error, please contact the sender and then delete this email from your system.

3 August 2005

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

GRO
Direct: **GRO**

Our ref:
DEG1/NJM1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our client: Post Office Limited
Your client: Mr L Castleton

Thank you for your letter dated 26 July 2005.

We note your comments in respect of specific disclosure. Our client is neither unable nor unwilling to address this point, rather they are in fact making every attempt to try to locate the documents you have requested. The nature of the defence that you plead is entirely a matter for you and the issue of disclosure will be dealt with when our client can confirm it has completed all its investigations in that respect.

Our client is fully aware of all its duties in relation to its ongoing duty of disclosure in relation to all the issues in this claim. We have passed your comments about disclosure in relation to the Horizon Computer System to our clients.

We shall revert to you again once we have received further instructions from our client.

Yours faithfully

N la McSherry

From: Denise Gammack
Sent: 03 August 2005 16:48
To: 'cheryl.woodward' GRO
Subject: Lee Castleton
Attachments: Scanned document <2 pages ~151 KB> -- 03/08/2005 16:29:28; LETTER_1046748.DOC

Dear Cheryl

Thank you for your email earlier today confirming that there is no change in the current position.

For your information I attach to this email a copy of the last letter I received from Mr Castleton's solicitors, Rowe Cohen, dated 26 July 2005. I also attach a copy of the reply I sent them today. You will see that Rowe Cohen are continuing to make their points in respect of disclosure and its potential effects on Mr Castleton's defence abundantly clear and are also referring to costs that will be incurred in amending their defence if they have to file that before the disclosure they have requested takes place.

I appreciate that you yourself are awaiting responses from your manager and also his manager after that, but there is only going to be a certain number of times that I can tell Rowe Cohen I am waiting for instructions on disclosure before they decide to take more persuasive action, perhaps in the form of an application for costs. Please keep me informed with how investigations into the disclosure are proceeding at your end. As I explained earlier, if a decision is made to discontinue this claim, there will be a costs liability to Mr Castleton in respect of the fees incurred by Rowe Cohen to date.

Please feel free to contact me to discuss anything arising from this email. Otherwise I look forward to hearing further from you in respect of disclosure.

Kind regards.

Yours sincerely

Denise Gammack
Solicitor

03/08/2005

Denise Gammack

From: cheryl.woodward GRO
Sent: 03 August 2005 14:50
To: Denise Gammack
Subject: Re: Lee Castleton

Hi Denise

Had no luck receiving any further information today. Will try again tomorrow. Sorry!

Cheryl

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Denise Gammack

From: Denise Gammack
Sent: 03 August 2005 09:14
To: Sarah Bramall
Subject: royal mail

do you have a telephone number for cheryl woodward at royal mail? I already have her email address but not a phone number, if not just say, thanks

Denise Gammack
Solicitor
Bond Pearce LLP

DDI: [GRO]
Main office phone: [GRO]
Fax: [GRO]
www.bondpearce.com

Denise Gammack

From: Denise Gammack

Sent: 29 July 2005 14:45

To: 'cheryl.woodwa'; **GRO**

Subject: Lee Castleton

Dear Cheryl,

I hope you had a nice time on leave.

While you have been away I have received further correspondence from Mr Castleton's solicitors. I should be grateful if you would telephone me on **GRO** as soon as possible so that we can discuss the progression of this matter.

In particular I will need to know whether we have located the documents that they are requesting, namely those previously removed from the sub-post office after the investigation.

I look forward to hearing from you as soon as possible,

Denise Gammack

Denise Gammack

Solicitor

Bond Pearce LLP

DDI: **GRO**

Main office phone: **GRO**

Fax: **GRO**

www.bondpearce.com

29/07/2005

Bond Pearce

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

Fax

If any of this fax is missing or illegible
please telephone the number below

To: Denise Gammack

BP

Fax: **GRO**

cc:

Your ref:

From: Laura Branton

Our ref: LRB1/348035.134

Direct:

GRO

Date : 26 July 2005

Fax: +

Time:

GRO

Number of pages:

URGENT

Post Office Ltd v Lee Castleton

Hi Denise,

Please find attached a letter received from the Defendant's Solicitors.

Many thanks

GRO

Sarah

Confidentiality notice

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San 16.17
www.bondpearce.com

Date: 26 July 2005
 Your ref: LRB1/348035.134
 Our ref: MDT.113969
 Please ask for: Mark Turner
 Direct dial:
 Direct fax:
 E-mail:

GRO



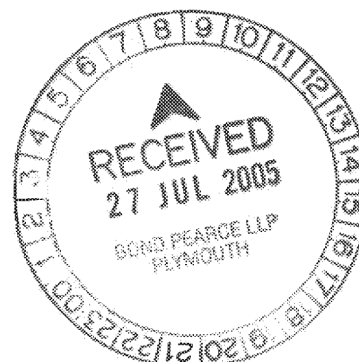
Bond Pearce
 Solicitors

GRO

By DX and Fax

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited



We refer to your letter of 14 July.

You have no reason to believe that we no longer act for our client. No Notice of Change of Solicitor has been served. Accordingly, we see no reason why you do not simply address any remarks arising from our client's approach to an employee of your client to us directly.

For the complete avoidance of doubt, the mere fact that someone is an employee of your client does not place them "off limits" to either us or our client in terms of soliciting evidence from them. You will of course appreciate that there is no property in a witness. However, if your client's employees wish to respond via you, we are quite happy for you to convey their comments to us.

When might we expect a response to our letter of 7 June regarding specific disclosure? We raised this issue with you at the very outset of this matter and yet you have still failed to produce the documents which we have requested. The extension of time for service of the Defence was specifically intended to allow you time to address our request and for the documents to be provided in good time for them to be considered in advance of a Defence being settled.

The Defence is due by 15 August. This date is now rapidly approaching. It is imperative that we now hear substantively from you by return. If your client is unable or unwilling to address the points raised, we shall have no alternative but to plead a short-form Defence and to reserve the right to re-plead it in more detail in due course as and when the documents in question have to be disclosed as part of the usual disclosure process.

We place you on notice now that we shall look to your client to meet the costs of and occasioned by such amendments on the basis that they are necessary solely as a result of your client's failure to comply with the overriding objective and to exchange information and documentation before the issue of proceedings.

We further place you on notice that we shall expect your client to disclose any internal documents in its possession or control which relate to existing problems with the Horizon computer system raised by other sub-postmasters.

Our client is aware that your client is pursuing a number of other postmasters in circumstances similar to that of this case, namely where there are apparent shortfalls in takings but where the postmaster in question is adamant that the computer system is at fault. We are also aware that there are cases similar to this where your client has proceeded towards trial only to settle late on in the proceedings, having to pay compensation to the postmasters in questions together with their legal costs.

Quay House • Quay Street • Manchester M3 3JE • Tel: **GRO** • Fax: **GRO**
GRO Email: **GRO** Website: www.rowecohen.com

Partners: S.E. Cohen • I. Rowe • D.J. Horwich • L.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
 M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARKT\ABBEY\CASTLETON\260705 LETTER TO BOND PEARCE
 INVESTOR IN PEOPLE

Further, our client has been informed that your client is already aware that there have been previous instances where the Horizon system has been shown to be susceptible to external influences (such as, for instance, sub. variations in electricity supply, or the effect of passing trains) leading to apparent errors when the balancing process takes place.

The key to our client's Defence to this claim will be that the computer system is at fault rather than any negligence on his part. That being the case, it is self-evident that any documents falling into this category must be relevant and therefore must be disclosed. If they not disclosed, we shall pursue the appropriate application (which will also address any issues raised in our previous correspondence dealing with disclosure which have not been resolved by that point).

We would invite you to confirm to us as a matter of urgency:

- (a) when you will be able to respond substantively to our letter of 7 June and to provide the documents requested;
- (b) that you accept that documents relating to other claims where faults have been either found to exist in the Horizon system, or where a postmaster has raised the assertion that faults are to blame, will be disclosed in due course; and
- (c) depending on your response to (a) above, whether you are prepared to make a joint approach to the court regarding a further extension of time or whether we shall have no alternative but to serve an abbreviated Defence which will be more fully particularised following disclosure.

We look forward to hearing from you.

~~Yours faithfully~~
GRO
ROWE COHEN

26-JUL-2005 16:27 FROM BOND PEARCE PLYMOUTH

TO GRO

P.01

Bond Pearce

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: GRO

Fax: GRO

Fax

If any of this fax is missing or illegible
please telephone the number below

To: Denise Gammack

BP

Fax: GRO

cc:

Your ref:

From: Laura Branton

Our ref: LR81/348035.134

Direct

GRO

Date : 26 July 2005

Fax:

GRO

Time:

Number of pages:

URGENT

Post Office Ltd v Lee Castleton

Hi Denise,

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Many thanks

GRO

Sarah

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Registered office: Bristol Bridge House 138-141 Redcliff Street Bristol BS1 6BQ. VAT number GB143 0282 07.
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Sam 16.17
www.bondpearce.com

26-JUL-2005 16:26

GRO

95%

P.01

26-JUL-2005 16:27 FROM BOND PEARCE PLYMOUTH

TO GRO

P.02

QUAY HOUSE, QUAY STREET, MANCHESTER, M3 3JE (DX 14352 MCR-1)

Telephone No:

Fax No's:-

Claimant Dept:

Defendant Dept:

Commercial Dept:

Conveyancing Dept:

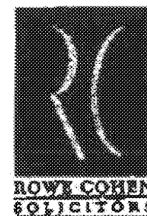
e-mail:

website:

GRO

www.rgwcohen.com

**ACTION
COPY**



Fax

To: Laura Branton - Bond Pearce

From: Mark Turner

Fax: **GRO**

Pages: 3

Phone:

Date: 26/07/05

Re: The Post Office/Lee Castleton

CC:

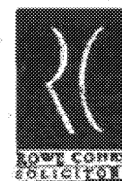
☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

26-JUL-2005 16:27 FROM BOND PEARCE PLYMOUTH

TO GRO

P.03

Date: 26 July 2005
Your ref: LRB1/348035.134
ur ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO

Bond Pearce
Solicitors

GRO

By DX and Fax

Dear Sirs

Our client: Mr L Castleton - Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to your letter of 14 July.

You have no reason to believe that we no longer act for our client. No Notice of Change of Solicitor has been served. Accordingly, we see no reason why you do not simply address any remarks arising from our client's approach to an employee of your client to us directly.

For the complete avoidance of doubt, the mere fact that someone is an employee of your client does not place them "off limits" to either us or our client in terms of soliciting evidence from them. You will of course appreciate that there is no property in a witness. However, if your client's employees wish to respond via you, we are quite happy for you to convey their comments to us.

When might we expect a response to our letter of 7 June regarding specific disclosure? We raised this issue with you at the very outset of this matter and yet you have still failed to produce the documents which we have requested. The extension of time for service of the Defence was specifically intended to allow you time to address our request and for the documents to be provided in good time for them to be considered in advance of a Defence being settled.

The Defence is due by 15 August. This date is now rapidly approaching. It is imperative that we now hear substantively from you by return. If your client is unable or unwilling to address the points raised, we shall have no alternative but to plead a short-form Defence and to reserve the right to re-plead it in more detail in due course as and when the documents in question have to be disclosed as part of the usual disclosure process.

We place you on notice now that we shall look to your client to meet the costs of and occasioned by such amendments on the basis that they are necessary solely as a result of your client's failure to comply with the overriding objective and to exchange information and documentation before the issue of proceedings.

We further place you on notice that we shall expect your client to disclose any internal documents in its possession or control which relate to existing problems with the Horizon computer system raised by other sub-postmasters.

Our client is aware that your client is pursuing a number of other postmasters in circumstances similar to that of this case, namely where there are apparent shortfalls in takings but where the postmaster in question is adamant that the computer system is at fault. We are also aware that there are cases similar to this where your client has proceeded towards trial only to settle late on in the proceedings, having to pay compensation to the postmasters in questions together with their legal costs.

Quay House - Quay Street - Manchester M3 3JE - Tel: GRO - Fax: GRO
E-mail: gro@bondpearce.co.uk Website: www.bondpearce.co.uk
Partners: S.K. Cohen - I. Rowe - D.J. Horwath - L.M. Lewis - M.V. Thompson - G.E. Small - A. Davidson - B.T. Coghlan - J.V. Davis - A. Farley - A. Ricketts - A. Taylor
M.C. Woodall - R.J. Stevens - S. Bacon - A. Carreras - M.J. Myer - D. Vague - M. Harris - Associates: L.R. Jelfering - A.O. O'Connell - S.P. Sutton - D. Maffey - Consultants: M.T. Hurren

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CAMARKTAREBYCASTLETON260511 LETTER TO BOND PEARCE

26/07 '05 11:02 FAX

GRO

ROWECOHEN

001

QUAY HOUSE, QUAY STREET, MANCHESTER. M3 3JE (DX 14352 MCR-1)

Telephone No:

Fax No's:-

Claimant Dept:

Defendant Dept:

Commercial Dept:

Conveyancing Dept:

e-mail:

website:

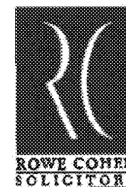
GRO

www.rowecohen.com

**ACTION
COPY****Fax****To:** Laura Branton - Bond Pearce**From:** Mark Turner**Fax:** GRO**Pages:** 3**Phone:****Date:** 26/07/05**Re:** The Post Office/Lea Castleton**CC:**☒ **Urgent**☐ **For Review**☐ **Please Comment**☐ **Please Reply**☐ **Please Recycle**

Date: 26 July 2005
 ref: LRB1/348035.134
 Our ref: MDT.113969
 Please ask for: Mark Turner
 Direct dial:
 Direct fax :
 E-mail:

GRO



Bond Pearce
 Solicitors

GRO

By DX and Fax

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 Your client: Post Office Limited

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Quay House • Quay Street • Manchester M3 2JE • Tel • GRO • Fax • GRO
 Email • GRO • Website www.rowecohen.com

Partners: S.H. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hyman • G.E. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
 M.C. Woodall • R.J. Sprston • S. Roun • A. Cornwell • R.J. Myer • D. Vayns • H. Morris Associates: J.V. Swartz • A.D. Owens • S.P. Sutton • M. Molloy Consultants: M.T. Horwich

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G:\MARKT\ABBEY\CASTLETON\260705\LETTER TO BOND PEARCE
 INVESTOR IN PEOPLE

26/07 '05 11:02 FAX

GRO

ROWECOHEN

003

er, our client has been informed that your client is already aware that there have been previous instances where the Horizon system has been shown to be susceptible to external influences (such as, for instance, subtle variations in electricity supply, or the effect of passing trains) leading to apparent errors when the balancing process takes place.

