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GRO

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Dear Sir Wyn,

Post Office Horizon IT Inquiry Report (Volume 1)

I am immensely grateful to you for the great care and thoughtfulness which you and your team have put into Volume 1 of your final report. Your report has been profoundly impactful, highlighting the traumatic experiences of so many postmasters during this terrible scandal and providing this Government with carefully considered recommendations as to how we can improve the Horizon redress schemes which were set up in response. I would like to take this opportunity to affirm my commitment to ensuring that the victims of this scandal receive full, fair and swift redress.

I have attached the Department's response to the Inquiry's recommendations, which will be published on gov.uk today. The Department has agreed this response with the Post Office where recommendations have been addressed to both organisations. The Department's full response to the report will be laid as a Command Paper, once the Inquiry has issued its final volume.

The Department has accepted all of the Inquiry's Horizon redress-related recommendations, except Recommendation 13 where we believe that fairness to postmasters requires a different approach. The annex sets out our responses in detail, together with information about how we intend to implement the changes.

Yours sincerely,

GRO

BLAIR McDOUGALL MP
 Minister for Small Business and Economic Transformation

Government response to the recommendations

Recommendation 1

HM Government and/or the Department and where appropriate the Post Office and Fujitsu shall provide written responses to my recommendations by 10 October 2025.

The Department **accepts** this recommendation and has fulfilled it by publishing this paper today.

Recommendation 2

The Minister and/or the Department in conjunction with the Post Office shall make a public announcement explaining what is meant by the phrase “full and fair financial redress”. Such an explanation should indicate that claimants should be awarded sums which are equivalent to those which they would receive in civil litigation brought before a judge in England and Wales, assuming that the judge hearing the civil claims awarded damages at the top end of the appropriate range of damages. The explanation should also include a statement to the effect that, if fairness demands it in a particular case, a decision maker may depart from the established legal principles which would normally govern the assessment of damages in civil litigation.

The Department **accepts** the Inquiry’s recommendation that it should publish a statement explaining the term “full and fair redress”. A copy of this statement has been published on the Department’s website.

Recommendation 3

The Post Office, the Department and the Minister shall ensure that all decision makers in HSS, GLOS and OCS/HCRS apply the meaning to be given to the words “full and fair” when assessing the amounts to be awarded to individual claimants.

The Department **accepts** this recommendation. Both the Department and Post Office have agreed to this definition, and it is referenced in respective scheme guidance, ensuring that decision makers in the different schemes uphold it. The Horizon Shortfall Scheme (HSS) independent person will ensure that this principle is upheld through the assurance they carry out.

Recommendation 4

All claimants in HSS shall be entitled to obtain legal advice funded by the Department prior to choosing between accepting the Fixed Sum Offer or seeking financial redress which is assessed. The remuneration for such advice shall be in accordance with a scale of fees commensurate with the scale which is operative in GLOS.

The Department broadly **accepts** this recommendation.

The Department accepts that some HSS claimants require access to legal support on their decision to take the Fixed Sum Offer or the full assessment route. However, claimants' legal advisors would not have sufficient capacity to submit claims on behalf of large numbers of additional clients within the few months prior to scheme closure. Creating an entitlement to up-front legal advice would run contrary to the impending closure of the scheme to new applications, as urged in Recommendation 15.

Paragraph 6.65 of the report states: "It is also worth stressing that if funded legal advice is made available (for those who wish to take it up) in order to choose between the Fixed Sum Offer and assessment, the need for funded legal advice "up front" probably becomes unnecessary." The Department therefore interprets this recommendation as requiring the provision of funding for legal advice not "up front" but at the point at which the postmaster chooses between accepting the Fixed Sum Offer or seeking individually assessed redress *by seeking permission to appeal* under Recommendation 9. The Department broadly accepts the recommendation on that basis.

We have also accepted Recommendation 5, which means applicants can have their claim assessed by the HSS Independent Panel and decide to revert to the Fixed Sum Offer (within 3 calendar months of the first fully assessed offer). This provides a further safeguard for applicants to have their claim valued by experts without the need for upfront legal advice.

The Department notes that, because it is also accepting Recommendation 9, this interpretation of the Inquiry's recommendation will make legal advice available to a wider range of postmasters than would the alternative of up-front legal advice. That would be confined to those yet to apply, whereas the Department's approach would also encompass people who have already settled.

