

Initial Complaint Review and Mediation Scheme

Post Office Investigation Report

Branch Name:	Gaerwen	Branch Code:	160604	Case Number:	M029
Applicant Name:	Mr Hughie Noel Thomas	Status of Case:		Date of Appointment:	June 1994 – October 2005

Executive summary

The Applicant was the Subpostmaster of Gaerwen Post Office from June 1994 until he was suspended following an audit on 13th October 2005. The audit revealed a shortage of £48,454.87 and a cheque discrepancy of £1,803.02 resulting in a final shortage figure of £50,257.89.

Following the outcome of the audit and the subsequent interview (undertaken with members of the Investigation Team), the Applicant was subject to criminal proceedings in line with Post Office's business investigation policy.

The sentencing report (Doc 010) states that the Applicant appeared at Caernarfon Crown Court on 6th November 2006 and was sentenced on the charge of 'False Accounting' (to which he had pleaded guilty at an earlier hearing on 29th September 2006)

The Applicant was sentenced to 9 months in custody and ordered to pay £750 costs.

Due to the age of this case (1994 – 2005) and POL's business document retention policies, there is limited information available to investigate the specific issues raised by the Applicant.

Training

The Applicant has raised concerns about the lack of adequate training provided by POL in relation to the depth of knowledge required and the duration of the training. Records of the Applicant's training are no longer available having been destroyed under POL's business retention policies. Although there is no evidence of the Applicant requesting further training on Horizon operational issues, there may be a future learning opportunity for Post Office where frequent calls received from a branch on the same subject are escalated appropriately in order that extra help/training can be offered if deemed necessary.

Technical Issues

The Applicant has raised a number of points regarding Horizon technical issues and transaction anomalies.

The Applicant estimated that he contacted the helpdesk once a week from when the system was installed in October 2000. Unfortunately, Horizon Service Desk (HSD) call logs are no longer available so these numbers are unable to be verified.

Call logs from the Network Business Support Centre (NBSC) indicate that only 3 out of 138 calls received in the 5 year period between October 2000 and October 2005 were relevant to the HSD and transferred accordingly.

Installation of a new Horizon System

The issues raised by the Applicant regarding Horizon include the installation of new Horizon kit prior to the incoming Subpostmaster taking up post. Available information suggests that this was to allow testing to be carried out on the 'old' equipment to check its integrity in view of the Applicant's concerns regarding its integrity. Although no documentation has been located regarding the outcome of these tests, it could be concluded that those tests did not reveal any issues as the Applicant's prosecution continued as planned.

SPM Contract

The Applicant does not recall ever having been given a copy or signing a copy of his Subpostmaster contract.

The process in place at the time of the Applicant's appointment stipulated Subpostmasters would receive a copy of their signed contract, along with their appointment letter and welcome pack. As no records are available from the time when the Applicant became a Subpostmaster, Post Office cannot determine whether this process was followed in this particular instance.

Summary

Overall, there is nothing to suggest from the available documentation that Horizon malfunctions caused the loss incurred by the Applicant. The evidence points to user error by the Subpostmaster (or his assistants) and a need for quicker identification by Post Office of issues in this branch (followed by the cascading of relevant training or intervention) given the pattern of calls/issues being raised by the branch.

The Applicant's complaint

The Applicant has raised issues and complaints in 13 key areas (listed below).

- **Inadequate training provided**
- **Technical issues with Horizon**
- **Horizon transaction anomalies – nil value balance following cash withdrawals**
- **Horizon transaction anomaly – relating to an issue regarding Giro deposits “cut off”**
- **New Horizon system installation**
- **Helpline assistance**
- **Removal of items from Gaerwen branch during the October 2005 audit**
- **Subpostmaster Contract**
- **Accounting difference of approximately £3k in 2003/04 which was settled on a 50/50 basis**
- **Criminal Proceedings**
- **Pressure placed on Applicant to plead guilty to false accounting and the theft charge be dropped**
- **Bankruptcy**
- **Data Protection Request**

Each subject is dealt with more extensively in the 'responses' section of this document.