The key to our client's Defence to this claim will be that the computer system is at fault rather than any negligence on his part. That being the case, it is self-evident that any documents falling into this category must be relevant and therefore must be disclosed. If they not disclosed, we shall pursue the appropriate application (which will also address any issues raised in our previous correspondence dealing with disclosure which have not been resolved by that point).

We would invite you to confirm to us as a matter of urgency:

- (a) when you will be able to respond substantively to our letter of 7 June and to provide the documents requested;
- (b) that you accept that documents relating to other claims where faults have been either found to exist in the Horizon system, or where a postmaster has raised the assertion that faults are to blame, will be disclosed in due course; and
- (c) depending on your response to (a) above, whether you are prepared to make a joint approach to the court regarding a further extension of time or whether we shall have no alternative but to serve an abbreviated Defence which will be more fully particularised following disclosure.

We look forward to hearing from you.

Yours faithfully

GRO

ROWECOHEN

Denise Gammack

From: cheryl.woodward@GRO
Sent: 15 July 2005 13:26
To: Denise Gammack
Subject: Cheryl Woodward/e/POSTOFFICE is out of the office.

I will be out of the office starting 15/07/2005 and will not return until 01/08/2005.

I will be out of the office from 2pm 15.07.05 and will return on 01.08.05.
Please contact Martyn Mitchell, Andy Pearson or Pat Davies with anything urgent. Thank You.

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Denise Gammack

From: cheryl.woodward [GRO]
Sent: 15 July 2005 12:11
To: Denise Gammack
Subject: Re: Lee Castleton

Hi Denise

I still have had no joy retrieving Mr Castletons file. I have made Paul aware you are awaiting our reply.

I am on leave for the next two weeks and if I still haven't heard anything before I leave I will tell Paul to contact you himself and if you have any problem with this case Paul Dann should be able to help.

Thanks Cheryl.

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Denise Gammack

From: cheryl.woodward
Sent: 14 July 2005 11:26
To: Denise Gammack
Subject: Re: Lee Castleton

GRO

Hi Denise

Paul and I are chasing the file, unfortunately Jennifer is always tied up.
Paul is going to see what she has to say when she's available today.

Will respond as soon as I know what 's happening.

Sorry Cheryl.

This email and any attachments are confidential and intended for the addressee only. If you are not the named recipient, you must not use, disclose, reproduce, copy or distribute the contents of this communication. If you have received this in error, please contact the sender and then delete this email from your system.

Denise Gammack

From: Laura Branton
Sent: 14 July 2005 11:24
To: andy.bayfield GRO
Cc: Denise Gammack
Subject: RE: Response to flagcase KJG 141/05 Mr Lee Castleton

Dear Andy

Further to the e-mail below, please note that my colleague Denise Gammack is now actually dealing with this file. Her e-mail address is GRO. I am very willing to assist with queries in Denise's absence but I thought I should let you know that I will be on annual leave from Thursday 21st July to Friday 5th August 2005.

Denise will be contacting you separately in connection with this matter.

Kind regards.

-----Original Message-----

From: andy.bayfield GRO
Sent: 14 July 2005 10:23
To: alan.rodgers GRO; kathy.gillo GRO
Cc: Laura Branton
Subject: Response to flagcase KJG 141/05 Mr Lee Castleton

Alan

can you please send out today

(See attached file: Mr L Castleton response 2 14.7.2005.doc)

Katy

this matter is currently in the hands of our solicitors so any further correspondence received in this matter must be dealt with by them, via Laura Branton at Bond Pearce solicitors (via their Plymouth branch)

Andy

Area Service Manager Scotland & North England Post Office Ltd Operations

Area Office Cumbernauld
5-7 Clyde walk
Cumbernauld
G67 1BN

Postline: LIW, STD Phone: GRO Fax: GRO VoiceMail:
GRO, Mobex: GRO Mobile: GRO External Email: GRO

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Denise Gammack

From: Laura Branton
Sent: 14 July 2005 11:04
To: Denise Gammack
Subject: FW: Response to flagcase KJG 141/05 Mr Lee Castleton

Attachments: Mr L Castleton response 2 14.7.2005.doc



Mr L Castleton
response 2 14.7...

Hi D, for your file. Would you rather update Andy to confirm that you are point of contact in view of my imminent holiday? (-D)

-----Original Message-----

From: andy.bayfield [GRO]
Sent: 14 July 2005 10:23
To: alan.rodger [GRO] katy.gillon [GRO]
Cc: Laura Branton
Subject: Response to flagcase KJG 141/05 Mr Lee Castleton

Alan

can you please send out today

(See attached file: Mr L Castleton response 2 14.7.2005.doc)

Katy

this matter is currently in the hands of our solicitors so any further correspondence received in this matter must be dealt with by them, via Laura Branton at Bond Pearce solicitors (via their Plymouth branch)

Andy

Area Service Manager Scotland & North England Post Office Ltd Operations

Area Office Cumbernauld
5-7 Clyde walk
Cumbernauld
G67 1BN

Postline: LIW, STD Phone [GRO] Fax: [GRO] VoiceMail:
[GRO] Mobex: [GRO] Mobile: [GRO] External Email: andy.bayfield [GRO]

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Denise Gammack

From: Denise Gammack
Sent: 14 July 2005 11:01
To: 'cheryl.woodward@' **GRO**
Subject: RE: Lee Castleton

Thanks Cheryl. Look forward to hearing from you again soon.

Denise

-----Original Message-----

From: cheryl.woodward@ **GRO**
Sent: 14 July 2005 11:26
To: Denise Gammack
Subject: Re: Lee Castleton

Hi Denise

Paul and I are chasing the file, unfortunately Jennifer is always tied up.
Paul is going to see what she has to say when she's available today.

Will respond as soon as I know what 's happening.

Sorry Cheryl.

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DDI: 
Main: 
Fax: 
Mobile: 
www.bondpearce.com

GRO

Denise Gammack

From: Julia Lewis
Sent: 14 July 2005 10:28
To: Denise Gammack
Subject: Message

Giles Bingley has just rung - please could you confirm that you have received the documents and that they are on their way to Bristol, and that you are still in line for a Court hearing in August.

Please ring

GRO

Denise Gammack

From: Laura Branton
Sent: 14 July 2005 09:25
To: Denise Gammack
Subject: FW: Letter to Mr Lee Castleton re pending civil court case

Attachments: Mr Lee Castleton Marine Parade 14.7.2005.doc



Mr Lee Castleton
Marine Parade...

Previous e-mail refers. Thanks D :-)

-----Original Message-----

From: andy.bayfield **GRO**
Sent: 13 July 2005 18:27
To: Laura Branton
Subject: Letter to Mr Lee Castleton re pending civil court case

Laura

thanks for advice earlier today, please see attached and feel free to make any amendments that you believe are proper

(See attached file: Mr Lee Castleton Marine Parade 14.7.2005.doc)

Andy

Area Service Manager Scotland & North England Post Office Ltd Operations

Area Office Cumbernauld
5-7 Clyde walk
Cumbernauld
G67 1BN

Postline: LIW, STD Phone: **GRO**, Fax: **GRO** VoiceMail:
GRO Mobex: **GRO** Mobile: **GRO** External Email: **GRO**

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Confidential

Mr Lee Castleton
14 South Marine Drive
Bridlington
EAST YORKSHIRE
YO15 3DB

14 July 2005

Dear Mr Castleton

**Re: Letter sent to Mr D Smith
4 July 2005**

Thank you for your letter to Mr Smith, asking him to give evidence at your forthcoming civil case against Post Office Ltd, as the senior manager within Post Office Ltd responsible for Contractual and Service issues I have been asked to respond to your letter.

Mr Smith will not be attending to give evidence. Following our investigations into the allegations you made with regard to the Horizon system making false entries resulting in losses occurring in your branch cash accounts.

We were unable to find any evidence to support your allegations. These errors that you insisted occurred where not replicated by any of the temporary postmasters who have been operating exactly the same computer hardware and software that you did at Marine Parade Post Office® branch.

You were invited to attend an interview to give full details of what you believe happened, at that interview and subsequent

Page 2 of 3

appeal hearing you could not offer any reasonable explanation for the large cash losses occurring in your branch, you had also consistently declined to accept the advice that had been offered to you by the Retail Line team responsible for service operations at your branch.

I am sorry you feel you have been treated in a disgusting manner by Post Office Ltd. It is our affirmed intention to treat all our agents and staff with both respect and dignity at all times.

I have fully reviewed this case and cannot see what else we could have done. Following our investigations there were many issues that gave us cause for serious concern with regard to the safety and security of our assets, as a consequence of these concerns we subsequently terminated your contract to offer Post Office services on our behalf.

You exercised your right to appeal against this decision, it was heard by an independent appeals manager who upheld our original decision.

I believe that we have treated you fairly and in accordance with both our contractual obligations and our operating code of practice.

Yours sincerely

Mr Andy Bayfield
Area Service Manager
Post Office Ltd
Area Intervention Office
Cumbernauld

Page 3 of 3

GRO

E-mail: **GRO**

Denise Gammack

From: Laura Branton
Sent: 14 July 2005 09:26
To: Denise Gammack
Subject: RE: Post Office -v- Lee Castleton (348035.134)

Yes, Mr C contacted him direct. Andy has e-mailed the letter and I will forward to you under separate cover.

Cheers, L

From: Denise Gammack
Sent: 14 July 2005 08:35
To: Laura Branton
Subject: RE: Post Office -v- Lee Castleton (348035.134)

Is he saying he has been contacted direct by Mr Castleton and not Mr Castleton's solicitors? Now that proceedings have been issued we need to avoid dealing with him direct (I think his solicitor may still be on honeymoon at the moment).

I'll ring Andy this morning but when you get his email send it to me anyway.

thanks

D

From: Laura Branton
Sent: 13 July 2005 16:10
To: Denise Gammack
Subject: FW: Post Office -v- Lee Castleton (348035.134)

Hi Denise

Further to the e-mail below, Andy called back again because he wanted to deal with this matter urgently. He's advised Mr C has contacted him and asked for him to be a witness in connection with the Horizon system. Mr C stating he didn't want to send anything which would damage our case and I suggested that he should e-mail his proposed response to me so that I could ask you to check it. Hope that's OK.

From: Laura Branton
Sent: 13 July 2005 15:20
To: Denise Gammack
Subject: Post Office -v- Lee Castleton (348035.134)

Dear Denise

Andy Bayfield at PO has called **GRO** and is dealing with other matters relating to Mr C (he didn't specify but I assume he's on the investigation side of things?)

He's asked that you call to provide him with an update on this matter.

Many thanks, Laura.

14/07/2005

Laur Branton
Paralegal Supervisor
Bond Pearce LLP

DDI: [REDACTED] **GRO**

Main Office phone: + [REDACTED] **GRO**

Fax: [REDACTED] **GRO**

www.bondpearce.com

Denise Gammack

From: Denise Gammack

Sent: 14 July 2005 09:52

To: 'cheryl.woodward'; **GRO**

Subject: Lee Castleton

Dear Cheryl,

I should be grateful if you would let me know what is happening at your end in relation to this file. Has Paul had a response yet at his end?

I am not sure exactly what enquiries are being made at your end but if they relate to locating the papers that Mr Castleton has been chasing perhaps you could confirm how that is going.

If there is anything that I can do to help please let me know.

Regards

Denise

Denise Gammack

Solicitor

Bond Pearce LLP

DDI: **GRO**

Main office phone: **GRO**

Fax: **GRO**

www.bondpearce.com

14/07/2005

Denise Gammack

From: Laura Branton
Sent: 13 July 2005 15:20
To: Denise Gammack
Subject: Post Office -v- Lee Castleton (348035.134)

Dear Denise

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He's asked that you call to provide him with an update on this matter.

Many thanks, Laura.

Laura Branton
Paralegal Supervisor
Bond Pearce LLP

DDI: [GRO] 2

Main Office phone: [GRO]

Fax: [GRO]

www.bondpearce.com

14/07/2005

Denise Gammack

From: Laura Branton
Sent: 13 July 2005 16:10
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Subject: FW: Post Office -v- Lee Castleton (348035.134)

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From: Laura Branton
Sent: 13 July 2005 15:20
To: Denise Gammack
Subject: Post Office -v- Lee Castleton (348035.134)

Dear Denise

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He's asked that you call to provide him with an update on this matter.

Many thanks, Laura.

Laura Branton
Paralegal Supervisor
Bond Pearce LLP

DDI: [GRO]

Main Office phone: + [GRO]

Fax: [GRO]

www.bondpearce.com

14/07/2005

Denise Gammack

From: Denise Gammack
Sent: 14 July 2005 08:35
To: Laura Branton
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I'll ring Andy this morning but when you get his email send it to me anyway.

thanks

D

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Sent: 13 July 2005 15:20
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Subject: Post Office -v- Lee Castleton (348035.134)

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He's asked that you call to provide him with an update on this matter.

Many thanks, Laura.

Laura Branton
Paralegal Supervisor
Bond Pearce LLP
DDI: +GRO
Main Office phone: +GRO
Fax: GRO
www.bondpearce.com

14/07/2005

4 July 2005
By Fax **GRO** Post

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

GRO

Direct: **GRO**

Our ref:
DEG1/SJR2/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client: Post Office Limited
Your Client: Mr L Castleton

We refer to our previous correspondence dated 4 July 2005.

We are aware that your fee-earner directly dealing with this matter is out of the office until 21 July 2005. In the meantime we have been contacted by our client who informs us that your client has been contacting them direct in relation to potential witness evidence.