The Department envisages that a postmaster will only need to be able to show a *prima facie* case in order to be given permission to appeal against a Fixed Sum Offer. For instance, there might be a head of loss with potentially significant impact which the postmaster did not consider when accepting the Fixed Sum Offer; or the postmaster's own assessment of their losses might have been close to £75,000. As a result, the evidence requirements at this stage will be light – for instance if mental health impacts had not been considered, all that would be required would be the postmaster's own testimony or GP notes about the effect on their health, rather than an independent medical assessment. It will be relatively simple for a legal advisor to identify and present such a *prima facie* case. Once permission to appeal is granted, full legal advice would be needed.

Postmasters already have access to that full legal advice under the tariff for the HSS Appeals process, which is higher than that for the GLO scheme. In response to Recommendation 4, the Department will offer early access to part of that tariff to support the preparation of a *prima facie* case for permission to appeal. If permission is granted, the full tariff will be available.

As an alternative to legal advice, the Department has also put in place an information and support service to help postmasters claim redress. The service will provide impartial information and support to HSS claimants on their options with regards to submitting a claim

through the FSO or full assessment route, in order to make their own choice. The service will:

- explain information regarding the scheme, processes and requirements in simple straightforward language;
- help claimants to understand the key details of their claim;
- provide high-quality support and information to describe complex, technical redress issues in a simple, user-friendly way to claimants' which promotes understanding;
- describe the heads of loss which could be included within the claim and provide help in completing the application form;
- work with the claimant to help them to understand how the redressed topic/issue affected them and then help them set out the full information relating to their claim;
- explain the sorts of information or evidence that they may be able to provide to support the claim; and/or
- explain the role of expert evidence, such as from a medical specialist or a forensic accountant, to assist claimants to decide whether this should be requested.

The Department will share more information about this service with eligible claimants soon.

The Department has discussed this approach with the Horizon Compensation Advisory Board. They support the Department's approach.

Recommendation 5

Any claimant who opts to have a claim assessed when the claim is submitted to the Post Office or the Department may decide to accept the Fixed Sum Offer at any time thereafter up to and including the date which is three calendar months following the receipt by the claimant of a first assessed offer. For the avoidance of any doubt, (1) this recommendation applies to all relevant schemes i.e. HSS, OCS/HCRS and GLOS and (2) once the time period specified in the first sentence hereof has expired, the claimant will have no right to accept the Fixed Sum Offer.

The Department **accepts** this recommendation.

From 9 October, claimants to the HSS and Horizon Convictions Redress Scheme (HCRS) will have three months from receipt of their first detailed offer to revert to the Fixed Sum Offer, should they wish. Any claimant who is already in receipt of a first offer but has not yet accepted this will also be eligible to revert to the Fixed Sum Offer within three months of today's date.

The Department is working with Post Office and claimants' representatives to ensure claimants are appropriately notified of this.

Recommendation 6

A suitably qualified senior lawyer shall be appointed to HSS as soon as is practicable with the aim that any such appointee will take appropriate action to ensure that first offers to claimants (a) are “full and fair” (b) made to those who have submitted claims to the Post Office and which are to be assessed as soon as is reasonably practicable and (c) are made to future claimants whose claims are to be assessed within a reasonable time.

The Department **accepts** this recommendation.

Sir Gary Hickinbottom, currently Chair of the Independent panel on HCRS, has been appointed to the position of HSS Senior Lawyer. We will continue to work with the Post Office on the practical implementation of Sir Gary's appointment, and he will assume the role shortly.

Recommendation 7

The appointed person shall be given appropriate powers to ensure that these tasks can be performed and carried into effect. If it is considered necessary by the appointing authority, it should consult with the Advisory Board, Dentons, Sir Gary Hickinbottom, Sir Ross Cranston and an appropriate number of claimants' representatives (as well as its own advisors) before determining the appropriate powers.

The Department **accepts** this recommendation.

It agrees that the appropriate powers should be given to the appointed person. It will consult Sir Ross Cranston, the Advisory Board, Dentons, claimants' legal representatives and the Post Office to ensure that the appointee has the relevant powers to undertake the role successfully.

Recommendation 8

In HSS the Post Office shall be obliged to make, and the Department shall be obliged to approve (when necessary) a first offer to a claimant which is no less than the sum recommended by the Independent Advisory Panel.

The Department **accepts** this recommendation. This does not require any retrospective changes because no first offer has ever been made which is less than the sum recommended by the HSS Panel. The scheme documents have been amended to reflect this.

