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(by email: mediation GRO

11 April 2014

Dear Sirs

Case Number - M071
Case Questionnaire - David Yates

We attach a Case Questionnaire on behalf of David Yates.

Yours faithfully

GRO

Robert Holland
Partner
[redacted]

Encs

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Post Office Initial Complaint Review and Mediation Scheme

Case Questionnaire

Case Number - M071

David Peter Yates

1. Introduction

1.1. This Case Questionnaire relates to myself, David Yates, and the issues I encountered whilst I was employed as Subpostmaster at the Walton-on-Thames branch over the period of approximately two years until I was audited and suspended on 9 March 2003.

1.2. The format of this document is that I firstly set out some background information that is relevant to understand the basis of my complaint and my responses to the ten key questions set out in the guidance notes. I then deal with each of the ten key questions in turn. Attached to this questionnaire is a spreadsheet which summarises my calculation of the losses that I have suffered as a result of these issues and the losses I continue to incur.

2. Background

2.1. I GRO went to work for the Post Office in 1979. Overall in one form or another I worked for the Post Office for 24 years. I started off as a counter clerk and over time was promoted until I ended up as the branch manager at the Walton-on-Thames Crown Post Office. This closed as a Crown office in circa 1996 and I took it on, with a business partner from that date.

2.2. When the post office was run using a manual process it worked fine. I then went to a subpostmaster conference and saw a back office IT system for the post office which I acquired and which also worked well. When Horizon was introduced I presumed it would work in a similar fashion. Unfortunately this was not the case.

2.3. Unexplained differences starting occurring shortly, say 6 or 7 weeks, after Horizon was installed. At first I rang the Helpline to see what they could do to help me. Unfortunately they effectively told me to make good the difference myself.

2.4. It is now a long time ago so I cannot remember the precise details, but believe that I mostly had cash rather than stock differences. As a branch we had significant cash movements as we processed cash for a number of local supermarkets.

2.5. The differences increased to a point where it was impossible for me to make good the differences anyway. Also I do not believe that a member of staff could have taken the money. Eventually I was audited on 9 March 2003 at which point the difference was approximately £350,000. I was suspended and criminally prosecuted and received a three year prison sentence and never went back to the post office again. First of all I was held in Highdown prison at Banstead for three months and then held at an open prison on the Isle of Sheppey for a further ten.

2.6. The Post Office demanded repayment of the difference, but there was no way that I could ever have paid this sum. Eventually I borrowed £41,000 from a friend and offered this amount to the

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Post Office in order to release the charge they had over my house, which they accepted as full and final settlement. Once this was done I remortgaged in order to repay my friend.

2.7. My wife GRO could not maintain this once I had gone to prison GRO She therefore GRO but GRO

2.8. I came out of prison in December 2004 and from January 2005 I started working for my brother-in-law GRO I earned approximately £8,500 a year net from this. However, he could not afford to keep me going and let me go after about 2½ years. Given my criminal record I found it difficult to get another job and so set up as a delivery agent for Next. I earn approximately £20,000 a year doing this. My wife has also started to work GRO GRO

2.9. Clearly my reputation has suffered immensely and I feel it will never be possible to fully compensate me for this. In terms of financial losses these are:

- The sum of £41,000 paid to the Post Office in full and final settlement for the difference
- My past and future losses of earnings from the Post Office to my planned retirement at 55. Attached as Document 1 is a Schedule of Remuneration covering the period from March 2002 to March 2003. This shows that over the period from March 2002 to February 2003 my net remuneration was £78,378.70
- My past and future losses of earnings from the non-post office retail activities that were carried on at the branch. Attached as Document 2 is a set of accounts for my business From Pillar to Post which I operated at the post office with my business partner Mrs Smale. These cover the period from 1 October 2001 to 12 March 2003 and effectively cover a period of 18 months. Over this period the business earned £29,261 of which my interest was 50%. This excluded Post Office income. This additional profit indicates that my non-post office income was running at something like £10,000 a year gross.
- The loss of capital value from the business that I set up and delivered. I am currently unable to quantify this with any precision, so have included a relatively conservative estimate of £100,000.
- My wife's reduction in earnings over a period which directly arose as a result of my imprisonment.
- Sundry mileage and other expenses incurred as a result of my prosecution.