In accordance with the terms of Principle 19.02 of the Guide to the Professional Conduct of Solicitors we shall not respond to your client direct, unless you can confirm that you are no longer instructed by your client in this matter.

We look forward to hearing from you shortly.

Yours faithfully

4 July 2005
By DX Only

Rowe Cohen
Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel:

GRO

Fax:

GRO

GRO

Direct:

GRO

Our ref:
DEG1/LJP1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client: Post Office Limited
Your Client: Mr L Castleton

Thank you for your correspondence dated 22 June 2005.

Please find enclosed a further copy of our previous correspondence dated 8 June, with copies of it's enclosures.

We are taking our client's instructions in response to your previous correspondence dated 7 June and shall revert to you further on that once we have received those.

We look forward to receiving a copy of your client's Defence.

Yours faithfully

Denise Gammack

From: Denise Gammack
Sent: 27 June 2005 11:08
To: 'cheryl.woodward'
Subject: RE: Lee Castleton

GRO

Hi Cheryl,

Thanks for letting me know. In the meantime the extension to the deadline for filing the defence has been agreed so we will see that in early August.

I look forward to hearing from you further,

Denise

-----Original Message-----

From: cheryl.woodward
Sent: 27 June 2005 11:05
To: Denise Gammack
Subject: RE: Lee Castleton

GRO

Hi Denise

Just to keep you up to date Paul has passed this case onto his Manager Jennifer Robson who in turn is awaiting a reply from some body else. Will get back to you as soon as possible.

Thanks Cheryl.

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Denise Gammack

From: cheryl.woodward
Sent: 27 June 2005 11:05
To: Denise Gammack
Subject: RE: Lee Castleton

GRO

Hi Denise

Just to keep you up to date Paul has passed this case onto his Manager Jennifer Robson who in turn is awaiting a reply from some body else. Will get back to you as soon as possible.

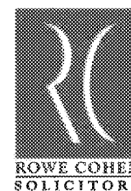
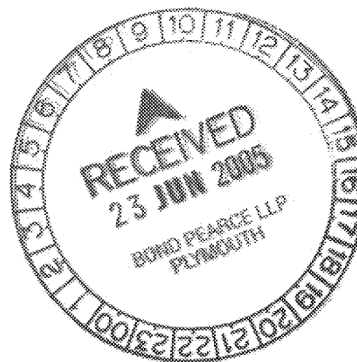
Thanks Cheryl.

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If you have received this in error, please contact the sender and then delete this email from your system.

Date: 22 June 2005
Your ref: LRB1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors
DX 8251
PLYMOUTH

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

Thank you for confirming the extension of time in respect of service of our client's Defence. We shall confirm the position to the court as required by CPR Part 15.5.

We note the reference in your letter of 9 June to a letter sent to us dated 8 June enclosing the missing documents in respect of Weeks 51 and 52. That letter does not appear to have been received – we can only assume that it has gone astray in the DX system. Could you please provide a further copy of it, together with enclosures?

Can you please tell us when we might expect a substantive response to our letter of 7 June? It is now over two weeks since it was sent and we have still not heard from you in relation to the points raised in it.

Yours faithfully

GRO
ROWE COHEN



Denise Gammack

From: Sarah Bramall
Sent: 21 June 2005 16:05
To: Denise Gammack
Subject: SGM - claim for interest

Hi D,

Laura reminded me that it was Julian who confirmed that we could claim for interest, with an added comment from MBW.

The SI's number are 2002/1673, 2002/1674 and 2002/1675.

I have checked out an invoice and there is no mention of interest however it does state that all goods are sold subject to the company's standard terms and conditions which are available on request.

In the T & C's it states that in the event of non payment the Company reserves the right to charge interest at the rate per annum equal to the base rate of HSBC Bank plc, plus 8 % on all monies overdue from whatsoever cause until payment in full is made.

Hope this helps! What do you reckon???

Thanks
S

Sally Rundle

From: cheryl.woodward@k
Sent: 15 June 2005 12:12
To: Sally Rundle
Subject: Re: Lee Castleton

Hi Sally

Yes I can agree with this time scale.

The case at the moment is with my Manager Paul Dann as there were several things Mr Castleton's Solicitors were asking and I am unable to give the answers or decisions to so I will get back to you as soon as the case has been passed back to me.

Thanks Cheryl.

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Sally Rundle

From: Sally Rundle
Sent: 15 June 2005 11:49
To: 'cheryl.woodward' [GRO]
Cc: Denise Gammack
Subject: Lee Castleton

Dear Cheryl

I refer to the e-mail dated 9 June 2005 sent to you by my colleague Laura Branton confirming that this file would now be dealt with by me.

Laura has passed me all the papers that she has and I am currently reviewing those in order to get up to speed with matters.

Today we have received a letter from Mr Castleton's solicitors confirming receipt of the Claim Form. They confirm they will be defended the claim and calculate the Defence to be due by 11 July 2005. This is correct.

Mr Castleton's solicitor states that he will be away from the office [GRO] from 1 to 21 July and has asked us to agree a 28 day extension of time for service of his client's Defence. I am minded to agree to this request, because it should ensure that a proper defence is filed by the fee-earner that is actually dealing with the matter rather than a probably less informed colleague having to step into the breach. In addition, this will allow me time to review the matter and check that any outstanding issues relating to disclosure either have been or will be properly addressed.

I should be grateful if you would let me know your views on this before I formally respond to Mr Castleton's solicitor.

I look forward to hearing from you shortly. Please do not hesitate to contact me to discuss anything relating to this matter.

Yours sincerely

Denise Gammack
Solicitor

Denise Gammack
Solicitor
Bond Pearce LLP
DDI: [GRO]
Main Office Phone: [GRO]
Fax: [GRO]
www.bondpearce.com

15/06/2005

Bond Pearce

Work chit

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Denise Gammack

Location: N/A

Date: 15 June 2005

Start time:

Units:

DEG engaged in reviewing this matter and the papers which had been passed to her by LRB in order to determine the relevant background, etc.

DEG noting that Mr Castleton had been suspended after large losses had arisen in his accounts. In excess of £27,000. He has been suspended on 23 March 2004 and investigations had been carried out into the fact that the cash that he was holding in the post office appeared to be well in excess of what had actually been recorded in the system. Thereafter the cash had "disappeared" with no explanation. There is a clear difference between the transactions being recorded and the cash being declared. Mr Castleton maintains that this is a result of problems with the computer system rather than him or any of his staff. Royal Mail have had the system reviewed by Fujitsu, the service provider, they confirm that there is no problem with the software. Mr Castleton has instructed solicitors who maintain that their client needs to be provided with copies of the daily sheets maintained by the system, so that he can show that the computer, when it took all the daily balances, did not add them up properly and showed an incorrect weekly figure at each weekend.

DEG noting that proceedings have been issued and the claim will be defended and that the Defendant solicitor has requested an extension. DEG minded to agree in this instance.

File review 25 Units

DEG running the clock throughout

DEG then preparing an email to Cheryl Woodward at the post office for her instructions in relation to the extension.

2 units

Bond Pearce

Work chit

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Denise Gammack

Location: N/A

Date: 15 June 2005

Start time:

Units:

DEG considering an email received from Cheryl Woodward at Royal Mail.

1 unit

DEG then typing and sending her a reply.

1 unit

DEG then dictating a letter to Rowe Cohen Solicitors confirming the agreement to the extension to filing the Defence.

2 units

DEG then diarising relevant dates.

1 unit

15 June 2005
By DX Only

Rowe Cohen Solicitors

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

Direct: **GRO**

GRO

Our ref:
DEG1/LAF1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client: Post Office Limited
Your Client: Mr L Castleton

Thank you for your correspondence dated 13 June 2005.

Please note our revised reference above. We confirm that our client agrees to allow your client an extension of 28 days for filing his Defence. By our calculation this will render the Defence due by 15 August 2005. Please confirm that this is agreed.

We shall deal with the issues raised in your previous correspondence dated 7 June 2005 under separate cover.

We look forward to hearing from you.

Yours faithfully

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £28489.01

Matter no: 348035.134

Attending: Mrs Witty

Name: Laura Branton

Location: N/A

Date: 14 June 2005

Start time: N/A

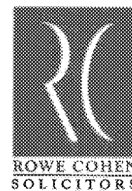
Units: N/A

Attending OUT.

LRB checking that claim forms have been served on the Defendant's solicitors because Notice of Issue states "Defendant". Being told that she did not issue the claim but Rowe & Cohen are on the record so she would assume that they have been served the papers.

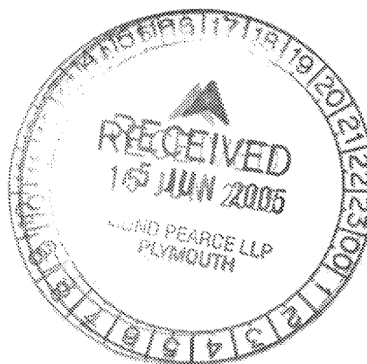
Date: 13 June 2005
Your ref: LRB1/348035.134
Our ref: MDT.113969
Please for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO



Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We have now received your client's claim form served by the court. We shall file Acknowledgement of Service indicating an intention to defend the claim.

By our calculation, our client's Defence is due for service by 11 July. Given the ongoing discussions regarding disclosure of documents which our client considers to be fundamentally important to the preparation of his defence and claim against the Post Office, and also that the writer is away from the office on honeymoon from 1 July to 21 July, we would invite you to agree a 28 day extension of time for service of our client's statement of case. We can then review the position as that revised deadline approaches and determine whether a further extension is required and, if so, make a joint approach to the court to deal with the matter by consent.

We look forward to hearing from you in this regard and also in relation to our letter of 7 June.

Yours faithfully

GRO

ROWE COHEN



Date: 13 June 2005
Y ref: LRB1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Bond Pearce
Solicitors

GRO



Dear Sirs

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Your client: Post Office Limited

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Yours faithfully

GRO
ROWE COHEN

100, Horseferry Lane Street • Manchester M3 3JE • Tel: **GRO** • Fax: **GRO**
Email: **GRO** Website: www.rowecohen.com

Partners: S.E. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hyman • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Duck • A. Farley • A. Sacks • A. Taylor
M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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GAMARKTABBREYCASTLETON10001 LETTER TO BOND PEARCE

Bond Pearce

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

Fax

If any of this fax is missing or illegible
please telephone the number below

To: Mark Turner

Rowe Cohen Solicitors

Fax: **GRO**

cc:

Your ref:

From: Laura Branton

Our ref: LRB1/348035.134

Direct: **GRO**

Date : 9 June 2005

Fax: + **GRO**

Time:

GRO

Number of pages: 2

URGENT

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al/les

9 June 2005

Rowe & Cohen
DX 14352
MANCHESTER – 1

BY FAX & DX

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**
GRO
Direct: **GRO**

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client - Post Office Limited

We thank you for your letter dated 7 June 2005. We confirm a copy has been forwarded to our client and we will revert to you with a substantive response as soon as possible.

In the meantime, we refer to our letter dated 8 June 2005 which you should receive this morning. The final accounts for Week 51 and 52 were enclosed and we also confirmed that the claim forms had been issued to the court yesterday and that sealed copies would be served upon you in due course.

Yours faithfully

Bond Pearce

Memo

If you have any questions concerning this
memo please telephone the number below

To: Denise Gammack

cc:

From: Laura Branton

Ref: LRB1/LRB1/.

Direct: **GRO**

Date: 9 June 2005

Post Office -v- Lee Castleton

Denise

I refer to my e-mail of today's date to you. I attach my file and the client's papers (in grey bag) for you.

As advised, I am starting to feel out of my depth and would therefore be grateful if you would deal with this file on my behalf.

You helped me with the most recent letter to the debtor's solicitors and I have issued proceedings with the usual post office precedent. A copy of the debtor's solicitor letter has been forwarded to my client (Cheryl Woodward) for her instructions.

Her contact details are: cheryl.woodward **GRO** and telephone **GRO**

If you require any background information, please let me know.

Many thanks.

GRO

Laura Branton
Credit Management Services

From: Laura Branton
To: cheryl.woodward [GRO]
Date: 09 June 2005 2:25pm
Subject: Re: Lee Castleton

Dear Cheryl

Thank you for your response. I confirm that I have also referred the file to a more experienced colleague to deal with this matter. Her name is Denise Gammack [GRO]. This matter is likely to become protracted; Denise is a qualified solicitor and more adept in dealing with these matters.

I hope this is acceptable but if you have any queries, please do not hesitate to contact me.

Kind regards.

Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI: [GRO]
Tel: [GRO]
Fax: [GRO]
Email: [GRO]
Web: www.bondpearce.com

>>> <cheryl.woodward [GRO]> 10:56:47 09/06/2005 >>>
Hi Laura,

I've passed this on to Paul Dann my Manager as soon as I know anymore I will contact you.

Thanks Cheryl.

This email and any attachments are confidential and intended for the addressee only. If you are not the named recipient, you must not use, disclose, reproduce, copy or distribute the contents of this communication. If you have received this in error, please contact the sender and then delete this email from your system.

CC: Denise Gammack

n: Laura Branton
To: cheryl.woodwar
Date: 09 June 2005 9:39am
Subject: Lee Castleton

GRO

Dear Cheryl

Please find attached a copy of the response I have received from the debtor's solicitor today. I can confirm that the claim has already been issued and copies should be served upon the debtor's solicitor in due course. I would be grateful if you would provide me with your detailed response in relation to the issues raised in the attached letter. Your comments would also be appreciated in relation to the comments made about the audit report and an audit trail.

Kind regards.

Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI: **GRO**
Tel: **GRO**
Fax: **GRO**
Email: **GRO**
Web: www.bondpearce.com

8 June 2005

Rowe & Cohen

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

GRO

Direct: + **GRO**

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client - Post Office Limited

We refer to our letter dated 25 May 2005 and apologise for the delay in responding to you.

We enclose copies of the final cash accounts for Week 51 and 52 as requested.

We confirm that papers have been issued to the court today to issue a claim and a sealed copy will be served upon you in due course.