Case Review Actions			
Summary of the information collated by POL			
Information available from POL records:			
Information area	Information provided with this response	Information not available as beyond retention period	Information not available for other reason
Transactional Data		X	
Horizon Helpdesk		X	
Electronic Casework File	X		
NBSC Call log Oct 2000 – Oct 2005	X		
Horizon Service Desk		X	
Background information provided in emails	X		
Data Protection Act request from Applicant		X	
Training Records		X	
Response to issues raised by Applicant			
	Issue raised	Investigation findings	
1.	Inadequate training provided	<p>Training records pertaining to the Applicant have been destroyed under business retention policies and are therefore no longer available.</p> <p>Unfortunately POL cannot ascertain when the Applicant's Horizon training took place when the system went live at the branch on 18/10/2000.</p> <p>Background information has been obtained from POL training managers indicating the type of training which would have been cascaded during this period The training would have been as follows:</p> <ol style="list-style-type: none"> 1. Pre- Horizon: The standard induction course lasted between 4-6 weeks (Doc 001 refers) with onsite support lasting up to a further 2 weeks. 2. Training given to supplement the introduction of Horizon was delivered by an external training company and consisted of 1.5 days for Assistants and 3 days for Subpostmasters (followed by 2 days on site with Horizon Field Support Officers when the branch went live). These events generally took place at an external venue and 	

		<p>the participants had to pass a competency test to receive a certificate enabling them to use the system in a live environment (Doc 002 refers).</p> <p>There is nothing to suggest that this training was not provided to the Applicant.</p> <p>There are no calls recorded on the NBSC helpdesk call logs (Doc 003 refers) from the Applicant requesting any additional Horizon training.</p>
2.	Technical issues with Horizon	<p>The HSD call logs are no longer available under business retention policies (Doc 004 refers). However, the NBSC call logs from October 2000 – Oct 2005 are available (Doc 003 refers).</p> <p>The NBSC call data for the 5 year period shows that 36 calls out of a total of 138 logged were Horizon related (highlighted in yellow on Doc 003). However, as stated above, calls made to the HSD are no longer available so interrogation of this data is not possible.</p> <p>It should be noted that a witness statement provided by Andy Dunks of Fujitsu dated 6th April 2006 for the purposes of the criminal proceedings (Doc 005), states that during the period 1st November 2004 – 30th November 2005, he reviewed 13 calls made to the HSD from Gaerwen Post Office. His professional opinion was that <i>"none of these calls related to faults which would have had an effect on the integrity of the information held on the system"</i>.</p>
3.	Horizon transaction anomalies – nil value balance following cash withdrawals	<p>The Applicant references numerous Post Office Card Account withdrawal (and personal banking) transactions where Horizon showed a nil value for that transaction but he subsequently continued to pay out the cash to the customer.</p> <p>Nil value transactions on card withdrawals are part of the customer process depending on requirements. They can occur as follows (Doc 006, page 7 refers):-</p> <ul style="list-style-type: none"> - When only requesting a balance enquiry - Incorrect PIN number entered

		<ul style="list-style-type: none"> - Insufficient funds in the account - Card blocked after 3 unsuccessful attempts to enter correct PIN - Withdrawal limit exceeded - Online authorisation not received from card provider <p>Analysis was undertaken prior to the trial by the Investigation Manager on nil value transactions for 3 separate periods at the branch to test the integrity of the system (Doc 007). The results categorically showed Horizon was operating correctly and all nil value transactions appeared with valid reasons with no failures being due to system integrity or data.</p> <p>If cash had been paid out on nil value transactions this would suggest operator error, rather than Horizon failure.</p>
4.	Horizon transaction anomaly – relating to an issue regarding Giro deposits “cut off”	<p>“Cut off” refers to the process whereby a number of reports for specific products / types of stock are produced on a daily basis at the counter.</p> <p>Once the transactions contained within each report have been checked by a Subpostmaster and confirmed to be correct, they are “cut off”, which allows the totals to be saved to that day's accounts and a new period commenced with a nil value.</p> <p>Due to the time elapsed, the transactional data for this branch is no longer available and cannot therefore be interrogated.</p> <p>Failing to “cut off” is a common oversight throughout the network and in itself does not cause any errors or balancing anomalies. If a day's Giro deposits are not “cut off”, the total will accumulate into the following day and at “cut off” 2 days' worth of Giro deposits will be displayed. This doesn't impact on the office balance. The only mitigation needed is to manually amend the Giro slip being dispatched at the end of the day to correspond with the slips taken only on that day.</p> <p>There are several instances on the NBSC call logs</p>