Recommendation 9

The Department following consultation with the Advisory Board, claimants' representatives and any other persons or bodies it thinks appropriate, shall give urgent consideration to whether claimants who have accepted the Fixed Sum Offer in

HSS should be afforded the opportunity to appeal against their acceptance of such an offer if they are granted permission so to do. If a right of appeal with permission is introduced, the issue of permission to pursue such an appeal must be considered by a person who is wholly independent of the Department and the Post Office.

The Department **accepts** this recommendation.

People who have accepted the Fixed Sum Offer in HSS will have the opportunity to ask the Independent Reviewer in the HSS Appeals scheme (who has yet to be appointed) for permission to appeal.

The Department is working with the Advisory Board and the Independent Reviewer on the practical implementation of this, including on scope and criteria for appeal, as well as engaging with legal representatives and postmaster representative organisations before updating affected claimants.

Recommendation 10

The Department shall issue a supplementary document/announcement clarifying the meaning and intent of the “best offer” principle in the Horizon Shortfall Scheme Appeal (“HSSA”) process demonstrating how it is intended to operate in practice with appropriate examples, if thought necessary.

The Department **accepts** this recommendation.

The Department has updated the existing HSS Appeals guidance and principles with this additional information.

In line with Recommendation 11, the Department will also harmonise the planned “best offer” principle in the panel stages of HSSA with that adopted in GLO, enhancing consistency across the schemes.

Recommendation 11

The “best offer” principle which will apply in HSSA, as explained in response to Recommendation 10, shall be equally applicable in GLOS.

The Department **accepts** this recommendation.

The Minister announced on 8 July that the Department would adopt a best offer principle at panel stage on the GLO, HSSA and HCRS schemes. The Department consulted the Advisory Board, Sir Ross Cranston and claimants’ legal representatives and has been implementing the policy at all panel stages, and per head of loss, since 12 August.

The Department will implement this change retrospectively. Any postmaster who received a binding award from the second Panel that was lower than their final DBT offer will have their redress topped up to the higher level.

Recommendation 12

The scheme documents governing GLOS should be amended so that a right is conferred upon claimants (exercisable by the claimants themselves or their recognised legal representatives) to make oral submissions in support of their claim at the hearing convened by an independent panel prior to that panel making a binding determination in respect of a claimant's claim or part thereof. The length of time afforded to claimants to make such oral submissions at the hearing should be no less than the time afforded to claimants for such submissions in HSSA.

The Department **accepts** this recommendation, which was already its practice.

All claimants in the GLO scheme already had the right to make oral submissions for up to one hour in support of their claim at the hearing convened by the Independent Panel. The same approach is adopted in the HSS Appeals process.

The Panel's Terms of Reference have been amended to reflect this existing practice. They are published on gov.uk.

Recommendation 13

The current Dispute Resolution Procedure in HSS should be closed once all claimants currently within the Procedure have either (a) settled their claims or (b) transferred to HSSA. No claimant who is not in the Dispute Resolution Procedure when HSSA opens should be eligible to join the Dispute Resolution Procedure.

The Department **rejects** this recommendation as we believe it comes into conflict with the principle of "full and fair" redress set out as we accepted Recommendation 2.

In the Department's view it would not be fair to postmasters to restrict their choice in this way. Nor would it be consistent with the reasonable expectations of postmasters in the light of the terms of the HSS. Although many postmasters are expected to decide to opt for the HSS Appeals process if they wish to challenge their offer, in the Department's view it is important that the choice on the best route for their individual case is determined by the postmaster themselves, with the benefit of funded legal advice.

Recommendation 14

During the nine-month period afforded to claimants to submit an appeal to the Department in HSSA, the Post Office shall engage in negotiations and/or mediation with any claimants who notify the Post Office of a desire to seek a negotiated or mediated settlement of their claim.

The Department **accepts** this recommendation.

Prior to the publication of the Inquiry's report, the Department had been in discussion with claimants' legal representatives about the deadlines for submission of HSS Appeals. In the light of the representatives' concerns, the Department has agreed that, instead of a nine-

month period for postmasters to submit a full appeal, there should be a three-month deadline to notify the Department of an *intention* to appeal. There will then be a further deadline for the submission of full papers.

The deadline for notification of intention to appeal will be three months from the publication of this paper, for those who have settled or previously rejected their claim, or three months from the date of rejection of an HSS independent panel offer.

These changes affect the context for implementation of the recommendation. The Department intends to apply it as fully as possible in the new context. Postmasters will therefore be able to engage in Good Faith or Escalation Meetings with the Post Office during the three-month period whilst they decide whether to apply for HSSA.

