

Post Office Mediation Scheme

Application For Mediation Case Questionnaire Responses

Applicant: Mr Thomas, M029
Advisor: Emma Porter, Aver

December 2013

Mediation Scheme Application: M029

Table of Contents

Section	Page
I Introduction	I
A INSTRUCTIONS	I
B BACKGROUND	I
C THE QUESTIONS AND ADDITIONAL INFORMATION REQUESTED	2
D THE IMPACT AND SUB-POSTMASTER'S OBJECTIVES	3
2 Chronology	4
A INTRODUCTION	4
B PERIOD 9 JUNE 1994 TO 13 OCTOBER 2005	4
C PERIOD FROM 13 OCTOBER 2005 ONWARDS	6
3 The Ten Questions	7
A INTRODUCTION	7
1 WHAT IS THE MAIN ISSUE OR ISSUES YOU WISH US TO CONSIDER THAT RELATE TO HORIZON OR ITS ASSOCIATED PROCESSES?	7
2 WHEN DID THE INCIDENTS RELATING TO THE MAIN ISSUE OR ISSUES OCCUR?	12
3 WHAT PRIOR CONTACT HAVE YOU HAD WITH THE POST OFFICE IN REGARD TO THE INCIDENTS/ISSUES YOU ARE NOW REPORTING?	14
4 HOW WAS THE ISSUE OR ISSUES RESOLVED AT THE TIME THEY OCCURRED?	14
5 WHAT IS THE MONETARY VALUE OF THE ISSUE OR ISSUES YOU ARE NOW REPORTING?	15
6 WERE YOU SUBJECT OF EITHER CIVIL RECOVERY ACTION OR CRIMINAL PROSECUTION REGARDING THE MAIN ISSUE OR ISSUES YOU ARE NOW REPORTING?	15
7 HOW WERE THESE ACTIONS AGAINST YOU (IF ANY) RESOLVED?	15
8 WHAT IS YOUR EXPLANATION FOR THE EVENTS FORMING THE MAIN ISSUE OR ISSUES YOU ARE NOW REPORTING?	16
9 DID YOU REQUEST ASSISTANCE FROM THE POST OFFICE REGARDING THE ISSUE OR ISSUES YOU ARE NOW REPORTING?	16
10 WHAT ASSISTANCE, IF ANY, WAS PROVIDED?	17
4 Additional Information	18
A INTRODUCTION	18
B INFORMATION	18
C OTHER	21
5 The Impact and Sub-postmaster's Objectives	22
A INTRODUCTION	22
B CONCLUSION	23

Appendix I: Documentation Relied Upon

I Introduction

A Instructions

- I.1 I have been asked to assist Mr Hughie Noel Thomas ("Mr Thomas"), a former Sub-postmaster, in his application for the Mediation Scheme established by the Post Office for the Sub-postmasters.
- I.2 I am instructed by Mr Thomas, in accordance with the engagement letter dated 18 October 2013 which sets out the services including phase I of the Scheme as set out below.
- I.3 The role of the advisor in phase I investigation stage is to:
1. Review the case
 2. Establish the Sub-postmaster's objectives;
 3. Assist in the presentation the case in a logical manner;
 4. Support the case with such evidence, as available;
 5. Ensure the case is accurately presented; and
 6. Assist with responding to queries.
- I.4 I have not carried out any audit procedures on any of the organisations named in this document, and no part of my work or this document is to be construed as such.
- I.5 This document as been prepared for the purposes of Mr Thomas as part of his application to be included in the Mediation Scheme and must not be used for any other purpose, copied or shown to any other person or entity not directly involved in the case without my prior written consent.

B Background

- I.6 Prior to commencing his role as Sub-postmaster, Mr Thomas had been employed by the Bodorgan Post Office as a Part Time Postman, becoming a Full Time Postman in Bangor in 1969. In 1974 Mr Thomas took over the family business and in 1976 he started running the Village PO from where he retired as a Post Master in 1991.
- I.7 Mr Thomas and his wife had purchased Gaerwen Post Office in May 1981 which was operated by his wife until 1994. After retiring as a Post Master in 1991 Mr Thomas assisted his wife at the Gaerwen Post Office undertaking PO Counter work and GRO Mr Thomas formally became the Sub-postmaster in 1994.
- I.8 Mr Thomas commenced his role as Sub-postmaster at the Gaerwen branch (FAD Code I606042) on 9 June 1994.
- I.9 As a consequence of events, as set out in the detailed Chronology in Section 2 of this document, Mr Thomas was suspended from his Sub-postmaster's role on 13 October 2005 and was not re-instated.
- I.10 The Post Office Limited sought to prosecute Mr Thomas and Mr Thomas pled guilty to False Accounting on 29 September 2006 and was sentenced in

December 2006 to 9 months of which he served 13 weeks in prison and was thereafter tagged. Following this Mr Thomas was subject to a POCA¹ application under which he paid approximately £19,000.

- I.11 Mr Thomas had to sell both the Post Office branch and his house to raise funds, however on 24 January 2008 Mr Thomas petitioned for his own bankruptcy and was declared bankrupt, with assets of approximately £500 and liabilities of £99,537.
- I.12 A Bankruptcy Restriction Order was granted for 8 years at a hearing on 19 March 2009 on the basis of the False Accounting conviction.