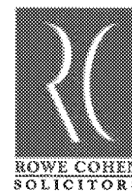
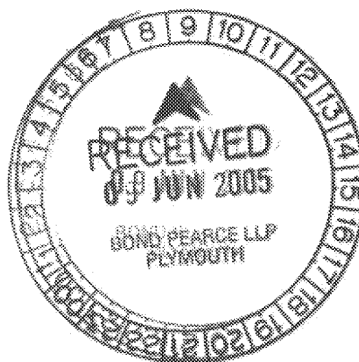
Yours faithfully

Enclosures

1. Cash Account (Final)

Date: 7 June 2005
 Your ref: LRB1/348035.134
 My ref: MDT.113969
 Please ask for: Mark Turner
 Direct dial:
 Direct fax :
 E-mail:

GRO



Bond Pearce
 Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
 Your client: Post Office Limited

Thank you for your letter of 25 May.

Daily snapshots

You state that your client is unable to provide the daily snapshots previously requested. These documents were removed from Marine Drive Post Office by Mrs Oglesby. We are not asking your client to reproduce these from its computer system or to create them afresh. Rather, we are asking your client to return to our client documents which were removed and which already exist.

Indeed, your client has in fact already returned a number of the daily snapshots to our client. The difficulty which our client has is that those which have been returned to him do not form complete weeks, with the exception of Week 49, for which a complete set of daily snapshots for that week have been provided. In order to be of any use in following the movements on the cash account, our client requires sight of the daily snapshots for each day of each week of the period during which it is alleged that there were shortfalls.

In relation to Week 49, our client believes that, by reference to the daily snapshots, he can demonstrate from a manual reconciliation of the daily cash balances that the end-of-week figure provided by the Horizon system is not correct. In order to perform a similar exercise for each of the other weeks, our client obviously requires a complete set of daily snapshots. Our client is adamant that production of these documents will allow him to demonstrate what he has maintained all along, namely that there is no shortfall to account for but rather the problem lies within the Horizon system producing inaccurate figures.

If your client now claims that it is unable to produce the remainder of the daily snapshots taken by Mrs Oglesby and which have not yet been returned to our client, we require an explanation of precisely why your client says that they are not available.

Weekly snapshots

You say that the daily would appear to be superfluous since our client has already received copies of the weekly snapshots, and that the information contained in those weekly snapshots would be the same. We must respectfully disagree with this analysis.

The root of the problem with the Horizon of which our client complains is that the system for some reason fails to accurately collate the figures from the daily snapshots when performing the weekly balancing protocol. In other words, our client believes that the only way to verify the accuracy or otherwise of the

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G:\MARK\ABBIE\CASTLETON\070605 LETTER TO BOND PEARCE
 INVESTOR IN PEOPLE

figures in the weekly snapshots and weekly balances is to manually cross-check them by reference to the daily snapshots. For that reason, we do not accept your suggestion that the daily snapshots are superfluous.

You also refer in passing to our client having signed off on the weekly balances, presumably to suggest that he was aware of and accepted the figures. Our client did in fact sign them off, but only because he was told that the apparent losses could not be put into suspense unless and until he signed the figures off. As such, he had little alternative but to do so. His signature on the weekly accounts should not therefore be taken as implying acceptance of the accuracy of their contents.

Audit trail

With respect, we believe that you have misunderstood our request for a copy of a complete audit trail for Marine Drive Post Office for the period during which your client alleges there to have been a shortfall. What you enclosed with your letter is a copy of what you describe as the audit report prepared by your client immediately before our client was suspended from his post. This is not what we asked for.

As we endeavoured to explain in our previous letter, the audit trail is a list of all of the transactions carried out within our client's post office. Our client believes that this will also be relevant in demonstrating that a manual reconciliation of the figures will yield a different (and we say, correct) result compared with that produced by the Horizon computer system.

We find it difficult to believe that your client is unable to access such management information simply because the "month end has been closed down". Is your client really asking us to believe that it has no way of accessing information regarding transactions within one of its post offices once the month in question has been completed.

In point of fact, what you enclosed with your letter is not actually the audit report in any event. We are instructed that enclosure is actually a covering note setting out the report from the auditor to Mrs Oglesby. Our client informs us that the audit report itself would have been a manuscript writing document and that, in the ordinary course of events, our client should have signed it at the time of the audit. This did not take place. Please provide a copy of the actual audit report prepared by the auditor who attended at Marine Drive Post Office.

We also would observe in passing that "audit report" which you have provided incorrectly states that the audit took place on 25 March 2004 when it in fact took place on 23 March. This is directly relevant for present purposes but it is relevant in relation to the issue of the balancing of the first week's figures and the more general question of your client's claim against our client arising from the alleged shortfalls.

We reserve our client's position in relation to the various other categories of documents referred to in our letter of 11 April. We agree that some of these can await disclosure in the usual way. We maintain, however, that it is premature for your client to issue proceedings whilst the issue of pre-action disclosure is being resolved. The question of whether or not a manual reconciliation of the daily snapshots yields a different result to that provided by the Horizon system, which our client maintains is the case, will be fundamental to this case. If our client is correct, and your client produces the documents that have been requested, we believe that costs can potentially be avoided by resolving before issue.

We envisage that this may be an issue where forensic accounting evidence will be required, in which case a joint instruction could be agreed to deal with this discrete issue.

There is no prejudice to your client in delaying issuing proceedings while this issue is resolved. If our client's contention is ultimately found to be incorrect, your client is no worse off than if it issued proceedings now. If, on the other hand, our client is vindicated in his belief, costs will have been saved on both sides.

We will defer any further action in respect of an application for pre-action disclosure for the time being, pending hearing from you in relation to the points raised above. We anticipate that close of business on Friday 17 June should be ample time for you to take instructions in that regard.

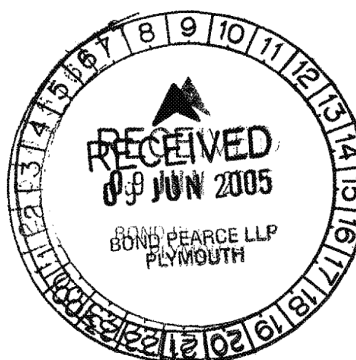
Yours faithfully

GRO

ROWE COHEN

Date: 7 June 2005
 Your ref: LRB1/348035.134
 Our ref: MDT.113969
 Please ask for: Mark Turner
 Direct dial:
 Direct fax :
 E-mail:

GRO



Bond Pearce
Solicitors

GRO

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Yours faithfully

GRO
ROWE COHEN

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £28453.37

Matter no: 348035.134

Attending: Cheryl

Name: Laura Branton

Location: N/A

Date: 8 June 2005

Start time: N/A

Units: N/A

Attending OUT.

LRB confirming receipt of cash account but advising she was expecting to see snapshots etc/receipt format. Being told that was not attached to the cash account. LRB asking for reassurance that it will be sufficient and being told the final account will have all of the relevant information on it because it is replicated from the receipt format. On that basis confirming that the claim will be sent to the court today.

25 May 2005

Scarborough County Court

GRO

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

Direct: **GRO**
GRO

Our ref:
LRB1/348035.134
Your ref:

Dear Sir

Post Office Limited -v- Lee Castleton

We enclose herewith:

- 1 Claim Form N1.
- 2 Particulars of Claim.
- 3 Our cheque for £400.00 in respect of Court fees.

Please effect service at the address of the Defendant's solicitors, as follows:-

Rowe & Cohen
DX 14352
Manchester 1
Ref: MDT.113969

We look forward to receiving the Notice of Service as soon as possible.

Yours faithfully

Enclosures

1. Claims forms and cheque

Bond Pearce

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: +
Fax: **GRO**
GRO

Fax

If any of this fax is missing or illegible
please telephone the number below

To: Mr M Turner

Rowe & Cohen

Fax: **GRO**

cc:

Your ref:

From: Laura Branton

Our ref: LRB1/348035.134

Direct: **GRO**

Date : 25 May 2005

Fax: +44 **GRO**

Time:

GRO

Number of pages: 3

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25/5/05
www.bondpearce.com

25 May 2005

Rowe & Cohen

GRO

BY POST & DX

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

Direct: **GRO**
GRO

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client - Post Office Limited

We refer to your letter dated 23 May 2005.

DISCLOSURE

We confirm that our client has confirmed the original financial transactions in respect of Week 51 and 52 will be forwarded to us today. We will provide you with copies in due course. In the meantime, we enclose a copy of the final audit as requested.

We are advised by our client that they are unable to provide daily snapshots as requested in your letter dated 11 April 2005. This would appear to be superfluous as our client instructs that this same information would be provided in the weekly snapshots that you have already seen and would also be confirmed in the weekly cash account which, incidentally, these cash accounts have been agreed and signed by your client. We understand your request but as your client is probably aware, these cannot be obtained retrospectively and the month end has been closed down. We trust the information you seek is shown in the weekly cash accounts.

We note your proposed application for pre-action disclosure. We confirm that our client has confirmed that all paperwork has been disclosed to us and in turn, copies have been provided to you. There will be no benefit to either party to make such an application. In any event we would submit that the issues can be dealt with at the disclosure stage.

On the matter of the conversation between your Mr Turner and our Laura Branton on 15 March, we believe that the conversation may have been taken out of context. Our Ms Branton was simply speculating on what she thought might have been causing a delay in obtaining papers.

ISSUE OF PROCEEDINGS

Our client has instructed us to issue proceedings against yours and note that you have confirmed you are instructed to accept service of the same.

Yours faithfully

Enclosures

1. Audit Report

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Cheryl

Name: Laura Branton

Location: N/A

Date: 25 May 2005

Start time: N/A

Units: N/A

Attending Cheryl IN.

Being told that she has found week 51 & 52 and will sent to me. In respect of the daily snapshots, they are unable to provide this and do not see the benefit in doing so. The weekly snapshots have already been provided and Mr C would have signed the weekly cash accounts.

m: Laura Branton
To: cheryl.woodward GRO
Date: 24 May 2005 4:05pm
Subject: Lee Castleton - Marine Drive PO FAD 213/377

Dear Cheryl

I have left a message with Clive for you to call me tomorrow morning. Just so you know what information I require, I thought it would be helpful to also send an e-mail to you.

I have thoroughly checked the accounts papers that you have already sent to me. They are now in order and Week 51 and 52 are definitely not there. The debtor's solicitor has given us until 27/5/05 to provide copies of the following papers.

Week 51 & 52 transactions

Snapshots for 18-20, 22-23, 27 & 29-31 Dec
Snapshots for 2-3, 5-10, 12-13, 15-17, 19-20, 22-24, 26-27, 29-31 Jan
Snapshots for 2-3, 5-7, 9, 19-21, 23-25 Feb
Snapshots for 4-6, 8 March

I see that there are weekly snapshots but I do not think there are daily snapshots. Is this something that can be extracted from a disk held somewhere. Likewise, could the same be extracted for returns for Week 51-52.

It would be pointless for the debtor's solicitors to make an application for pre-action disclosure if you simply do not have the papers but in turn, it will damage the claim if we are unable to provide evidence pivotal to the claim.

I would be grateful if you would contact me to discuss this further.

Kind regards.

Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI: GRO
Tel: GRO
Fax: GRO
Email: GRO
Web: www.bondpearce.com

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Cheryl

GRO

Name: Laura Branton

Location: N/A

Date: 24 May 2005

Start time: N/A

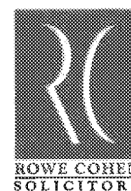
Units: N/A

Attending OUT to Clive.

Being told that Cheryl works part time and will not be in until tomorrow morning. LRB asking for a call back.

Date: 23 May 2005
 Your ref: LRB1/348035.134
 Our ref: MDT.113969
 We ask for: Mark Turner
 Direct dial:
 Direct fax :
 E-mail:

GRO



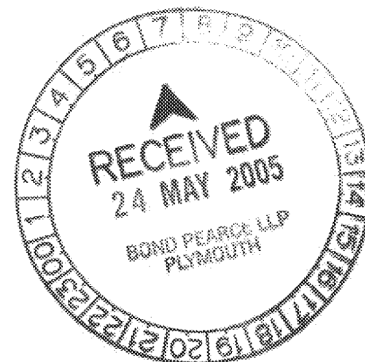
Ms Laura Branton
 Bond Pearce
 Solicitors

GRO

By DX and Fax

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
 Your client: Post Office Limited



We refer to our letter of 11 April dealing with pre-action disclosure.

Some six weeks on, we have still not received a substantive response from you as to whether your client is prepared to provide voluntary disclosure of the documents identified in our letter. Both we and our client consider those documents to be of fundamental importance in demonstrating that the shortfalls alleged by your client to exist are in fact nothing of the kind but rather are caused by the problems with the Horizon computer system of which our client has been complaining for many months.

You indicated when we last spoke, on 10 May, that the source of the continuing delay in responding was that you were liaising with your client to ensure that everyone who has been involved with this matter had been canvassed to ensure that they had provided any relevant documents in their possession.

With respect, this does not sit particularly easily with the conversation which Ms Branton had with our Mr Turner on 15 March. During that conversation, you explained that the delay in a decision on whether your client intended to pursue our client in respect of the alleged shortfalls was not as a result of a need to collate further evidence, but simply that your client was weighing up the commerciality of pursuing such a claim. You went as far as to say that your client had all the information which it required in order to form a view on the merits of the claim and had completed its investigations. Surely all potential witnesses were canvassed as part of that process?

You also indicated when we spoke on 10 May that your client believed that it had already returned to our client all of the documents which had been removed from Marine Drive Post Office by Mrs Oglesby, and that nothing further remained to be disclosed.

Firstly, this is patently incorrect – you accepted in your letter of 16 February, under cover of which documents were sent to us, that documents relating to financial weeks 51 and 52 were not enclosed and would follow in due course. They have not subsequently been sent to us. As far as we are aware, there is no issue with those documents being made available.

Secondly, we find it very difficult to believe that your client retains no documents whatsoever falling into those categories identified in our letter of 11 April. At the very least, we understand from your client that your client should be able to reproduce the audit trail by re-printing it from the computer system. If your client maintains that it retains no documents identified in our letter, please confirm what your client says happened to them.