Recommendation 15

No claims for financial redress under HSS shall be entertained after midnight 27 November 2025.

The Department broadly accepts this recommendation and agrees with the need for finality.

However, postmasters who have yet to submit their claim will need sufficient notice of the closure date. The Post Office will send a reminder letter to claimants who have yet to respond, to warn them of the closure date. The Post Office will issue those letters shortly. It will close the HSS to new claims on 31 January 2026. The Department will work with the Post Office on the practicalities of closing the scheme, including ensuring that postmasters are adequately notified of the closure date and receive the information and support they need to make any outstanding claims ahead of closure.

There may be some exceptional cases that may miss the deadline of 31 January, for good reasons. The Department will work with the Post Office to publish clear guidance on the processes for any such cases received after the closure date, including any criteria for these exceptions.

Recommendation 16

The Department shall make a public announcement in which (a) it clarifies whether there will be any differences in the process for assessing financial redress, between the merged HCRS and OCS, and the process currently operating in OCS and if so, (b) it explains what those differences in the process will be.

The Department accepts this recommendation.

The Department confirms that the HCRS will apply the same principles as the previous Overturned Convictions (OC) scheme, ensuring no OC claimant is disadvantaged by the transfer to HCRS.

The Department has published further guidance on GOV.UK on the roles of Dentons and Sir Gary Hickinbottom in the HCRS scheme, as well as on the Alternative Dispute Resolution process. This guidance can be found here:

- [Horizon Convictions Redress Scheme \(HCRS\): alternative dispute resolution \(ADR\) - GOV.UK](#)
- [Horizon Convictions Redress Scheme \(HCRS\): Independent Panel terms of reference - GOV.UK](#)

The Department's aim for the HCRS is to identify delays and move cases forward, similar to the OC scheme, with case management processes and an independent panel. Case management involves resolving disputes with an independent party when bilateral agreement is not reached. Dentons and Sir Gary Hickinbottom will manage cases as needed. Sir Gary will cover both pecuniary and non-pecuniary aspects of claims. Before case management, the Department will engage with claimants' legal representatives to resolve claims early.

The Department is engaging with OC claimants' legal representatives to offer reassurance on the consistency of treatment between the HCRS and schemes.

Recommendation 17

As soon as is reasonably practicable, HM Government shall establish a standing public body which shall, when called upon to do so, devise, administer and deliver schemes for providing financial redress to persons who have been wronged by public bodies.

The Department sees clear advantages of the recommendation but recognises that options to improve future delivery of redress will need to be carefully considered and the feasibility of an independent body will need to be properly explored, alongside existing mechanisms. The Minister responsible for Postal Services will chair a ministerial group to lead this work. While it is unlikely that an independent body could be established in time to take over delivery of redress for existing time-limited redress schemes, the Government is actively considering its options and will make a substantive statement on this matter by summer 2026.

Recommendation 18

The Department shall devise a process for providing financial redress to close family members of those most adversely affected by Horizon. Such family members shall qualify for such redress only if they themselves, have suffered serious adverse consequences by reason of their family relationship with the person or persons directly affected by Horizon.

The Department accepts this recommendation.

Some family members of postmasters suffered gravely because of the Horizon scandal. As set out in the Minister for Postal Affairs' statement to the House of Commons on 8 July 2025, the Department has committed to establishing a new redress scheme for postmasters' close family members who suffered personal injuries, including mental injuries, as a result of the Horizon scandal.

The Department is engaging closely with the Lost Chances for Subpostmasters' Children group, claimants' legal representatives and the Advisory Board. It will continue to seek input from key stakeholders as it designs the scheme and process for assessing claims.

Recommendation 19

By 31 October 2025, the Department, Fujitsu and the Post Office shall publish, either separately or together, a report outlining any agreed programme of restorative justice and/or any actions taken by that date to produce such a programme. For the avoidance of any doubt, the word Fujitsu in this recommendation is intended to include both Fujitsu Services Limited and Fujitsu Limited.

The Department accepts this recommendation. The Department, Post Office and Fujitsu have jointly embarked on a restorative justice project for postmasters, facilitated by the Restorative Justice Council. All three parties are committed to the programme being postmaster-led. The first phase of the programme began on 23 September 2025, with a session in Belfast, followed by sessions in Glasgow, Cardiff and London. All sessions will be facilitated by advanced restorative justice practitioners. The conclusions of this phase will lead to development of the plan in the light of postmasters' views.

A detailed plan will be published on gov.uk.