C The Questions and Additional Information Requested

- I.13 The Sub-postmasters have been asked to respond to ten specific questions, in addition to which Mr Thomas has been asked to provide some additional documentation and explanations by Second Sight.
- I.14 The questions, as set out below are dealt with in Section 3 and, where relevant, supported by further information and documentation set out in Appendix I:
- (i) What is the main issue or issues you wish us to consider that relate to Horizon or its associated processes?
 - (ii) When did the incidents relating to the main issue or issues occur?
 - (iii) What prior contact have you had with the Post Office in regard to the incidents/issues that you are now reporting?
 - (iv) How was the issue or issues resolved at the time they occurred?
 - (v) What is the monetary value of the issue or issues you are now reporting?
 - (vi) Were you the subject of either civil recovery action or criminal prosecution regarding the main issue or issues you are now reporting?
 - (vii) How were these actions against you (if any) resolved?
 - (viii) What is your explanation for the events forming the main issue or issues you are now reporting?
 - (ix) Did you request assistance from the Post Office regarding the issue or issues you are now reporting?
 - (x) What assistance, if any, was provided?
- I.15 In addition to these questions, further information has been requested by Second Sight, as detailed below:

¹ Proceeds of Crime Act 2002

Mediation Scheme Application: M029

-
- (i) The telephone calls that you made to the Post Office's helpline. Can you recall and recount the advice or help that you received?
 - (ii) The specific areas, products or operational processes where you assert that you were given inadequate training. If you know or suspect that you made errors as a consequence of inadequate training or poor advice, please tell us about that.
 - (iii) The duration of the Training Courses that you attended and in what way(s) you felt they were deficient (on page 3 of your Application you mention one and a half days' training. Was that the only training you attended?
 - (iv) The 50:50 settlement that you mention on Page 2 of your Application. Do you have any correspondence on that matter and, if so, you should send us copies.
 - (v) The amount of the final shortfall that POL asked you to repay.
 - (vi) Any suspicions you had at the time, or now have, as to where the missing funds could have gone. Were any specific products or processes particularly problematical for example?
 - (vii) Whether, and if so when and how, you requested help from POL in establishing the underlying Root Cause of the shortfall that was building up.
 - (viii) Please let us know when you signed the contract (with POL) that contained the clause that held you accountable for the shortfall (clause 12).

I.16 These matters are specifically dealt with in Section 4.

D The Impact and Sub-postmaster's Objectives

I.17 As a consequence of events and issues set out in Sections 2, 3 and 4, Mr Thomas and his family have suffered both financially and non-financially.

I.18 These are set out in Section 5.

2 Chronology

A Introduction

- 2.1 Set out below is a chronology of events based on the documentation supplied by Mr Thomas.
- 2.2 The chronology does not every call and event due to the limitation of information available. The source documents from which the chronology is derived are included at Appendix I.

B Period 9 June 1994 to 13 October 2005

- 2.3 This period relates to the period in which Mr Thomas held the post of Sub-postmaster at the Gaerwen branch.

Dates	Event
09/06/94	Commencement of Mr Thomas as Sub-postmaster at the Gaerwen branch
18/10/00	Horizon system installed ²
03/01/01	Horizon off 9.30am
04/01/01	Horizon malfunction 10am
08/01/01	Horizon off
17/01/01	Horizon off 7.30am and again at 5.45pm
20/01/01	Horizon off 12.20pm
25/01/01	Horizon off 7am
14/03/01	Horizon off 15:40
16/05/01	Horizon off twice 1.15pm (H20338009)
25/05/01	Technical helpdesk call (0105250519) – engineer being sent
29/05/01	Horizon off 7.15am
06/06/01	Frozen screen reported 8.20am – power off and reboot
13/06/01	Frozen screen
14/06/01	Frozen screen
15/06/01	Faulty RCD main replaced (trip switch)
16/06/01	Horizon repair
25/08/01	Horizon No2 froze and rebooted 10am
31/08/01	Horizon rebooted 8.15am
05/09/01	Horizon rebooted after powercut
14/09/01	Horizon No1 not working – rebooted
08/11/01	System off – will not scan pension and allowance book
15/11/01	Horizon off – reboot
14/12/01	Horizon No1 screen showing mobile sales cards totalling £3,200 – had to bin – no known reason for this
27/12/01	Problems logging on – 1 system would not accept new password – had to telephone
25/01/02	Received Horizon repair confirmation 6 months after work carried out on 16/06/01
12/02/02	Rang helpline re Horizon
27/06/02	Power cut 12.25pm – reboot required
12/07/02	PO alarm went off and Horizon machine making very high humming sound 12.45pm
14/07/02	Power off Horizon – reboot
13/09/02	Horizon power off 11.10am – reboot