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 M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARKT\ABBEY\CASTLETON\230505 LETTER TO BOND PEARCE



INVESTOR IN PEOPLE

Our client has had the threat of proceedings brought by your client in respect of the alleged shortfall hanging over him for a considerable period now. He is entitled to know how your client intends to proceed. Even if your client does not intend to pursue its claim, he is still entitled to sight of the documents set out in our letter of 11 April since they are clearly relevant in the context of determining whether he has a claim against your client arising from its termination of his sub-postmaster's contract.

Our client cannot and will not let this matter drift indefinitely. Your client appears to feel no particular sense of urgency in dealing with the request for pre-action disclosure, or indeed this matter as a whole. Accordingly, if no substantive response has been received from you to our request for pre-action disclosure by close of business this coming Friday 27 May, we shall issue an application without further recourse to you. We reserve the right draw the court's attention to our exchange of correspondence in this regard on the question of costs.

Yours faithfully

GRO

ROWE COHEN

23/05 '05 10:41 FAX

GRO

ROWECOHEN

001

QUAY HOUSE, QUAY STREET, MANCHESTER. M3 3JE (DX 14352 MCR-1)

Telephone No:

Fax No's:-

Claimant Dept:

Defendant Dept:

Commercial Dept:

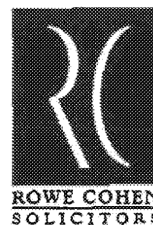
Conveyancing Dept:

e-mail:

website:

GRO

www.rowecohen.com



ACTION
COPY

Fax

To: Laura Branton - Bond Pearce

From: Mark Turner

Fax: GRO

Pages: 3

Phone:

Date: 23/05/05

Re: The Post Office/Lee Castleton

CC:

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

23/05 '05 10:41 FAX

GRO

ROWECOHEN

002

Date: 23 May 2005
ref: LRB1/348035.134
O ref: MDT.113969
Please ask for:
Direct dial:
Direct fax :
E-mail:

GRO



Ms Laura Branton
Bond Pearce
Solicitors

GRO

By DX and Fax

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to our letter of 11 April dealing with pre-action disclosure.

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M.C. Woodall • R.J. Hyman • R. Koon • A. Curran • R.J. Moot • D. Veyr • H. Burns Associates: L.F. Seerling • A.D. Owens • S.P. Sutton • M. Molloy Counselant: M.T. Hurwicz

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INVESTOR IN PEOPLE

23/05 '05 10:42 FAX

GRO

ROWE COHEN

003

Our client has had the threat of proceedings brought by your client in respect of the alleged shortfall hanging over him for a considerable period now. He is entitled to know how your client intends to proceed. Even if your client does not intend to pursue its claim, he is still entitled to sight of the documents set out in our letter of 11 April since they are clearly relevant in the context of determining whether he has a claim against your client arising from its termination of his sub-postmaster's contract.

Our client cannot and will not let this matter drift indefinitely. Your client appears to feel no particular sense of urgency in dealing with the request for pre-action disclosure, or indeed this matter as a whole. Accordingly, if no substantive response has been received from you to our request for pre-action disclosure by close of business this coming Friday 27 May, we shall issue an application without further recourse to you. We reserve the right to draw the court's attention to our exchange of correspondence in this regard on the question of costs.

Yours faithfully

GRO

ROWE COHEN

Laura Branton - LRB1/348035.134 Marine Drive Lee Castleon

From: <cheryl.woodward@GRO>
To: <laura.branton@GRO>
Date: 12/05/2005 10:50
Subject: LRB1/348035.134 Marine Drive Lee Castleon

Hi Laura,

Re your letter dated 10th May 2005.

I note the other side are requesting sight of Snap Shots for Wks 51 and 52, I assume you have copies of the Cash Accounts for wks 51 and 52 both weeks capture weekly account figures in full these have both been signed and agreed.

Also I am in the process of finding out who did the Final Audit and once received the name I will hopefully obtain the Audit Report.

Hope this helps thanks Cheryl.

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Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Mr Turner

Name: Laura Branton

Location: N/A

Date: 11 May 2005

Start time: N/A

Units: N/A

Attending IN.

Being asked what the position is. LRB confirming that she has contacted her client and all related members of staff to ensure that thorough checks are being made for further documents. Mr Turner threatening pre-action disclosure application and LRB responding quite plainly that the situation is simply that we do not have any further documents to disclose at present and even if they were to file an application and an order was made, we just wouldn't have the documents to disclose. Mr T accepting this point and advising that he will wait for me to respond to him within a reasonable time scale.

LRB assuring Mr T that if she is instructed to issue proceedings in the meantime, she will ensure that he is given advance notice of this but in the meantime only able to advise that she will respond to him as soon as she has instructions from her client.

10 May 2005

Cheryl Woodward
FSA Agents Debt 3
1st Floor East Block
No 1 Future Walk
Chesterfield
S49 1PF

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: +

GRO

Fax: +

GRO

GRO

Direct: +

GRO

Our ref:
LRB1/348035.134
Your ref:
LIT/247310./XBLB

Dear Cheryl

Lee Castleton

Please find enclosed a copy letter received from the debtor's solicitor.

I confirm that I have thoroughly reviewed the papers forwarded by you and I have not been able to find the items specifically requested in their letter. On checking the papers, I note that the following people have been involved with this matter:

Cath Oglesby – Retail Line Manager
Richard Benton – Service Management Section

I have spoken with Cath and Richard who advise they do not have any correspondence in their possession. Would you please advise if there are any other employees who may hold some correspondence relating to this matter or if there is a possibility that duplicates would be held elsewhere?

With this in mind, although you have instructed me to issue proceedings, I am reluctant to do so with the knowledge that some vital evidence may be missing. In particular, some balance snapshots and documents for Week 51 and 52 are missing together with an audit trail. The debtor's solicitors claim that these documents are pivotal in allowing their client to demonstrate errors. With your knowledge of the accounts system and of course the audit report that would have been compiled by Cath Oglesby, I would be grateful to receive your comments on this.

Yours sincerely

Laura Branton
Credit Management Services

Enclosures

1. Copy letter from debtor's solicitor

3 May 2005

Rowe & Cohen

GRO

Bond Pearce LLP

Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel:

GRO

GRO

GRO

Direct:

GRO

Our ref:

LRB1/348035.134

Your ref:

MDT.113969

Dear Sirs

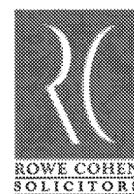
Our Client - Post Office Limited

We acknowledge receipt of your letter dated 26 April 2005.

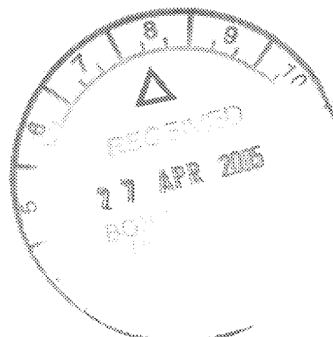
We confirm that we are in the process of obtaining our client's instructions and will revert to you shortly.

Yours faithfully

Date: 26 April 2005
 Your ref: LRB1/348035.134
 Our ref: MDT.113969
 Please ask for: Mark Turner
 Direct dial:
 Direct fax :
 E-mail:



Ms Laura Branton
 Bond Pearce
 Solicitors



Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

Thank you for your letter of 21 April.

Our client has no intention of putting forward proposals for settlement of the alleged shortfall. You are aware of our client's position in that regard. If proceedings are issued, they will be met with a vigorous defence and counterclaim in respect of your client's wrongful termination of our client's contract. We confirm that we are instructed to accept service of proceedings on behalf of our client.

You have singularly failed to address that part of our letter of 11 April dealing with pre-action disclosure of documents. Your comment that *"Our client has confirmed that all correspondence removed from the Post Office by Cath Oglesby has been forwarded to us and in turn, we confirm that copies have been provided to you"* is both factually inaccurate and insufficient to address the request for pre-action disclosure which has been made.

By your own admission in your letter of 16 February, your client has still to forward to you, at the very least, documents from Weeks 51 and 52 under items 2 and 3 in that letter. We have not received these from you notwithstanding your indication that they would follow *"in due course"*.

However, beyond that, we are instructed that documents other than those referred to in your letter of 16 February were removed from Marine Drive Post Office and have not been returned. The daily balance snapshots, the relevance of which was explained in our letter of 11 April, were removed by Mrs Oglesby along with the final balances.

Given our client's position regarding the operation of the Horizon system and the unreliability of the figures generated by it, the "raw" accounting documentation is certain to be of fundamental importance to this claim. The balance snapshots and complete audit trail, in particular, will be pivotal in allowing our client to demonstrate the errors which he believes exist in the system. As such, those documents will inevitably become disclosable in due course.

That being the case, our client is entitled to seek pre-action disclosure of those documents. Indeed, we believe that pre-action disclosure in this case is entirely consistent with the overriding objective of providing as much information as possible, and as is required to allow a claim to be investigated, before proceedings are instituted.

We have little doubt that a court will agree that the relevant criteria set out in CPR Part 31.16 are met in this case. In those circumstances, we would draw the court's attention to our correspondence requesting disclosure of these documents when the issue of costs falls to be determined.

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 M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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© MARK PABREV-CASTLETON 200405 LETTER TO BOND PEARCE



INVESTOR IN PEOPLE

We would suggest that it would be prudent for your client to defer any decision in relation to instituting proceedings against our client until such time as this issue has been resolved. If your client is intent on pursuing its purported claim against our client, we place you on notice now that we shall require an extension of time for service of the Defence and Counterclaim.

You have had ample time in which to discuss with your client our client's request for pre-action disclosure. We are prepared to delay further action for one final period of 14 days, until close of business on Tuesday 10 May. If we have not received confirmation by that point that the documents requested in our letter of 11 April will be made available, we envisage that we shall be instructed to apply to the court for pre-action disclosure.

We look forward to hearing from you.

Yours faithfully

GRO

ROWE COHEN

21 April 2005

Rowe & Cohen

GRO

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

GRO

GRO

Direct: **GRO**

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client - Post Office Limited

Your Client - Mr L Castleton - Marine Drive Post Office, Bridlington

We refer to your letter dated 11 April 2005 and apologise for the delay in responding to you.

Our client has confirmed that all correspondence removed from the Post Office by Cath Oglesby has been forwarded to us and in turn, we confirm that copies have been provided to you.

Your client has claimed that the discrepancies are due to the Horizon computer system not functioning properly. This is contradicted by the service support team and Fujitsu Services who have confirmed there is no evidence whatsoever of any system problem. Furthermore, the Horizon computer system is still being used and there are no further discrepancies.

We are instructed to issue proceedings against your client in respect of discrepancies in the sum of £25,858.95 pursuant to the express terms of the contract for services.

Your client had the following contractual obligations:

- (a) your client was strictly responsible for the safe custody of cash, stock of all kinds and other property of our client, whether held by himself or by his assistants and was obliged to keep them in a place of security (see section 12, paragraph 5 of the standard subpostmasters contract)
- (b) your client was responsible for, and obliged to make good without delay, all losses caused through his own negligence, carelessness or error, and also losses of any kind caused by his assistants (see section 12, paragraph 12 and section 15, paragraph 2 of the standard subpostmasters contract)
- (a) your client's financial responsibility (for example, to make good losses) did not cease when he relinquished his appointment and he remains obliged to make good any losses incurred during his term of office which subsequently came to light (see section 12, paragraph 13 of the standard subpostmasters contract).

The purpose of this letter is to put you on notice that unless we have received the sum of £25,858.95, or at least payment proposals by 27 April 2005, we are instructed to issue proceedings against your client. We would be grateful if you would advise if you are instructed to accept service of these papers.

Yours faithfully

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Rebecca

Name: Laura Branton

Location: N/A

Date: 21 April 2005

Start time: N/A

Units: N/A

Attending IN.

Being told that the letter needs slight amendment and RL going through with LRB on phone. RL confirming OK to send amended letter and to discuss the response with her.

20 April 2005

Rowe & Cohen

GRO

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: + **GRO**

Fax: **GRO**

GRO

Direct **GRO**

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client - Post Office Limited

Your Client - Mr L Castleton - Marine Drive Post Office, Bridlington

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- (a) your client's financial responsibility (for example, to make good losses) did not cease when he relinquished his appointment and he remains obliged to make good any losses incurred during his term of office which subsequently came to light (see section 12, paragraph 13 of the standard subpostmasters contract).

The purpose of this letter is to put you on notice that unless we have received the sum of £25,858.95, or at least payment proposals by 27 April 2005, we are instructed to issue proceedings against your client. In that event, we would be grateful if you would advise as soon as possible thereafter if you are instructed to accept service of these papers.

Yours faithfully

Laura Branton - Post Office -v- Mr Castleton 348035.134

Page 1

m: Laura Branton
To: Rebecca Laugharne
Date: 20 April 2005 3:33pm
Subject: Post Office -v- Mr Castleton 348035.134

Dear Rebecca

I have discussed this matter with Stephen this morning and would be grateful for some input from you on the attached.

Many thanks, Laura.

Bond Pearce

Memo

If you have any questions concerning this
memo please telephone the number below

To: Rebecca Laugharne

cc:

From: Laura Branton

Ref: LRB1/LRB1/.

Direct: **GRO**

Date: 20 April 2005

Post Office Ltd -v- Lee Castleton (former subpostmaster Marine Drive)

Dear Rebecca

I would be grateful for some assistance from you on this file. Lee Castleton is the former subpostmaster of the Marine Drive Post Office. He was suspended on 23 March 2004 due to unexplained shortages. He had an interview on 10 May 2004 and an Appeal Hearing on 1 July 2004 which was dismissed.

Mr Castleton has continued to protest his innocence and has been particularly persistent to attempt to clear his name. He denies that the discrepancies are as a consequence of his actions and believes that the Horizon system was not working properly although Fujitsu (who are the technical people for the Horizon system) have confirmed that the system is not faulty.