3. The ten questions

3.1. My specific response to the ten questions set out in the Case Questionnaire and Guidance Notes is as follows:

What is the main issue or issues you wish us to consider that relate to Horizon or its associated processes?

3.2. My key issues are as follows:

- The lack of competent and adequate support, via the Helpdesk or by any other means, which meant that the differences I encountered could not be resolved.
- The inability to "park" and investigate differences and the suggestion that I simply made good the unexplained differences without fully investigating them. At no point were any other options made available to me.

When did the incidents relating to the main issue or issues occur?

3.3. The differences started to occur a few weeks after the introduction of Horizon and continued until I was terminated in March 2003.

What prior contact have you had with the Post Office in regard to the incidents/issues that you are now reporting?

3.4. I initially contacted the Helpdesk, but abandoned this as the losses mounted given that they effectively told me to make them good. I assume that logs are maintained that could substantiate my conversations with them.

How was the issue or issues resolved at the time they occurred?

3.5. To start with I tried to make good the loss. However, eventually they grew to the point where this was no longer possible. Eventually I was audited and prosecuted as a result of the losses established at that audit visit, which took place on 9 March 2003.

What is the monetary value of the issue or issues you are now reporting?

3.6. Attached is a schedule, which sets out my monetary losses. These include:

- The £41,000 that I borrowed from a friend to settle the claim by the Post Office to settle the cumulative differences on Horizon of approximately £350,000.
- Sundry mileage costs for my wife to visit me in prison.
- My lost earnings from the Post Office from March 2003 to the present date, together with my future lost earnings to my planned retirement date. I always intended to retire at 55 and so have calculated this to 31 March 2017, which is shortly after my 55th birthday.
- My lost earnings from the other activities of From Pillar to Post which I undertook with Mrs Smale.
- The capital loss of value from the Post Office and shop business that I would otherwise have been able to realise at my retirement. I have not been able to obtain a detailed calculation of this and so have included a relatively cautious round sum estimate of £100,000.
- My wife's reduction in earnings over the period during which I was in prison. I have not included a monetary estimate for this at this stage.
- My legal costs which were in the order of £2,500.

3.7. The losses set out on the attached schedule also do not include any amount to compensate me for the hurt and suffering and loss of reputation as a result of the inadequacies of the operation of the Horizon system. I wish to be compensated for this, to the extent possible, as well.

Were you the subject of either civil recovery action or criminal prosecution regarding the main issue or issues you are now reporting?

3.8. The scale of the differences and the pressure brought to bear meant that I felt I had no choice but to accept a guilty plea.

How were these actions against you (if any) resolved?

3.9. I was sentenced to three years in prison. I served thirteen months in prison and thirteen weeks on Home Detention curfew.

What is your explanation for the events forming the main issue or issues you are now reporting?

3.10. I had worked since 1979 as a counter clerk, Branch Manager, and finally a Sub Postmaster. I never had any problems with balancing until the Horizon system was put in. I know I acted stupidly by not seeking help about the losses, but I thought the Horizon system would rectify itself.

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Did you request assistance from the Post Office regarding the issue or issues you are now reporting?

3.11. I did not seek help which I know was a big mistake.

What assistance, if any was provided?

3.12. N/A

..........GRO.......
David Yates
8 April 2014

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DAVID PETER YATES
SUMMARY SCHEDULE OF LOSS TO THE END OF MARCH 2014

Schedule 1

Interest rate used: 4.00%

	£	Interest factor (years)	Interest £
Settlement made to cover part of the losses at termination	41,000.00	11.0	18,040.00
Mileage to Highdown prison - say 4 visits at 13 miles each (at 45pence per mile)	46.80	11.0	20.59
Mileage to prison on the Isle of Sheppey - say 20 visits at 66 miles each way (at 45 pence per mile)	1,188.00	11.0	522.72
Loss of wages:			
March 2003 to March 2014			
1.75 years at £78,378 a year	137,161.50	10.1	55,413.25
2.5 year at £69,878 a year (i.e. £78,378 less £8,500)	174,695.00	8	55,902.40
6.75 years at £58,378 a year (i.e. £78,378 less £20,000)	394,051.50	3.4	53,591.00
Loss of profits of the convenience store arising from losing From Pillar to Post (at a rate of £10,000 a year gross, say £6,000 net)	66,000.00	5.5	14,520.00
Loss of goodwill as no longer have a Post Office or a shop	100,000.00	0	0.00
Legal costs	2,500.00	11	1,100.00
Subtotal	916,642.80		199,109.96
Future loss of wages assuming retirement date at, say, 31 March 2017 (i.e. age 55)			
2.94 multiple at £58,378 a year	171,631.32		
(Source for multiple - Table 5 of Seventh Edition Peronal Injury and Fatal Accident Cases, 1% discount)			
Summary as at 31 December 2013			
Past loss	916,642.80		
Interest	199,109.96		
Future loss	171,631.32		
Total	1,287,384.08		