² Installation certificate 18 October 2000

Mediation Scheme Application: M029

Dates	Event
28/10/02	Giro deposits not cut on Sat 26/10
29/10/02	Giro deposits not cut off £1,830.55 – Horizon showing £4,051.51 (21 transactions correct amount £1,830.55)
13/12/02	Horizon disconnected 12.10pm also problems with printer – called technical helpline (E021213044)
16/12/02	Engineer called re Horizon
17/12/02	Horizon base station unit on main computer changed
03/02/03	Horizon reboot again – not transferring 15.30pm
05/02/03	Lost stock lots of losses on screen total £301.55
04/03/03	One system off Horizon 8.20am
03/04/03	Problem with printer – lost £6.45 spd
28/05/03	Horizon not processing APT error – rang Horizon
16/07/03	Horizon frozen on confirming printing rollover (E0307160857) called three times
21/07/03	Horizon had not rolled over from week 16 to 17
22/07/03	Horizon No2 reboot
13/08/03	Problem rebooting “New access not accepting”
15/08/03	Horizon failure – reboot
18/08/03	Power cut 6.50am back 7.35am – had to reboot
13/09/03	No2 Horizon reboot
05/10/03	Horizon off – power cut in night
08/10/03	Horizon problem with online server – reboot. Off again 2.15pm and stopped printing during final cash account (E0310080263)
09/10/03	Horizon off – rang helpline – reboot (E0310090063 + 0225) Horizon still freezing transfer to online – rebooted 4 times and still the same
10/10/03	Horizon fixed
19/11/03	Printer not working (E0312100198 and E0312100928)
21/12/03	Horizon main computer offline (approx. 7.37am)
2004 and 2005	Mr Thomas’ notes and logs were uplifted by the PO therefore he is unable to complete the chronology – however per Mr Thomas similar issues continued
18/11/04 to 26/11/04	In October 2005, the Audit team reviewed 70 £nil value transactions on the online banking system
16/02/05	Call to technical helpline re difference of remming cheques – technical helpline referred call to business helpline
23/04/05	Gateway counter message to call horizon for instruction – told re reboot both counters
18/06/05	Critical event message “bad block” – remotely rebooted
02/07/05	Reboot had been done but could not pass Automated Payment recovery – technical helpline referred call to business helpline
02/07/05	Business helpline referred call to technical helpline as screen had frozen – advised reboot
02/07/05	Counter frozen and screen goes to AP recovery screen – advised to leave off for 5 minutes and reboot but did not work so advised to re-calibrate the screen
13/07/05	Critical event message “bad block” – remotely rebooted
13/10/05	Card account withdrawals have a zero value - technical helpline referred call to business helpline
13/10/05	Audit call for password

2.4 The issues and events highlighted above, where relevant, are set out in more detail in the sections below.

C Period from 13 October 2005 onwards

- 2.5 This period relates to the matters after Mr Thomas was suspended and the key issues arising thereafter.

Dates	Event
13/10/05	Mr Thomas was suspended
18/10/05	Ms Shodes attended branch to rem out all the stock – Mr Thomas notes that she was having difficulty operating Horizon
24/10/05	Letter terminating Mr Thomas' contract with the Post Office
25/11/05	Call notifying Mr Thomas that the Post Office wanted to re-open the branch
29/11/05	Ms Shodes returned to reboot Horizon and noted to Mr Thomas that she was having difficulty. She apparently called Horizon and her manager Mr Hughes and that Horizon later went out to check the system.
14/12/05	Phone call from Mr Hughes and a letter from Romac. Mr Hughes stated Horizon boxes etc would be exchanged, letter stated removal of all equipment
14/12/05	Two Romac engineers called to survey PO Premises and stated that the Horizon system would be placed by a totally new system
19/12/05	Mr Hughes and a PO investigator entered premises and removed that Horizon system
16/01/06	New system installed
19/01/06	Post Office re-opens
16/06/06	Letter from the Post Office re outstanding deficiency
29/09/06	Mr Thomas pled guilty to False Accounting
24/01/08	Mr Thomas files for his bankruptcy
09/01/09	Papers served re Bankruptcy Restriction Order, granted March 2009

- 2.6 The issues and events highlighted above, where relevant, are set out in more detail in the sections below.

3 The Ten Questions

A Introduction

- 3.1 The “case questionnaire and guidance notes” document sets out the ten core questions to be responded to in the Sub-postmaster’s mediation application.
- 3.2 Information available is limited in relation to Mr Thomas. The main issue contributing to this is that all of the documentation at the branch was uplifted at the time of the October 2005 audit, including a number of personal papers belonging to Mr Thomas which have never been returned. Amongst these documents was a calendar maintained by Mr Thomas on which he noted the differences he was experiencing and also the transaction reports and other documentation which would ordinarily be maintained by the Sub-postmaster.
- 3.3 The information is also limited as there is not a complete set of telephone logs to the business and technical helplines. Only summary extracts for certain periods are available for the technical helpline in the witness statements of POL/Horizon staff and no detail is available from the business helpline.
- 3.4 It is noted that there is a substantial cross over of matters between these questions creating an element of repetition. Whilst attempts have been made to minimise this, some repetition is inevitable.

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

- 3.5 The issues highlighted by Mr Thomas have been reviewed against the thematic issues set out by Second Sight and analysed out below.

Training and Support including the Helpline and Audit

- 3.6 As the telephone logs are not available for the whole of the period in question, the assessment on the training and support is limited.
- 3.7 Mr Thomas’ experience of the Post Office staff purportedly there to assist was that their knowledge was poor.
- 3.8 Mr Thomas notes that he was initially (in 1994) provided with one and a half days training at the Victoria Hotel, Llanberis and received help with his first Cash Account and two Wednesday visits.
- 3.9 The remaining training and support was the provision of Manuals, which are difficult to interpret (the copy provided to Mr Thomas was even out of order) and a helpline which Mr Thomas found was insufficient. From Mr Thomas’ recollection, he estimates that he contacted the helplines approximately once per week since the Horizon system was installed. Without the full telephone logs, it is not possible to verify this.
- 3.10 The Horizon system was installed in 2000 but Mr Thomas did not receive training immediately prior to or after its installation, instead it was some 6 months prior to installation when Mr Thomas received training. This is not regarded as adequate and appears to have substantially contributed to the difficulties and differences suffered by Mr Thomas.

Limitations in the Transaction Audit Trail available to Sub-postmasters

- 3.11 There was no facility available whereby Mr Thomas could access the audit trail of transaction data in order to investigate how discrepancies had taken place.
- 3.12 Further, the Post Office removed everything from the branch which meant that Mr Thomas did not have access to anything, other than in the disclosure process by the Post Office.
- 3.13 The Chronology in Section 2 of this Application demonstrate on-going hardware issues including power cuts, having to reboot on several occasion and freezing screen as well as occasional printer issues and rollover issues.
- 3.14 Without the necessary training, access to data and support, Mr Thomas was unlikely to be able to establish if any of these impacted on the recording of data on the Horizon system.