I have recently been speaking with Richard Benton (Service Management Section) who had dealing with this matter. He did advise that a new member of staff was employed by Mr Castleton around October/November time. The discrepancies started in December. No one is in a position to through around any allegations but there is of course a possibility that that person could have been responsible for the discrepancies. In any event, Mr Castleton is ultimately responsible for any discrepancies under his Subpostmaster's Contract.

Mr Castleton's solicitors have asked for copies of all of the account documentation (ie cash snapshots, profit and loss etc) to be sent to them as all of the original papers were removed from office when Mr Castleton was suspended. I have provided copies of everything the post office have forwarded to me. They are still requesting further documents which I am unable to provide because the Post Office claim there is nothing left to send to me.

The debtor's solicitors have been putting pressure on us to find out if we are issuing a claim against Mr Castleton. Before doing this, I propose to send the following letter to them and would be grateful if you would check the attached and advise if you would agree with it.

Alternatively, if you think that you should be dealing with this matter, I will arrange to have the file forwarded to you.

Many thanks.

Laura Branton
Credit Management Services

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Richard Benton

GRO

Name: Laura Branton

Location: N/A

Date: 20 April 2005

Start time: N/A

Units: N/A

Attending OUT.

Richard introducing himself and advising that he works for the Service Management Section. He was asked by Dave Pardot (Internal Crime and Policies Department) to call me. RB advising that he has been closely liaising with Cath Oglesby who was the Retail Line Manager at the time of the losses. RB advising that he did have partial involvement due to the deficiencies.

LRB advising that the main issues from this would specifically relate to whether the Horizon system was working effectively. RB advising that Fujitsu had carried out an investigation. They are the technical side of the Horizon system. All internal reconciliation cheques were OK apart from February but that was due to user error.

All cash declarations were OK and there were no discrepancies. They also checked the cash transactions against the declarations and there were no problems.

Fujitsu had suggested user error rather than system problems and he is satisfied with that conclusion. In five years he has advised that he has never experienced problems of this nature.

LRB advising that LC has repeatedly protested his innocence and has instructed solicitors. LRB expressing concern that she would only want to issue if she was entirely satisfied there were no holes in the evidence which would make the claim fail. LRB asking if LC had any other employees who might have been responsible and RB commenting that at one time LC had one long standing employee but he employed a new person around Oct/Nov. The losses started to occur in December. LC had trusted his staff and did not believe they would be responsible for theft. LRB advising in any event, even if LC did not do it, under the terms of his SPM contract for services, he would be personally liable and RB agreeing.

RB adding that when Mr C was removed from office, the Horizon system remained there and there have been no problems since.

LRB thanking RB for his time and confirming that she would require further information at a later date to compile witness statements. RB confirming that would be fine.

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Stephen Lister

Name: Laura Branton

Location: N/A

Date: 20 April 2005

Start time: N/A

Units: N/A

Attending IN on voicemail and being asked to call Richard Benton

GRO

Attending OUT and LRB confirming she will call him. LRB advising SL that this matter is becoming quite protracted. SL advising he is on holiday for two weeks from tomorrow and suggesting I keep Rebecca apprised of the situation. SL stating that the file may have to be forwarded to RL to deal.

Laura Branton - Re: Marine Drive/Lee Castleton FAD213/337

From: <cheryl.woodward@GRO>
To: "Laura Branton" @GRO
Date: 19/04/2005 09:35
Subject: Re: Marine Drive/Lee Castleton FAD213/337

Hi Laura,

I have just received instruction from my Managers to go ahead with Legal Proceedings. I have some other paperwork I am forwarding onto you today.

In relation to the paperwork asked for in Rowe Cohens letter Mr Castleton has been forwarded all paperwork we have available he as asked for this time and time again and this cannot be produced and he has been told this on every request.

Thanks Cheryl.

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From: Laura Branton
To: cheryl.woodward **GRO**
Date: 18 April 2005 10:22am
Subject: Re: Marine Drive/Lee Castleton FAD213/337

Morning Cheryl

An update as soon as possible would be appreciated. There are no immediate deadlines but Mr Castleton will continue to ring whoever he can until he knows what will be happening.

Kind regards,

Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI: **GRO**
Tel: **GRO**
Fax: **GRO**
Email: **GRO**
Web: www.bondpearce.com

>>> <cheryl.woodward **GRO**> 10:07:41 18/04/2005 >>>
Hi Laura,

I am in receipt of your letter dated 15th April. The file has been passed onto senior management who are looking in depth to this case. Can you please let me know when you expect us to make a decision by so I can pass this on.

Mr Castleton has rung several times in the last few days.

Thanks Cheryl.

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Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Peter

Name: Laura Branton

Location: N/A

Date: 18 April 2005

Start time: N/A

Units: N/A

Attending IN.

LRB confirming that this matter has been escalated to senior management and she is waiting instructions. Peter advising there is nothing more he can do and he will advise Mr C to stop calling. Peter asking that I keep him informed on all developments.

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Peter Armstrong & Cheryl Woodward

Name: Laura Branton

Location: N/A

Date: 15 April 2005

Start time: N/A

Units: N/A

Attending IN. **GRO**

Being told that Mr Castleton has contact him several times today. He has advised that he will not get involved but wants to be kept in the loop in future. LRB explaining the situation and advising that we are waiting for some further documentation and a final report from Fujitsu as to whether Horizon system was working properly. LRB advising her only concern is that either Mr C has a lot of front or there is genuinely a problem with the system. LRB adding that he has instructed a solicitor.

PA agreeing and advising that he is happy to leave it with me to chase Cheryl. LRB agreeing to do that now and call back.

Attending OUT CW. Being told she is out today. **GRO**

Attending OUT PA. Being told he has now left for the day. LRB advising it was a courtesy call to update and asking that her details are left so that PA knows she tried to call.

15 April 2005

Cheryl Woodward
FSA Agents Debt 3
Post Office Limited
No.1 Future Walk
West Bars
Chesterfield
S49 1PF

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: + [GRO]

Fax: + [GRO]

[GRO]

Direct: + [GRO]

Our ref:
LRB1/348035.134
Your ref:
LIT/247310./XBLB

Dear Cheryl

Lee Castleton

I enclose a copy of a letter received from the debtor's solicitor in connection with the above matter.

I would be grateful if you would forward to me the further documents requested. All copy correspondence that I have in my possession has been forwarded to the debtor's solicitor.

Would you please also advise if you have received a further response in connection with your enquiries on the Horizon system? If you intend to issue proceedings against Mr Castleton, a decision will need to be made very soon.

Kind regards.

Yours sincerely

Laura Branton
Credit Management Services

Enclosures

1. Letter from debtor's solicitor dated 11 April 2005

15 April 2005

Rowe & Cohen

GRO

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel:
Fax:

GRO

GRO

GRO

Direct: +

GRO

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

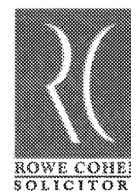
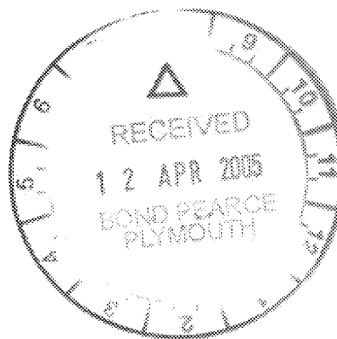
Our Client - Post Office Limited

We acknowledge receipt of your letter dated 11 April 2005.

A copy has been provided to our client and we will revert to you shortly when we are in receipt of their instructions.

Yours faithfully

Date: 11 April 2005
Your ref: LRB1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:



Ms Laura Branton
Bond Pearce
Solicitors



Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to our previous correspondence and to our telephone conversation of 15 March (Mark Turner/Laura Branton). You indicated during that conversation that your client had all of the information required to make a determination of whether it intended to pursue a civil claim against our client in respect of the alleged shortfall, but that it was considering the commerciality of doing so. Has your client reached a conclusion in that regard?

We admit to being surprised that the matter even required such consideration. We had understood that it was your client policy to pursue any shortfall, no matter how small, through either the criminal or civil courts – or indeed both. Understandably, our client wishes to know where he stands and not have this uncertainty left hanging over him any longer.

Pre-action disclosure

Your client has previously returned some of the documents taken from our client's premises by his line manager, Cath Oglesby. You indicated in that letter that you were awaiting further documents from your client in respect of Weeks 51 and 52 and that these would follow in due course. Have you yet received them from your client?

Our client has previously provided you with a list of broad categories of documentation of which he requested sight. Some of those have now been provided but a number of others have not. We are instructed by our client to request copies of the following documents for the period Week 39 to Week 52 of the Post Office Accounting System:

- Automated Payment System daily reports;
- Daily TV licence payment listings;
- Weekly green Giro reports;
- Postal Order weekly reports;
- Inland Revenue weekly reports;
- Pensions and allowances weekly reports;
- The full audit trail (itemising each and every transaction carried out in our client's Post Office)

The audit trail is vitally important in that it is required to substantiate our client's belief that the Horizon computer system was not functioning properly and was not recording accurately the transactions carried out in the post office.

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Partners: S.E. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.E. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARK\ABSEY\CASTLETON\110405 LETTER TO BOND PEARCE



INVESTOR IN PEOPLE

Our client also requires sight of the balance snapshots generated each day by the Horizon system. He already has the snapshots relating to certain days within the period in question but requires sight of those for the following days:

18-20, 22-23, 27, 29-31 December

2-3, 5-10, 12-13, 15-17, 19-20, 22-24, 26-27, 29-31 January

2-3, 5-7, 9, 19-21, 23-25 February

4-6, 8, March and all those returns for Weeks 51 and 52.

Please take your client's instructions on whether it is prepared to make the above documents available and within what time scale.

Yours faithfully

GRO

ROWE COHEN

14 March 2005

Rowe & Cohen

GRO

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: +

GRO

Fax: +

GRO

Direct: +

GRO

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client - Post Office Limited

We thank you for your letters dated 24 February 2005 and 10 March 2005.

We note your comments and apologise that an acknowledging letter has not yet been sent to you.

We understand your client's predicament and it is not our client's intention to prolong this matter indefinitely. It is with that in mind that they are gathering all relevant information in order to make a decision.

We are currently waiting further instructions from our client and will respond substantively to you in due course.

Yours faithfully

Date: 10 March 2005
Your ref: LRB/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Ms Laura Branton
Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

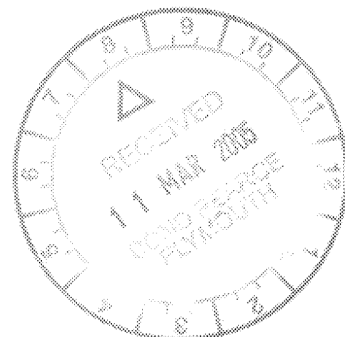
We refer to our letter of 24 February, to which we do not appear to have yet received a response.

May we please now hear from you by return? Our client is entitled to know whether your client entitles to pursue a claim against him, rather than having this left hanging over him indefinitely.

Yours faithfully

GRO

ROWE COHEN



Quay House • Quay Street • Manchester, M3 2JE • Tel: **GRO** Fax: **GRO**
Email: **GRO** • Website: www.rowecohen.com

GRO

I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Parley • A. Sacks • A. Thyer
M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich



Laura Branton - LRB1/348035.134 Lee Castleton 213 337 Marine Drive

From: <cheryl.woodward [GRO]>
To: <laura.branton [GRO]>
Date: 04/03/2005 14:03
Subject: LRB1/348035.134 Lee Castleton 213 337 Marine Drive

Hi Laura,

I am hoping to get a report from Fujitsu who checked the equipment. If this is possible and states the equipment was in proper working order would this over throw a counterclaim?

Thanks Cheryl.

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25 February 2005

Cheryl Woodward
FSA Agents Debt 3
1st Floor East Block
No 1 Future Walk
Chesterfield
S49 1PF

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**
GRO
Direct: **GRO**

Our ref:
LRB1/348035.134
Your ref:
LIT/247310./XBLB

Dear Cheryl

Lee Castleton

I enclose a copy of a letter received from debtor's solicitors in connection with the above matter.

Could you please provide your comments together with any further instructions you may have.

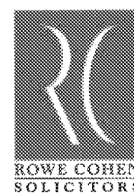
Yours sincerely

GRO

Laura Branton
Credit Management Services

Date: 24 February 2005
Your ref: LRB1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Ms Laura Branton
Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

Thank you for your letter of 21 February.

With respect, our client has already made his position abundantly clear – he does not accept that there is any actual shortfall in the takings of Marine Drive Post Office and that any apparent shortfall is the result of deficiencies in the Horizon computer system. As we understand it, your client has had problems with the system at a number of other post offices.

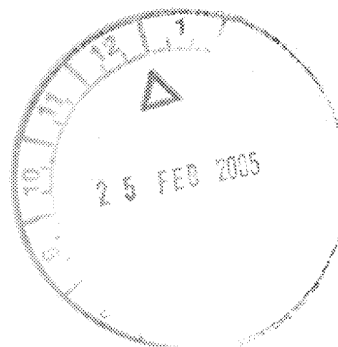
The purpose of seeking the return of the papers sent to your client by our client was to enable him to prepare an adequate defence to any proceedings to any claim your client might bring but primarily to enable our client to determine whether to pursue a claim against your client arising from what he considers to be his wrongful suspension by your client and the termination of his contract.

Your client must already have formed its own view as to whether or not it intends to pursue a restitutionary claim against our client, and anything which our client might say in that regard is unlikely to make any substantive difference. Accordingly, we see little to be gained by your client deferring a decision in that regard – our client will not be saying anything between now and the 9 March deadline you have mentioned which he has not already made clear to your client, namely that he categorically denies any allegation of wrongdoing and that any apparent financial discrepancies are a direct result of a computer system which does not function correctly.

Yours faithfully

GRO

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GRO Email law@rowecohen.com **GRO** Website www.rowecohen.com

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M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro Associates: L.F. Swerling • A.D. Owens • S.E. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARKT\ABBEY\CASTLETON\04205 LETTER TO BOND PEARCE



INVESTOR IN PEOPLE

Laura Branton - Re: Marine Drive/Lee Castleton FAD213/337

From: <cheryl.woodward@GRO>
To: "Laura Branton" <@GRO>
Date: 22/02/2005 08:40
Subject: Re: Marine Drive/Lee Castleton FAD213/337

Hi Laura,

We will await a response from Mr Castleton before going any further.