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Document 1

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Net Remuneration for Mr David P Yates of Walton On Thames PO, FAD 090023.	
March 2002	£8795.23
April 2002	£6101.45
May 2002	£5898.69
June 2002	£7182.50
July 2002	£7186.78
August 2002	£5905.80
September 2002	£5735.78
October 2002	£7005.01
November 2002	£5518.64
December 2002	£5850.43
January 2003	£6842.49
February 2003	£6355.90
March 2003	£1874.92

As a Modified Sub Post Office (MSPO) the remuneration is made up of a fixed MSPO core payment and product payments, which are based on the level of business transacted in a month, 3 months previous.

REGINA V: EXHIBIT No.

SIGNED DATE

JUSTICE OF THE PEACE/CLERK TO MAGS. COURT

DESCRIPTION OF ITEM
SCHEDULE OF REMUNERATION

IDENTIFYING MARK LAB REF. NO
RS/2

M.C. ACT 1980.S.102. C.J. Act 1967.S.9. M.C. Rules 1981.R.70.

I IDENTIFY THE EXHIBIT DESCRIBED AS THAT REFERRED TO IN THE STATEMENT MADE AND SIGNED BY ME

SIGNED GRO DATE 9/7/03
SIGNED DATE
SIGNED DATE

CS035 Version 3.0 11/02

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Document 2

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MRS L S SMALE AND D P YATES ESQ

FROM PILLAR TO POST

ACCOUNTS

FOR THE PERIOD ENDED 12 MARCH 2003

BAILEY PHILLIPS
Chartered Accountants
Registered Auditors
17 Hanbury Close
Cheshunt
Hertfordshire
EN8 9BZ

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ACCOUNTANTS' REPORT TO MRS L S SMALE

As described on page 2, you have approved the accounts for the period ended 12 March 2003 set out on pages 2 and 3. In accordance with your instructions, we have compiled these unaudited accounts from the accounting records and information and explanations supplied to us.

Bailey Phillips
Chartered Accountants
17 Hanbury Close
Cheshunt
Hertfordshire
EN8 9BZ

21 January 2004

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MRS L S SMALE AND D P YATES ESQ

FROM PILLAR TO POST

BALANCE SHEET AT 12 MARCH 2003

	£	£	£
FIXED ASSETS			
Fixtures, fittings and equipment			1,232
Motor vehicle			2,207
			3,439
CURRENT ASSETS			
Stock		5,835	
Cash at bank and in hand		502	
		6,337	
CURRENT LIABILITIES			
Creditors and accruals		3,768	
Bank overdraft		4,103	
		7,871	
NET CURRENT LIABILITIES			-1,534
NET ASSETS			1,905
CAPITAL ACCOUNTS			
Balance brought forward			-8,414
Net income for the period			29,261
Drawings			-18,942
			1,905

I approve these accounts and confirm that I have made available all relevant records and information for their preparation.

L S Smale
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MRS L S SMALE AND D P YATES ESQ

FROM PILLAR TO POST

INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD 1 OCTOBER 2001 TO 12 MARCH 2003

	£	£
TAKINGS		83,251
COST OF SALES		
Opening stock	7,415	
Purchases	47,868	
Closing stock	-5,835	
		49,448
GROSS PROFIT		33,803
OTHER INCOME		
Post Office salary		115,022
		148,825
EXPENDITURE		
Salaries and national insurance	84,926	
Rent and service charges	22,500	
Insurance	793	
Repairs and maintenance	432	
Printing, postage and stationery	1,920	
Telephone	320	
Equipment rental	780	
General expenses	413	
Motor expenses	2,867	
Accountancy	2,261	
Bank charges	987	
Depreciation	1,365	
		119,564
NET INCOME FOR THE YEAR		29,261