The contract between the Post Office and Sub-postmasters

- 3.15 Mr Thomas has indicated that he did not recall ever being provided with a signed copy of the contract.
- 3.16 Mr Thomas has noted that a revised contract was issued in 2003/04 but does not recall if he ever had a copy. If he ever had a copy it would have been with the documentation removed from the branch office.
- 3.17 Mr Thomas cannot recall if he ever signed a copy. It would be of assistance if the Post Office could supply a signed copy.

Transaction anomalies following telecommunications or power failures

- 3.18 As noted above, the Chronology in Section 2 of this Application demonstrate on-going hardware issues including power cuts, and transfer failures.
- 3.19 Without the necessary training, access to data and support, Mr Thomas was unlikely to be able to establish if any of these impacted on the recording of data on the Horizon system.
- 3.20 Further, it is unclear whether the Post Office have undertaken such investigations. If so, it would assist if the results from such investigations could be provided.

Transaction anomalies associated with Bank/Giro/Cheques

- 3.21 Mr Thomas has noted that on a number of occasions a customer would undertake card withdrawals where the system showed a £nil value but the customer was provided with the cash they had requested.
- 3.22 This was noted by Mr Thomas that at the audit in October 2005 this was stated by him as a potential reason for the differences.

3.23 The statement of Ms Matthews³ 70 £nil value transactions were reviewed in relation to the 8 day period 18 November 2004 to 26 November 2004 and analysed as follows:

- (i) 59 balance only enquiries
- (ii) 4 pin number changes
- (iii) 4 incorrect pin entries
- (iv) 3 declined due to system being nationally offline

3.24 There is no information on what Mr Thomas' screen showed in relation to the incorrect pin entries and offline transactions and specifically whether he was warned not to pay the funds.

3.25 It is also noted that the 8 day period is a very small sample. Further analysis on the rest of the period from 2000 to 2005 would assist in assessing if this is representative of the online banking withdrawals.

3.26 In addition to this there appears to have been an issue with cheques being doubled up on the system. An additional adjustment was made to the amount being claimed by the Post Office on the basis that there had been a doubling up of cheques in October 2005.

3.27 Prior to this, on 29/10/02, Mr Thomas' chronology notes that there was an issue on Horizon where Giro deposits were not cut off and amounted to £1,830.55 whilst Horizon showed £4,051.51 (21 transactions correct amount was £1,830.55).

Transaction anomalies associated with stamps or Postage Labels or Phone Cards

3.28 Included in the Chronology, there is an indication that some difficulty was experienced with stamps and postage labels, however without further information it is not possible to further assess anomalies in this area.

Hardware Issues

3.29 From the information available it would appear that Mr Thomas has suffered a number of hardware issues. Without the information regarding the timing of differences, it is not possible to assess whether there is any correlation between the differences and the hardware issues.

3.30 Mr Thomas did maintain notes on the issues, but only has notes relating to 2001-2003 as other documentation had been uplifted by the Post Office. However, the Post Office witness statements show that between April 2005 and October 2005 hardware issues did continue:

Dates	Event
18/10/00	Horizon system installed
03/01/01	Horizon off 9.30am
04/01/01	Horizon malfunction 10am

³ Witness Statement of Diane Sarah Matthews dated 23 March 2006, page3

Mediation Scheme Application: M029

Dates	Event
08/01/01	Horizon off
17/01/01	Horizon off 7.30am and again at 5.45pm
20/01/01	Horizon off 12.20pm
25/01/01	Horizon off 7am
14/03/01	Horizon off 15:40
16/05/01	Horizon off twice 1.15pm (H20338009)
25/05/01	Technical helpdesk call (0105250519) – engineer being sent
29/05/01	Horizon off 7.15am
06/06/01	Frozen screen reported 8.20am – power off and reboot
13/06/01	Frozen screen
14/06/01	Frozen screen
15/06/01	Faulty RCD main replaced (trip switch)
16/06/01	Horizon repair
25/08/01	Horizon No2 froze and rebooted 10am
31/08/01	Horizon rebooted 8.15am
05/09/01	Horizon rebooted after powercut
14/09/01	Horizon No1 not working – rebooted
08/11/01	System off – will not scan pension and allowance book
15/11/01	Horizon off – reboot
14/12/01	Horizon No1 screen showing mobile sales cards totalling £3,200 – had to bin – no known reason for this
27/12/01	Problems logging on – 1 system would not accept new password – had to telephone
25/01/02	Received Horizon repair confirmation 6 months after work carried out on 16/06/01
12/02/02	Rang helpline re Horizon
27/06/02	Powercut 12.25pm – reboot required
12/07/02	PO alarm went off and Horizon machine making very high humming sound 12.45pm
14/07/02	Power off Horizon – reboot
13/09/02	Horizon power off 11.10am – reboot
28/10/02	Giro deposits not cut on Sat 26/10
29/10/02	Giro deposits not cut off £1,830.55 – Horizon showing £4,051.51 (21 transactions correct amount £1,830.55)
13/12/02	Horizon disconnected 12.10pm also problems with printer – called technical helpline (E021213044)
16/12/02	Engineer called re Horizon
17/12/02	Horizon base station unit on main computer changed
03/02/03	Horizon reboot again – not transferring 15.30pm
05/02/03	Lost stock lots of losses on screen total £301.55
04/03/03	One system off Horizon 8.20am
03/04/03	Problem with printer – lost £6.45 spd
28/05/03	Horizon not processing APT error – rang Horizon
16/07/03	Horizon frozen on confirming printing rollover (E0307160857) called three times
21/07/03	Horizon had not rolled over from week 16 to 17
22/07/03	Horizon No2 reboot
13/08/03	Problem rebooting “New access not accepting”
15/08/03	Horizon failure – reboot
18/08/03	Power cut 6.50am back 7.35am – had to reboot
13/09/03	No2 Horizon reboot
05/10/03	Horizon off – power cut in night
08/10/03	Horizon problem with online server – reboot. Off again 2.15pm and stopped printing during final cash account (E0310080263)
09/10/03	Horizon off – rang helpline – reboot (E0310090063 + 0225) Horizon still freezing transfer to online – rebooted

