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Second Sight Support Services Limited

## HORIZON – SPOT REVIEW

Reference Number:	SR012	Issue Type:	Missing cheques	Date:	12/08/2004 - 07/04/2006
SPMR Name:	Jo HAMILTON	PO Branch:	South Warnborough	FAD:	092904
Loss to the SPMR?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Current Status:	Awaiting response from POL	Category:	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input checked="" type="checkbox"/>
What the SPMR says happened					
<p>Part of the shortfall charged to the SPMR by POL, and cited by POL in court when the SPMR was charged with False Accounting, was attributable to missing cheques that the SPMR had sent to Chesterfield for processing. Several cheques presented to the SPMR by customers have never cleared through the customers' bank accounts. One of the SPMR's regular customers has provided a list of cheques that are evidence of this. It has not been possible to re-build the entire audit trail of what happened and match this to Transaction Corrections ('TCs'). The SPMR also reports that she once found pouches (known as 'Stripeys') containing customer cheques in the street outside her Branch, these seemingly having been accidentally dropped by the Royal Mail collector.</p> <p>TCs typically came out 3 months or more after the processing date, making it virtually impossible for the SPMR to recover funds from the customer. The SPMR did not raise this matter at trial, since the significance of this matter was not identified until after the trial concluded.</p> <p>The SPMR also reported an article in The Sunday Times' 'Question of Money' column on January 28<sup>th</sup>, 2007 describing a near-identical situation concerning the purchase of £2,500-worth of Premium Bonds using a cheque that never cleared. The Sunday Times reported that POL said that "the cheque could have been 'mutilated' in the clearing process". The article also stated that after numerous attempts to get anyone to take the matter seriously the SPMR was told by a POL employee, "not to worry about it, just take a holiday with the money."</p>					
Investigative work done					
<p>Loss of cheques, whether in the branch, in the delivery chain or in POL's Processing Centre, could well result in a real financial loss to an SPMR. However, such an event should not give rise to a <i>mysterious or unexplainable</i> shortage. The Post Office's standard procedures are designed to identify the non-receipt of cheques sent to Chesterfield for processing. Non-receipt of cheques would normally give rise to a TC, as would a cheque returned unpaid by the customer's bank. Unfortunately, due to the length of time that has elapsed in this case, neither the SPMR nor POL has relevant records to establish whether the SPMR was notified <i>in a proper and timely manner</i>.</p> <p>SPMRs typically have no record of cheques that are received from customers and sent to the Processing Centre. Consequently, indentifying the relevant customer is far from straightforward. If the SPMR is not able to match customers who have presented cheques to the relevant TC, then they will be unable to effect recovery. POL would however, be entitled to recover the missing funds from the SPMR under the standard contract.</p> <ul style="list-style-type: none"> <li>POL is invited to comment on the apparent inequity of POL mitigating losses arising from lost cheques by making recoveries from the SPMR whilst denying the SPMR the opportunity to make recoveries from customers, due to POL not sending out TCs in a timely manner.</li> </ul>					
POL Response					
<p> </p>					
CONCLUSIONS					

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