Thanks Cheryl.

This email and any attachments are confidential and intended for the
addressee only. If you are not the named recipient, you must not use,
disclose, reproduce, copy or distribute the contents of this communication.
If you have received this in error, please contact the sender and then
delete this email from your system.

21 February 2005

Rowe & Cohen

GRO

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**

GRO

GRO

Direct: **GRO**

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client - Post Office Limited

We confirm receipt of your letter dated 18 February and note that you have received the papers.

We appreciate that your client will require some time to peruse the papers and are recommending to our client that they should delay issuing proceedings until your client is able to respond to us, following analysis of the papers.

We propose that this should be undertaken within a reasonable timescale and would be grateful to receive your response in this regard by 9 March 2005.

Yours faithfully

From: Laura Branton
To: cheryl.woodward; **GRO**
Date: 21 February 2005 2:36pm
Subject: Marine Drive/Lee Castleton FAD213/337

Dear Cheryl

I can confirm that I have copied the relevant documents and forwarded them to the debtor's solicitor as requested. They have asked that we confirm our position on whether it is your intention to issue proceedings imminently.

I would not propose taking such drastic action until we have had some feedback from the debtor (provided it is within a reasonable time of course). I would be grateful to receive your comments on this.

Kind regards.

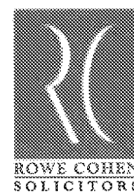
Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI: +
Tel: +
Fax:
Email:
Web: www.bondpearce.com

GRO

Date: 18 February 2005
Your ref: LRB1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial:
Direct fax :
E-mail:

GRO



Ms Laura Branton
Bond Pearce
Solicitors

GRO

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

Thank you for your letter of 16 February with enclosures, receipt of which is acknowledged.

We have forwarded the documents to our client. As and when we have had an opportunity to discuss them with him, and whether there are further documents in your client's possession of which we require disclosure, we shall revert to you.

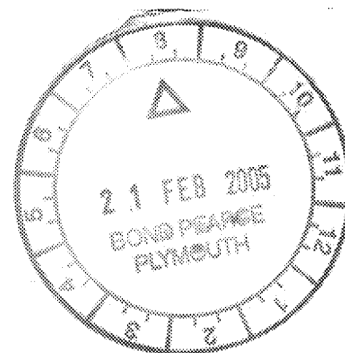
We note your client's position in relation to the alleged shortfall and the operation of the Horizon system. For the complete avoidance of doubt, our client disputes both of these assertions. We shall deal with these in more detail at a later date.

In the meantime, given your client's position, please confirm whether it is your client's intention to institute proceedings against our client to recover the alleged shortfall and, if it is, within what timescale service of the proceedings is expected to take place.

Yours faithfully

GRO

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M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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G:\MARKT\ABBEY\CASTLETON\180205 LETTER TO BOND PEARCE



INVESTOR IN PEOPLE

16 February 2005

Rowe & Cohen

GRO

BY TRACKED DX

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**
GRO
Direct: **GRO**

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client - Post Office Limited

We write further to our letter dated 11 February and subsequent telephone conversation with your client and your Mark Turner.

We enclose the following papers for your client's perusal:

1. Cash Account (Final) Weeks 39 – 52 inclusive. (including Postage Labels, PO Encashed, Working Family/Disabled Persons/IR Child Benefit & Green/Violet Girocheques for each respective week)
2. Cash on Hand/Declared Cash & Weekly Cash Floor Weeks 39-50 inclusive. Please note that we have requested Week 51 & 52 from our client today and will forward copies in due course.
3. Giro Deposit/Withdrawals Weeks 39-50 inclusive. Week 51 & 52 to follow in due course.

Your client will be best placed to advise if any further evidence is required but we confirm that copies of all relevant correspondence forwarded to us by our client have been provided to you.

We confirm that our client believes the sum of £25858.95 remains outstanding due to discrepancies on the account and that our client believes the Horizon system was working properly.

Clearly, your client will require time in order to scrutinize the papers provided to him and we would be grateful to receive a further update from you as soon as this is practical.

We trust this is in order and would be grateful if you would acknowledge safe receipt of these papers.

Yours faithfully

Enclosures

m: Laura Branton
To: lesley.joyce@GRO
Date: 15 February 2005 2:37pm
Subject: Lee Castleton FAD 213/337

Dear Lesley

Thank you for forwarding the papers to me. I have reviewed the files and note that in receipt of the receipt type documents, there are no receipts for week 51 and 52. Have they been retained for any reason do you know?

Kind regards.

Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI: +44 (0)1752 777777
Tel: +44 (0)1752 777777
Fax: +44 (0)1752 777777
Email: lesley.joyce@GRO
Web: www.bondpearce.com

14-02-05 15:57 FROM: MARINE+DRIVE+PO

GRO

TO:

GRO

TAX TO MR MARK TURNER.

FILE 1

LEE CASTLETON

REF

MDT. 111700

ACTION
COPY

(CM5)

348035/134

SORRY I FORGOT TO LIST THE PAPERWORK I
WOULD LIKE RELEASED FROM THE POST OFFICE.

- DAILY CASH DECLARATIONS FOR THE PERIOD WK 39 TO WK 52 OF THE POST OFFICE ACCOUNTING SYSTEM.
- DAILY BALANCE SNAPSHOTS INCLUDING EVENING SNAPSHOTS FOR THE PERIOD WEEK 39 TO ⁵² OF THE POST OFFICE ACCOUNTING PERIOD.
- WEEKLY TRIAL AND FINAL BALANCE REPORTS FOR THE ABOVE PERIOD
- GIRO BANK DAILY REPORTS FOR THE ABOVE PERIOD DEBITS AND WITHDRAWS
- AUTOMATED PAYMENT SYSTEM DAILY REPORTS FOR THE ABOVE PERIOD.
- NATIONAL SAVINGS AND INVESTMENTS DAILY REPORTS FOR THE ABOVE PERIOD. DEPOSIT AND WITHDRAWALS.
- PERSONAL BANKING REPORTS DAILY PRINT OUT FOR THE ABOVE PERIOD.
- CHEQUE LISTINGS DAILY. FOR THE ABOVE PERIOD.
- T.V. LICENCE LISTING. DAILY. FOR THE ABOVE PERIOD.
- WEEKLY GREEN GIRO REPORTS FOR THE ABOVE PERIOD.
- POSTAL ORDERS WEEKLY REPORTS FOR THE ABOVE PERIOD.
- WEEKLY INLAND REVENUE REPORTS FOR THE ABOVE PERIOD.
- PENSIONS AND ALLOWANCES WEEKLY REPORTS FOR THE ABOVE PERIOD.
- AUDIT TRAIL FOR THE WHOLE OF THE ABOVE PERIOD.

GRO

11 February 2005

Rowe & Cohen

GRO

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

Direct: **GRO**

Our ref:
LRB1/348035.134
Your ref:
MDT.113969

Dear Sirs

Our Client - Post Office Limited

We thank you for your letter dated 8 February 2005.

We confirm that our client has confirmed the original papers were forwarded to us by special delivery yesterday and we anticipate delivery by 12pm today.

We confirm that papers will be forwarded to you by 15 February 2005 as requested.

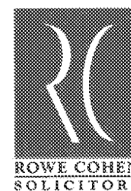
In the meantime, we confirm Mr Castleton has contacted our Laura Branton for an update and this information has been passed on to him. We trust this is in order.

Yours faithfully

Date:
Our ref:
Please ask for:
Direct dial:
Direct fax :
E-mail:

8 February 2005
MDT.113969
Mark Turner

GRO



Ms Laura Branton
Bond Pearce
Solicitors
Bristol Bridge House
Redcliff Street
Bristol
BS1 6BJ

Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington

We act on behalf of Mr Castleton and understand that you are instructed on behalf of the Post Office.

We have seen a copy of our client's letter to your firm dated 18 January 2005. We understand that you have contacted our client to indicate that you are seeking instructions from your client on the request for the return of the documentation specified in our client's letter, but that as things stand you have not been able to make any substantive progress.

Your client has, in effect, accused our client of at best negligence and at worst outright theft and falsification of the accounts for the post office which he previously ran. Our client requires sight of the various documents set out in his letter in order to be able to demonstrate, as he has maintained throughout, that the problem lies with the computer system installed by your client rather than through any negligence or wrongdoing on his part. As a result of your client's accusations, our client has been suspended and has been forced to remove himself from the running of the post office.

As we understand it, you do not oppose in principle the return of the documents in question to our client. In those circumstances, we fail to see why it is taking so long to release them. We have no wish to have to waste court time and incur needless expense in pursuing an application for pre-action disclosure, a view which we are sure you will share.

We therefore look forward to hearing from you within the next 7 days with substantive proposals to make available to our client the documentation which he requested and of which is manifestly entitled to sight.

We look forward to hearing from you.

Yours faithfully

GRO

ROWE COHEN

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Email law@gro.co.uk • Website www.rowecohen.com

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M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

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Also at London

G:\MARKTABB\CASTLETON\080205 LETTER TO BOND PEARCE



INVESTOR IN PEOPLE

m: Laura Branton
To: lesley.joyce GRO
Date: 08 February 2005 3:59pm
Subject: Lee Castleton FAD 213/337

Dear Lesley

Further to our telephone conversation, I would be grateful if you would provide copies of correspondence that was removed from Mr Castleton's post office at the time of his termination. I do not require copies of correspondence at present if that helps!

Kind regards.

Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI: GRO
Tel: GRO
Fax: GRO
Email: GRO
Web: www.bondpearce.com

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Lesley Joyce

Name: Laura Branton

Location: N/A

Date: 8 February 2005

Start time: N/A

Units: N/A

Attending OUT and then Attending IN.

Being told that she has the file and will arrange to send copies of correspondence to me. LRB confirming that at present she only requires correspondence that was removed from Mr Castleton's post office at the time of termination of his employment. LJ advising there is a considerable amount of correspondence after this.

LRB confirming she would forward an e-mail to her with contact details.

Laura Branton - Re: Lee Castleton FAD 213 337

From: <cheryl.woodward [GRO]>
To: "Laura Branton" [GRO]
Date: 04/02/2005 10:27
Subject: Re: Lee Castleton FAD 213 337

Hi Laura,

Lesley's contact numbers are [GRO] her address is
Darlington Area Office
Crown Street
Darlington
DL1 1AB

The problem with the Easy Access account was the cheque had been made out
the Customer rather than National Savings this was not an Horizon Error.
Hope this helps.
Thanks Cheryl.

This email and any attachments are confidential and intended for the
addressee only. If you are not the named recipient, you must not use,
disclose, reproduce, copy or distribute the contents of this communication.
If you have received this in error, please contact the sender and then
delete this email from your system.

lesley.joyc

[GRO]

From: Laura Branton
To: cheryl.woodward **GRO**
Date: 04 February 2005 9:54am
Subject: Lee Castleton FAD 213 337

Dear Cheryl

I had an opportunity to speak with Cath yesterday and she has confirmed that all papers removed from Marine Drive PO are with Lesley Joyce. Would you please advise if it would be possible to obtain copies of this correspondence or would you prefer for me to contact Lesley?

On the matter of the error on the "easy access" account for Mrs Constable. I would be grateful if you would advise what the outcome of that investigation was. I note that Mrs Constable has reimbursed you but is there an explanation for this happening in the first place? I think Mr Castleton believes that if it was possible for this to happen, it reinforces his allegation the system was not operating correctly. This is of course conflicted by Horizon who confirm that the software and hardware does not have a fault.

I look forward to receiving your response.

Kind regards.

Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI: **GRO**
Tel: **GRO**
Fax: **GRO**
Email: **GRO**
Web: www.bondpearce.com

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Lee Castleton

Name: Laura Branton

Location: N/A

Date: 4 February 2005

Start time: N/A

Units: N/A

Attending IN.

LRB confirming that she is trying to obtain papers from PO. LRB discussing the claim generally with Mr C and asking if he thought Mrs C cheque was as a consequence of his allegations about the horizon system. Mr C advising this is unrelated. The point he was making is that it was processed as an error on his account and he wanted it removed.

Mr C also making reference to the lottery discrepancy of £176. This should be removed because the error occurred on the day he was suspended.

LRB confirming as soon as she received some papers she will contact him.

Attending IN.

Asking if papers rec'd LRB confirming she will call when they arrive.

LRB 7/2/05.

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Cath Oglsby

Name: Laura Branton

Location: N/A

Date: 3 February 2005

Start time: N/A

Units: N/A

Attending OUT and leaving message.

Attending IN.

Being told that the papers were removed so that the Post Office has copies of everything and to preserve the evidence. All papers are held by Lesley Joyce at Darlington. LRB asking if I could contact her direct and being told it was ok. Her e-mail is Lesley.joyce@GRO

CO advising that she is unable to provide any further paperwork and recommending that I speak with Lesley. LRB asking whether she thought any of the evidence supplied by Horizon was sensitive/confidential and should not be forwarded to Mr C. CO advising not. LRB asking if there was an explanation with the "easy access" confusion/Mrs Constable. CO advising she vaguely remembered but could not recall what the outcome was. CO suggesting I speak with Cheryl Woodward about this.

Being told that if I have any further queries, I could contact her but that Lesley would be the best person to speak with about documents.

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Mr Castleton

Name: Laura Branton

Location: N/A

Date: 3 February 2005

Start time: N/A

Units: N/A

Attending OUT.

LRB advising that she is unable to respond to him as promised and was calling as a courtesy to confirm that the matter is being thoroughly investigated. Mr C being happy with that.

On reading Mr C's letter LRB checking that Mr C actually requires audit trail and asking for what period. Being told he requires from Week 39 of 2003 to Week 2 of 2004. He would also like to have the full account summary (ie snapshots etc) during that period. He did have it but Cath Oglesby removed them when she audited his accounts. LRB confirming she would see what she could do.