Mediation Scheme Application: M029

Dates	Event
	4 times and still the same
10/10/03	Horizon fixed
19/11/03	Printer not working (E0312100198 and E0312100928)
21/12/03	Horizon main computer offline (approx. 7.37am)
2004 and 2005	Mr Thomas' notes and logs were uplifted by the PO therefore he is unable to complete the chronology – however per Mr Thomas similar issues continued
23/04/05	Gateway counter message to call horizon for instruction – told re reboot both counters
18/06/05	Critical event message “bad block” – remotely rebooted
02/07/05	Reboot had been done but could not apss Automated Payment recovery – technical helpline referred call to business helpline
02/07/05	Business helpline referred call to technical helpline as screen had frozen – advised reboot
02/07/05	Counter frozen and screen goes to AP recovery screen – advised to leave off for 5 minutes and reboot but did not work so advised to re-calibrate the screen
13/07/05	Critical event message “bad block” – remotely rebooted

3.31 The information available is restricted to the 2001-2003 information from Mr Thomas plus a listing⁴ of telephone log calls from the technical helpline covering calls from 16 February 2005 to 13 October 2005. These show problems including:

- (i) Gateway messages to contact the technical helpline
- (ii) Screen Freezes
- (iii) Critical event notices requiring remote rebooting

3.32 However, it appears that Mr Thomas suffered with issues from installation to his suspension. He cites one example of when the screen started showing zeros but he could not get a satisfactory explanation for why this may have happened.

3.33 Indeed, it is noted that in November and December 2005, as set out in the Chronology in Section 2 of this Application, issues with the hardware resulting in a fully new system being installed. Mr Thomas notes⁵ that two Romac engineers told him that a new system would be installed by Horizon on the following Monday as the existing equipment was:

- (i) Old system
- (ii) Wanted updating
- (iii) Could not be used by incoming Postmaster

3.34 Information relating to the differences being suffered by Mr Thomas would be helpful to allow a review against the hardware issues that were clearly occurring and specifically as to the impact of the power cuts and transmission failures.

⁴ Witness Statement of Andy Paul Dunks dated 6 April 2006, pages 1-2 listing of calls

⁵ Chronology post suspension prepared and supplied by Mr Thomas

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

- 3.35 As set out in the chronology in Section 2 of this document issues arose between 2000 and 2005. However, in the period from January 2004 onwards, there is lack of detailed information regarding those issues.
- 3.36 The information available shows that there were a significant period of technical issues arising from frozen screens, power cuts and transfer interruptions over this period. The impact of these issues cannot be assessed due to the lack of information.
- 3.37 There is no information available on how and when the differences built up.

Training and Support including the Helpline and Audit

- 3.38 The main issues regarding the training and support are highlighted in the Chronology in section 2 and the comments in the paragraphs 3.6 to 3.10 above.
- 3.39 These issues cover the whole period in question.

Limitations in the Transaction Audit Trail available to Sub-postmasters

- 3.40 The Chronology in Section 2 of this Application demonstrate on-going hardware issues including power cuts, having to reboot on several occasion and freezing screen as well as occasional printer issues and rollover issues. Mr Thomas' lack of training and support lead to his not being able to investigate matters himself.
- 3.41 At the time of the Audit in October 2005 all documentation was removed from the branch which, when combined with the lack of access to the transaction audit trail meant that he was unable to independently review the differences and why they may have arisen.
- 3.42 Further, there is no evidence available to show if the post Office looked at the timing of differences and why those differences had arisen. Information regarding the detailed investigations undertaken by the Post Office in relation to the accounting period differences would be useful.

The contract between the Post Office and Sub-postmasters

- 3.43 Mr Thomas does not recall signing any contracts or whether he was ever supplied with a copy of the original contract or the revised contract issued in 2003/04.
- 3.44 Assistance from the Post Office to clarify this and provide a copy of the signed Contracts would be appreciated.

Transaction anomalies following telecommunications or power failures

- 3.45 As noted in the Chronology in section 2 of this Application and also in paragraphs 3.18 to 3.20 above Mr Thomas' records demonstrate a significant number of telecommunications issues and power failures in the period January 2001 to December 2003. Beyond this detailed records are not available.
- 3.46 Mr Thomas is not able to provide detailed breakdown of the differences he was suffering to assess the impact of these difficulties.

-
- 3.47 It would be of assistance if the Post Office could provide Mr Thomas' records for 2004 and 2005 as well as details of the differences and the telecommunications and power failures reported to the helplines.

Transaction anomalies associated with Bank/Giro/Cheques

- 3.48 Mr Thomas has noted that on a number of occasions a customer would undertake card withdrawals where the system showed a £nil value but the customer was provided with the cash they had requested.
- 3.49 This was noted by Mr Thomas that at the audit in October 2005 this was stated by him as a potential reason for the differences.
- 3.50 The statement of Ms Matthews⁶ 70 £nil value transactions were reviewed in relation to the 8 day period 18 November 2004 to 26 November 2004 and analysed as follows:
- (i) 59 balance only enquiries
 - (ii) 4 pin number changes
 - (iii) 4 incorrect pin entries
 - (iv) 3 declined due to system being nationally offline
- 3.51 There is no information on what Mr Thomas' screen showed in relation to the incorrect pin entries and offline transactions and specifically whether he was warned not to pay the funds.
- 3.52 It is also noted that the 8 day period is a very small sample. Further analysis on the rest of the period from 2000 to 2005 would assist in assessing if this is representative of the online banking withdrawals.
- 3.53 There is also evidence that on at least 2002 and 2005 Mr Thomas had anomalies on the cheques being recorded on the Horizon system.

Transaction anomalies associated with stamps or Postage Labels or Phone Cards

- 3.54 Information in this area is limited beyond that which is set out in the Chronology and paragraph 3.28 above.

Hardware Issues

- 3.55 From the information available it would appear that Mr Thomas has suffered a number of hardware issues. Without the information regarding the timing of differences, it is not possible to assess whether there is any correlation between the differences and the hardware issues.
- 3.56 The hardware issues, as set out in the Chronology and paragraphs 3.29 to 3.34 above appear to be significant and frequent.

⁶ Witness Statement of Diane Sarah Matthews dated 23 March 2006, page3

3.57 The information available is restricted to a listing⁷ of telephone log calls from the technical helpline covering calls from 16 February 2005 to 13 October 2005. These show problems including:

- (i) Gateway messages to contact the technical helpline
- (ii) Screen Freezes
- (iii) Critical event notices requiring remote rebooting

3.58 It is notable that prior to the new Sub-postmaster commencing in November 2005, the Post Office considered it necessary to replace the whole system at the Gaerwen branch. Mr Thomas considers that this is indicative of the system he was using was faulty and therefore could have been the cause of the differences he was suffering.

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

3.59 Mr Thomas states that he contacted the Post Office as issues arose.

3.60 It appears from the documentation available that some issues became so frequent that Mr Thomas reported only the most critical issues or where the system report requested him to contact the helpline.

3.61 Further information and telephone logs from the Post Office would assist in the assessment of the frequency of Mr Thomas' contact with the Post Office.

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

3.62 The issues were never resolved during Mr Thomas' tenure as is apparent from the documentation.

3.63 The Audit visit in October 2005 appears to have been the only visit. Prior to this there appears to have been little or no support for Mr Thomas.

3.64 Whilst some specific aspects were looked into after the Audit, the consideration of dismissal letter from the Post Office⁸ was issued only some 11 days after the Audit. The basis for this is noted as being:

- (i) Inflation of the cash on hand figure for a "prolonged period"; and
- (ii) Failure to make good the losses

3.65 There is no documentation available to show the timing of the cash differences and the basis for the comment "prolonged period". It would be of assistance if the Post Office could provide this documentation.

3.66 The failure to make good the losses basis only 11 days after the Audit appears a very short timescale.

⁷ Witness Statement of Andy Paul Dunks dated 6 April 2006, pages 1-2 listing of calls

⁸ Letter to Mr Thomas from Mr Hughes giving notice of consideration to dismiss, dated 24 October 2005

3.67 It is also noted that the letter invites Mr Thomas to put forward his explanation by interview or letter, however, it is noted that:

- (i) Mr Thomas had already been interviewed under caution at the Police Station
- (ii) All documentation in the branch office had been uplifted, therefore Mr Thomas was unable to make his only enquiries or even to review his notes and paperwork

3.68 The Post Office then sought to have Mr Thomas prosecuted.

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

3.69 The net position on 13/10/05 amounted to £48,454.87 onto which the Post Office added a difference of £1,803.02 which had be doubled on the system, totalling £50,257.89⁹.

3.70 These are shown in section 5 of this Application along with Mr Thomas' claim for other element of his claim.

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

3.71 As set out in the Chronology in Section 2 of this document, Mr Thomas was:

- (i) Prosecuted criminally
- (ii) The subject of a POCA confiscation
- (iii) Ended up making himself bankrupt.

3.72 Without the documentation, it is not possible to determine how, why and when the differences were accumulated.

3.73 Mr Thomas does not appear to have been given the opportunity to work with the Post Office to establish the above, particularly given the hardware issues that he was experiencing and the online banking and cheque anomalies that appear to have been taking place.

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

3.74 As noted above, Mr Thomas was prosecuted, then subject to a POCA confiscation and made bankrupt.

3.75 The legal process pursued by the Post Office was commenced very quickly after the Audit in October 2005. It is unclear what investigations took place to establish now the differences built up and what the underlying cause of those differences may have been.

⁹ Letter to Mr Thomas dated 16 June 2006 re outstanding deficiency claim

3.76 It is noted that:

- (i) Mr Thomas only had access to the information that the disclosures made by the Post Office
- (ii) Mr Thomas was initially charged with theft and false accounting yet, from the documentation available there is nothing to indicate theft
- (iii) Mr Thomas was then put under pressure to plead guilty to false accounting by the offer to drop the theft charge

3.77 Following Mr Thomas' guilty plea a confiscation order under POCA was pursued resulting in a settlement and ultimately Mr Thomas petitioning for his own bankruptcy.

3.78 The settlement under the POCA amounted to £19k which came from Mr Thomas' daughter and also the realisation of various insurance policies.

3.79 When Mr Thomas petitioned for his bankruptcy, the deficiency in assets against liabilities amounted to £99,537, per the Official Receiver's application for a bankruptcy restriction order. It is understood that the Post Office did not put a claim in the bankruptcy.

3.80 Mr Thomas, due to the situation had not option but to sell the shop and home for £100,000 out of which he settled the outstanding mortgage.