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Cheryl

Name: Laura Branton

Location: N/A

Date: 3 February 2005

Start time: N/A

Units: N/A

Attending OUT.

being told that I can contact Cathy direct to obtain papers. LRB asking if she thought any of the Horizon evidence was confidential in case Mr C wanted copies. Being told she thought it would be ok to release but asking that I check with Cathy beforehand.

28 January 2005

Ms Mandy Talbot
Legal Services
Royal Mail
Impact House
2 Edridge Road
Croydon, CR9 1PJ

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**

GRO
Direct: **GRO**

Our ref:
LRB1/348035.134
Your ref:

Dear Mandy

Lee Castleton

Please find enclosed a copies of a letter received from Lee Castleton and our holding response for your information.

I can confirm that I am currently investigating this matter with Cheryl Woodward at Chesterfield and will ensure that all correspondence is copied to you so that you are fully aware of the situation.

Yours sincerely

Laura Branton
Credit Management Services

Enclosures

1. Letter received from Lee Castleton dated 18 January 2005
2. Copy response to Lee Castleton, Former Sub postmaster at Marine Drive Post Office (FAD: 213 337)

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Ian Jones

Name: Laura Branton

Location: N/A

Date: 28 January 2005

Start time: N/A

Units: N/A

Attending Ian Jones IN.

Being told that he has spoken with the Retail Line Manager and will be sending all of the proof that the software was checked to me.

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Cheryl

Name: Laura Branton

Location: N/A

Date: 28 January 2005

Start time: N/A

Units: N/A

Attending OUT Cheryl. Being told she is out and speaking with Ian. LRB confirming the current situation and being told that he will investigate the matter for me as he is not sure whether Cheryl will be back by Monday. LRB asking if he has a contact number for Mr C on file and being told he does. Tel GRO

Attending OUT Mr C.

Being told by Mrs C that her husband is collecting their children from school. LRB not going into too much details but confirming that she is sending a letter today but just giving them a courtesy call as more than 7 days have elapsed from the date of his letter. Being told that her husband saw a solicitor yesterday so we may receive a letter from them next week.

Bond Pearce

Telephone attendance

Client: Post Office Limited

Matter: Mr Lee Castleton - DEBT £27115.83

Matter no: 348035.134

Attending: Stephen Lister

Name: Laura Branton

Location: N/A

Date: 28 January 2005

Start time: N/A

Units: N/A

Attending Stephen IN.

LRB confirming that she has read the letter and received the original. LRB confirming LBA has been issued and she noted from the file that I should notify the POL Horizon Liaison Manager before considering issue of proceedings.

LRB confirming that there was a problem with an "easy access" account and that is the grounds of Mr C's concerns that the system was failing. She tried to open an a/c and paid the cheque in. The cheque was returned to her but her account was showing the full balance. I have since received an e-mail from Cheryl to advise £1256.88 had been reimbursed by Mrs Constable.

LRB confirming that she would be checking with Cheryl but agreed to send a holding letter to Mr C in the meantime. SL asking that I copy Mandy Talbot in aswell.

From: Laura Branton
To: Stephen Lister
Date: 27 January 2005 11:57am
Subject: Lee Castleton

Hello Stephen

I have not yet received a copy of the letter you referred to in your e-mail 24/1/05. Has it been sent yet?

Many thanks, Laura

(T)

GRO

Mr L. CASTLETON
14 SOUTH MARINE DRIVE,
BRIDLINGTON,
EAST YORKSHIRE
YO15 3DB.

18th JANUARY 2005.

Dear Mr LISTER,

I am sorry to have to write to you before you have had chance to write to myself. But as I am sure you are aware I have been waiting for some form of action/help for over one year now.

I am writing to you to ask for a copy or the originals of the paperwork removed from this Post Office at Marine Drive Bridlington on the 16th May 04 by Mrs Cath Oglesby, Post Office Retail Line Manager. The paperwork would negate the need to go to court as it would allow me in conjunction with paperwork I already have to prove the computer fault at this Post Office between weeks 39 to 52/04 of the Post Office accounting calendar. Over the past months Cheryl Woodward at, Post Office Ltd Chesterfield has written to Area office to procure this paperwork but to no avail. I do not understand or comprehend the reason for this. Surely nobody at Post Office Ltd wants to waste the time of a very busy legal

System and burden the courts with this matter. Could I also take this time to ask for a copy of the Audit Trail produced by this office over this period. This would also aid in the pin pointing of the computer fault suffered at this office over this period.

I must however take this time to urge you and your client, to act as these documents would allow all involved to expedite this matter. It is now one year from the original Computer fault therefore I would ask for the paperwork be with me in seven days or I propose to make an order of pre-action disclosure of documents to the court. This action would of course incur expense to myself and my family, to which I will look to pass on to your client.

I am sure that we can move forward in respect to this matter and I look forward to your reply.

yours Sincerely

GRO

1-2005 12:30 FROM

TO GRO

Bond Pearce

Bond Pearce
Bristol Bridge House
Redcliff Street
Bristol BS1 6BJ

Tel: GRO
Fax: GRO

Fax

If any of this fax is missing or illegible
please telephone the number below

**ACTION
COPY**

To: Laura Branton

Bond Pearce Plymouth

Fax: GRO

cc:

Your ref:

From: Stephen Lister

Our ref: SML1/RQ1/348035.1

Direct:

GRO

Date Created: 27 January 2005

Fax: +

GRO

Number of pages: 3

Correspondence

Please find correspondence attached.

call Stephen 28/1/05 AM if no call back
by end of today.

LBS 27/1/05

Confidentiality notice

IMPORTANT - The information in this fax is confidential and may be legally privileged. If you are not the intended recipient, please do not use, disclose, copy or distribute its contents. Instead, please notify the sender as soon as possible and destroy the fax.

A list of partners of Bond Pearce is open for inspection at the above address. Regulated by the Law Society.
4A_1621791_1

www.bondpearce.com

2-2005 12:30 FROM

TO GRO

Mr L. CASTLETON
14 SOUTH MARINE DRIVE,
BRIDLINGTON,
EAST YORKSHIRE
YO15 3DB.

18th JANUARY 2005.

Dear Mr LISTER,

I am sorry to have to write to you before you have had chance to write to myself. But as I am sure you are aware I have been waiting for some form of action/help for over one year now.

I am writing to you to ask for a copy or the originals of the paperwork removed from this Post Office at Marine Drive Bridlington on the 10th May 04 by Mrs Cath Oglesby, Post Office Retail Line Manager. The paperwork would negate the need to go to court as it would allow me in conjunction with paperwork I already have to prove the computer fault at this Post Office between weeks 39 to 52/04 of the Post Office accounting calendar. Over the past months Cheryl Woodward at, Post Office Ltd Chesterfield, has written to Area office to procure this paperwork but to no avail. I do not understand or comprehend the reason for this. Surely nobody at Post Office Ltd wants to waste the time of a very busy local

12:30 FROM

TO

GRO

P. 03

System and burden the courts with this matter. Could I also take this time to ask for a copy of the Audit Trail produced by this office over this period. This would also aid in the pin pointing of the computer fault suffered at this office over this period.

I must however take this time to urge you and your client, to act as these documents would allow all involved to expedite this matter. It is now one year from the original Computer fault therefore I would ask for the paperwork be with me in seven days or I propose to make an order of pre-action disclosure of documents to the court. This action would of course incur expense to myself and my family, to which I will look to pass on to your client.

I am sure that we can move forward in respect to this matter and I look forward to your reply.

Yours Sincerely

GRO

m: Stephen Lister
To: Laura Branton
Date: 24 January 2005 6:19pm
Subject: Lee Castleton

Laura,
I have received a letter from Mr C which I shall fax to you.
Could we briefly discuss once you've read it?
Thanks
Stephen

await letter before replying to clery!

Laura Branton - Re: Lee Castleton - LIT/247310 FAD213/337 (Marine Drive PO)

From: <cheryl.woodward@GRO>
To: "Laura Branton" <@GRO>
Date: 17/01/2005 09:59
Subject: Re: Lee Castleton - LIT/247310 FAD213/337 (Marine Drive PO)

Hi Laura,

Today I have received a cheque from Mrs Constable for £1256.88 in relation to the easy access account.
Hoping the letter to Mr Castleton has not been sent yet.

Thanks Cheryl.

"Laura Branton"
@GRO
To: <cheryl.woodward@GRO>
cc:
Subject: Lee Castleton - LIT/247310 FAD213/337 (Marine Drive PO)
13/01/2005 10:14

Dear Cheryl

I have today received this file from my colleague Stephen Lister. You have asked that a letter before action is sent to Mr Castleton and that I should notify the POL Horizon Liaison Manager before considering the issue of proceedings. I would be grateful if you would provide me with contact details.

I have read through the file and cannot see that his query has been resolved in connection with the "Easy Access" account for Mrs Constable. Do you know if it has been possible to shed any light on this. I propose to send a details letter before action and it would be helpful if I could also make reference to this.

I look forward to receiving your response.

Kind regards.

Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

Laura Branton - Re: Lee Castleton - LIT/247310 FAD213/337 (Marine Drive PO)

From: <cheryl.woodward@GRO>
To: "Laura Branton" @GRO
Date: 15/01/2005 22:37
Subject: Re: Lee Castleton - LIT/247310 FAD213/337 (Marine Drive PO)

Hi Laura,

I note from your e-mail that the POL Horizon Liaison Manager be notified before considering proceedings. I'm not sure where that has come from possibly our Legal Advisors who pass the case onto you?

The query with the Easy Access Account has been resolved as far as the duty holder is concerned. Mr Castleton has been told he has to pursue this through the customer as he sent the application off himself.

Sorry to be vague I hope this helps. Thanks Cheryl.

"Laura Branton"
@GRO
<cheryl.woodward@GRO>
@GRO
To:
cc:
Subject: Lee Castleton - LIT/247310 FAD213/337
(Marine Drive PO)
13/01/2005 10:14

Dear Cheryl

I have today received this file from my colleague Stephen Lister. You have asked that a letter before action is sent to Mr Castleton and that I should notify the POL Horizon Liaison Manager before considering the issue of proceedings. I would be grateful if you would provide me with contact details.

I have read through the file and cannot see that his query has been resolved in connection with the "Easy Access" account for Mrs Constable. Do you know if it has been possible to shed any light on this. I propose to send a details letter before action and it would be helpful if I could also make reference to this.

I look forward to receiving your response.

Kind regards.

Laura Branton AICM (Cert)
Paralegal
Credit Management Services

Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI:

Tel:

Fax:

Email:

Web: www.bondpearce.com

GRO

GRO

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From: Laura Branton
To: cheryl.woodward; **GRO**
Date: 13 January 2005 10:14am
Subject: Lee Castleton - LIT/247310 FAD213/337 (Marine Drive PO)

Dear Cheryl

I have today received this file from my colleague Stephen Lister. You have asked that a letter before action is sent to Mr Castleton and that I should notify the POL Horizon Liaison Manager before considering the issue of proceedings. I would be grateful if you would provide me with contact details.

I have read through the file and cannot see that his query has been resolved in connection with the "Easy Access" account for Mrs Constable. Do you know if it has been possible to shed any light on this. I propose to send a details letter before action and it would be helpful if I could also make reference to this.

I look forward to receiving your response.

Kind regards,

Laura Branton AICM (Cert)
Paralegal
Credit Management Services
Bond Pearce
Ballard House
West Hoe Road
Plymouth PL1 3AE

DDI: **GRO**
Tel: **GRO**
Fax: **GRO**
Email: **GRO**
Web: www.bondpearce.com

Bond Pearce

Work Chit

Client: Post Office Limited

Matter: Mr Lee Castleton

Matter no: 348035.castleto

Attending: N/A]

Name: Laura Branton

Location: N/A

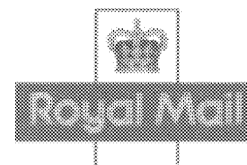
Date:

Start time:

Units: 0 units

Carrying out conflict check on file. No conflicts found.

Catherine Churchard LLB
itor & Legal Services Director



07 January 2005

Mr Stephen Lister
Messrs Bond Pearce Solicitors
Bristol Bridge House
Redcliff Street
BRISTOL
BS1 6BJ

Legal Services
Royal Mail Group Plc
Impact House
2 Edridge Road
CROYDON
CR9 1PJ

Tel: **GRO**
Fax:

Dear Stephen

RE: NEW CASE(S)

<u>POLS REFERENCE</u>	<u>CASE TITLE</u>	<u>CASE CLASSIFICATION</u>
LIT/247310	MR LEE CASTLETON	FSP/DEBT

I enclose original papers concerning the above matter.

As the Postmaster is making allegations that the Horizon System was not working, you will have to notify the POL Horizon Liaison Manager of this case before considering the issue of proceedings.

Please seek instructions directly from the client department.

Yours sincerely

GRO

Gordon Smith
Litigation Administrator
Litigation Division

GRO

Memo

3 November 2004

Ms Cheryl Woodward
Agents Debt Team 3
First Floor East
No.1 Future Walk
CHESTERFIELD
S49 1PF



The Real Network

Legal Services
Royal Mail Group Plc
Impact House
2 Edridge Road
CROYDON
CR9 1PJ

Tel: **GRO**
Fax: **GRO**
Postline: **GRO**

Dear Ms Woodward

Subject: MR LEE CASTLETON
Our Ref: LIT/247310/XBLB
Your Ref: FAD CODE 213 337

Thank you for your letter together with papers in respect of the above matter.

Please note that due to the increased workload in this department, the above named case is currently being forwarded to our agents Mr Stephen Lister of Messrs Bond Pearce Solicitors, Bristol.

Our solicitor agents will be contacting you in the near future. Please ensure that all future correspondence is addressed to them.

Yours sincerely

Gordon Smith

GRO

Litigation Administrator
Litigation Division

FILE FACING SHEET**CASE NO:** 247310/XBLB**CASE TITLE:** CASTLETON Lee**CLIENT:** Post Office Ltd

<u>DATE</u>	<u>EVENT</u>
	Letter of claim received
7 January 2005	Passed to Team Leader for allocation
7 January 2005	Case allocated and passed to caseholder
	Letter of acknowledgment
	Formal response to letter of claim