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

3.81 Mr Thomas contends that the Horizon system contains errors, which creates anomalies causing differences in the cash reconciliations and Trading Period closures.

3.82 Due to the limitations on the extent to which Mr Thomas could review the audit trail and compare the data to the records combined with the lack of training and assistance, Mr Thomas does not know what may have created the differences beyond those explanations noted above.

3.83 Mr Thomas still wishes to know what the underlying causes of the differences were.

3.84 A breakdown of the timing of the differences and the results from the Post Office investigations would be of assistance in this matter.

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

3.85 Mr Thomas notes that he regularly contacted the helplines when issues arose and estimates that this equated to approximately once per week.

3.86 The detailed supplied by Mr Thomas contains a number of the helpline references which would indicate that he was phoning the helpline in the 2001-2003 period. Further information is required regarding the period after this is required as the references to the helplines which can be seen from the Post Office witness statements or only based on small periods and not the whole.

Mediation Scheme Application: M029

3.87 As a consequence of the Audit in October 2005 Mr Thomas sought explanations as to what had occurred and why but this does not, based on the documentation available, appear to have been undertaken.

3.88 It is also noted that the replacement of the system at the Gaerwen branch prior to the commencement of the new Sub-postmaster indicates that there was an issue with the hardware.

10 What assistance, if any, was provided?

3.89 There only appears to have been one Audit visit in October 2005.

3.90 The training and support provided to Mr Thomas does not appear to have been sufficient or give Mr Thomas the knowledge, ability or access to investigate himself when differences arose.

4 Additional Information

A Introduction

- 4.1 As a consequence of Mr Thomas initial application, Second Sight have requested a focus on some additional information. For the purposes of completeness, the additional information requested is detailed below and provided where available.

B Information

- 4.2 The information requested was:

- (i) The telephone calls that you made to the Post Office's helpline. Can you recall and recount the advice or help that you received?
- (ii) The specific areas, products or operational processes where you assert that you were given inadequate training. If you know or suspect that you made errors as a consequence of inadequate training or poor advice, please tell us about that.
- (iii) The duration of the Training Courses that you attended and in what way(s) you felt they were deficient (on page 3 of your Application you mention one and a half days' training. Was that the only training you attended?
- (iv) The 50:50 settlement that you mention on Page 2 of your Application. Do you have any correspondence on that matter and, if so, you should send us copies.
- (v) The amount of the final shortfall that POL asked you to repay.
- (vi) Any suspicions you had at the time, or now have, as to where the missing funds could have gone. Were any specific products or processes particularly problematical for example?
- (vii) Whether, and if so when and how, you requested help from POL in establishing the underlying Root Cause of the shortfall that was building up.
- (viii) Please let us know when you signed the contract (with POL) that contained the clause that held you accountable for the shortfall (clause 12).

The telephone calls that you made to the Post Office's helpline. Can you recall and recount the advice or help that you received?

- 4.3 The telephone logs would be of assistance in this area. The information that is available comprises the notes maintained by Mr Thomas for the years 2001-2003 and the information contained in the witness statements are included in Appendix I and referred to where relevant.
- 4.4 Mr Thomas notes that he contacted the helplines when issues arose. This is certainly apparent from the notes he maintained in relation to the earlier years. It would be of assistance if the Post Office could provide full telephone logs

along with notes of earlier Audit visits, line manager visits and any other relevant documentation.

- 4.5 Mr Thomas notes that there was no significant assistance available and he had to rely on the helpline, where it was passed between the technical and business helplines from which he does not appear to have received a recognition of the issues assistance required, and the manual, which was miss ordered and found to be unhelpful.

The specific areas, products or operational processes where you assert that you were given inadequate training. If you know or suspect that you made errors as a consequence of inadequate training or poor advice, please tell us about that.

- 4.6 The main focus of Mr Thomas' comments in this regard is that the training he was provided with was short and inadequate in all aspects and that the Post Office staff he dealt with directly or manning the helplines lacked the necessary training.
- 4.7 The limited telephone log information available shows that he was either told to reboot or passed from one helpline to the other. The records do not show any real assistance or investigation.
- 4.8 It is noted that when new products released by the Post Office there was no face to face training or support.
- 4.9 Overall, from the information and documentation available, the lack of training and support led to Mr Thomas not knowing how to deal with the differences when they arose.

The duration of the Training Courses that you attended and in what way(s) you felt they were deficient (on page 3 of your Application you mention one and a half days' training. Was that the only training you attended?

- 4.10 Mr Thomas considers that his training was inadequate. He received one and a half days training at the Victoria Hotel, Llanberis, in or around June 1994, and received help with his first Cash Account and two Wednesday visits.
- 4.11 The Horizon training was given 6 months prior to the installation of the system.
- 4.12 The only other assistance was the manual provided to Mr Thomas which was difficult to follow and, when given to him, the pages were out of order.
- 4.13 Mr Thomas does not recall receiving any other training.

The 50:50 settlement that you mention on Page 2 of your Application. Do you have any correspondence on that matter and, if so, you should send us copies.

- 4.14 According to the information supplied by Mr Thomas, in 2003/04 he suffered a difference of approximately £3,000. Mr Thomas notes that the difference in this instance was settled equally by Mr Thomas and the Post Office. He also notes that this was never referred to the Post Office's investigations team.
- 4.15 Mr Thomas does not know why the difference of £3,000 arose nor why the Post Office offered to settle 50%.

-
- 4.16 The telephone logs covering this period are not available. It would be helpful if these could be supplied to clarify the period.
- 4.17 In addition, all of Mr Thomas' documentation relating to this period was uplifted by the Post Office, therefore he is unable to supply any further correspondence or paperwork around this issue.

The amount of the final shortfall that POL asked you to repay.

- 4.18 Please see comments above.
- 4.19 Mr Thomas was asked to pay £50,257.89 in settlement¹⁰.
- 4.20 Mr Thomas does not recall the Post Office making a claim in his bankruptcy.

Any suspicions you had at the time, or now have, as to where the missing funds could have gone. Were any specific products or processes particularly problematical for example?

- 4.21 Please see comments above in Sections 2 and 3 of this Application.
- 4.22 Mr Thomas appears to have consistently noted that he concerns were with the Horizon system. Based on the information available, Mr Thomas certainly seems to have suffered considerable difficulties with the Horizon system from the point at which it was installed.
- 4.23 It also appears unusual for the Post Office to fully remove and replace the system at the Gaerwen branch delaying the re-opening by the new Sub-postmaster. In addition Mr Thomas noted that the Post Office staff dealing with the branch after Mr Thomas' suspension had experienced difficulties.

Whether, and if so when and how, you requested help from POL in establishing the underlying Root Cause of the shortfall that was building up.

- 4.24 Please see comments above in Sections 2 and 3 of this Application.
- 4.25 Mr Thomas notes that he contacted the helpline when he required assistance and on more than one occasion requested help which was not forthcoming.
- 4.26 As the documentation Mr Thomas holds is very limited, it would be of assistance if the Post Office can provide copies of all correspondence and telephone logs in the period 2000 to October 2005.

Please let us know when you signed the contract (with POL) that contained the clause that held you accountable for the shortfall (clause12).

- 4.27 Mr Thomas does not have a copy of his Contract and cannot recall ever receiving a signed copy. He was aware that a new contract was brought out in 2003/04 but does not recall signing it or being supplied with a copy.
- 4.28 It would be of assistance if the Post Office could supply a copy of Mr Thomas' signed Contract.

¹⁰ Statement of Outstanding Debt 13 October 2005

Mediation Scheme Application: M029

C Other

- 4.29 Additional information has supplied by Mr Thomas to support this application is included in Appendix I.
- 4.30 Mr Thomas has requested any further information held by his solicitor, however due to this solicitor being away, the availability of additional documentation has not clarified. Should further information relevant to the submission be received this will be supplied.

5 The Impact and Sub-postmaster's Objectives

A Introduction

- 5.1 As part of the mediation process the applicant is invited to set out their objectives in relation to the mediation. Set out below are the objectives of the mediation put forward by Mr Thomas.

Overall Impact

- 5.2 Mr Thomas was subjected to a criminal process before his concerns appear to have been fully addressed. The Post Office appears to have looked at some aspects over a very short period, but not at his underlying concerns of the system and the anomalies that he had seen.
- 5.3 Mr Thomas considers that the approach taken in relation to the prosecution was both aggressive and inappropriate, particularly regarding the option of them dropping one charge if he agreed to plead guilty to the other. Out of fear Mr Thomas agreed. Mr Thomas was sent to prison and then tagged which he and his family struggled with both as individuals and within the community.
- 5.4 As noted above, the Post Office removed all documentation from the Post Office which included some personal papers belonging to Mr Thomas, including paperwork relating to his role as a Councillor. This made it impossible for Mr Thomas to establish what had gone wrong.
- 5.5 During the period from the Audit in October 2005 to the commencement by the new Sub-postmaster, Mr Thomas and his wife were unable to open the shop, thereby losing shop income.
- 5.6 Mr Thomas submitted a Data Protection Act request for any information they held in relation to him to which the Post Office replied saying that they did not. Mr Thomas does not understand this response as he had worked for the Post Office in various roles since 1965.
- 5.7 Mr Thomas also suffered from what had happened given his position in the local community and his position as Councillor.

Financial Impact

- 5.8 Mr Thomas has provided a note of the financial impact that the actions by the Post Office have had.
- 5.9 This is summarised in the table below:

Area Impacted	£	£
Post Office Salary Loss		
Annualised Average	25,000.00	
Years to retirement	6	
Average Inflation Applied	2.69%	
Loss		165,757.62,
Lost Income from the business due to PO closure and delay in re-opening		8,400.00

Mediation Scheme Application: M029

Area Impacted	£	£
Lost Income as a Councilor		24,000.00
Loss of House		175,000.00
POCA settlement		19,000.00
Bankruptcy Annulment (est)		155,000.00
Compensation for personal impact		750,000.00
TOTAL LOSS CLAIM		1,297,157.62

B Conclusion

5.10 Mr Thomas wishes the following to take place as part of the mediation process:

- (i) The Post Office to issue an apology to Mr Thomas and his family.
- (ii) The Post Office to assist Mr Thomas in the annulment of his bankruptcy.
- (iii) To support Mr Thomas in an application to have the BRO removed.
- (iv) Provide assistance to Mr Thomas in consideration of the basis for an appeal against the criminal conviction.
- (v) The Post Office to make financial settlement to the Thomas' of £1,297,157.62.

Appendix I: Documentation Relied Upon

The following is a listing of all documents referred to in this application.

Document	Tab
Chronology of issues 2001-2003 prepared and supplied by Mr Thomas	1
Chronology post suspension prepared and supplied by Mr Thomas	2
Witness Statement of Andy Paul Dunks dated 6 April 2006, pages 1-2 listing of calls	3
Witness Statement of Diane Sarah Matthews dated 23 March 2006, page3	4
Letter to Mr Thomas from Mr Hughes giving notice of consideration to dismiss, dated 24 October 2005	5
Letter to Mr Thomas dated 16 June 2006 re outstanding deficiency claim	6
Installation certificate 18 October 2000	7
Statement of Outstanding Debt 13 October 2005	8