		<p>of the Applicant requesting guidance on the procedure when “cut off” hadn’t been performed (Doc 003 lines 6, 13, 46, 61, 62, 114 refer). This suggests the Applicant was struggling to understand this element of the Horizon process over an extended period of time despite help being provided by NBSC.</p>
5.	New Horizon system installation	<p>A new Horizon kit was installed at the re-located branch prior to its opening in January 2006.</p> <p>It is believed that the equipment already on site could not be re-used by the incoming Subpostmaster as the Applicant had questioned its integrity. In Doc 006, reference is made by Diane Matthews (Investigation Manager) to Fujitsu tests being carried out on the equipment (page 9 refers) and a response being awaited from Fujitsu. No further correspondence can be found relating to such a response. However, the assumption would be that no issues were found with the equipment as the criminal case against the Applicant proceeded.</p> <p>Doc 007 (highlighted in yellow), also states that <i>“the Horizon System Helpdesk (HSH) who monitor the working of the system have not been alerted to any hardware problems through there off site monitoring or by any complaints raised by the staff at the branch”</i>.</p> <p>RoMEC (Royal Mail Engineering & Construction), (the facilities management services provider for POL), were initially due to remove the kit from the branch. However, it appears that the kit was taken by Fujitsu to allow the equipment testing to be undertaken. No documentation is available in relation to this due to business retention policies.</p> <p>Likewise, no documentation is available in relation to any conversations the Applicant may have had with RoMEC engineers regarding the removal of the Horizon equipment.</p>
6.	Helpline assistance	<p>As stated above, the HSD call logs are no longer available but the NBSC call logs from Oct 2000 – Oct 2005 are available (Doc 003).</p> <p>The Applicant states that he made approximately one call per week to the HSD</p>

		<p>from when Horizon was installed in 2000.</p> <p>The statement from Andy Dunks of Fujitsu (Doc 005) states that from 1st November 2004 – 30th November 2005 there were only 13 calls (average 1 per month) made by the Applicant and in his opinion none of these related to faults which would have affected the integrity of Horizon.</p> <p>Within the NBSC call logs (Doc 003), there are 3 calls (highlighted in green on lines 44, 115, 121) in relation to attempts to contact the RLM (Retail Line Manager) although no mention is made of the subject matter. On one of these occasions (01/03/02), a call was escalated as the Applicant hadn't received a response. Other than the aforementioned escalation, there is no evidence of calls or requests being refused or ignored from the available data.</p> <p>In addition, 3 calls to the NBSC were transferred to the HSD (Doc 003, lines 10, 11 and 68 refer).</p> <p>Due to the absence of HSD call logs in this case, it is not possible to form an opinion on the service the Applicant received specifically in terms of issues relating to the Horizon equipment.</p> <p>NBSC call logs show a high volume of calls from the office on a variety of subjects. There is nothing in the available data to indicate that the Applicant received anything other than a professional service with satisfactory outcomes to the issues raised in the calls.</p>
7.	Removal of items from Gaerwen branch during the October 2005 audit.	<p>There is no documentation available relating to items taken by POL personnel during the branch audit and subsequent investigation. It is a business policy to remove items that are believed to be pertinent to any investigation. The physical case file for this investigation has been destroyed under POL's business retention policies.</p> <p>The Area Intervention Manager Visit Log (Doc 008) states that the Applicant was allowed into the secure area at the branch on the 14th October 2005 to remove personal belongings.</p>

8.	Subpostmaster Contract	<p>Contractual documentation relating to the Applicant is no longer available as it has been destroyed under business retention policies.</p> <p>However, the contractual process in place at the time of the Applicant's appointment ensured that:</p> <ul style="list-style-type: none">- On the day of transfer, the incoming Subpostmaster would be required to sign an Acknowledgment of Appointment (P931); a 1 page document that stated they been given, and accepted the terms of the standard Subpostmaster's Contract.- Also, on the day of transfer, the new Subpostmaster would sign the P13 Official Secrets Act form, in duplicate, with one copy being associated with the branch file and the other left with the Subpostmaster.- In the event that there wasn't a copy of the Subpostmaster's Contract in the branch, the trainer/auditor should have contacted the Agency Recruitment Team so that they could have arranged for a duplicate to be provided to the Subpostmaster. <p>Further information about this process is available in Doc 009.</p>
9.	Accounting difference of approximately £3k in 2003/04 which was settled on a 50/50 basis	<p>No documentary evidence of such an agreement has been found in the materials available but any related files have now been destroyed under business retention policies.</p> <p>Reference to this "agreement" is made in Doc 007 (page 5) where it is stated by the Applicant that such an agreement was reached with the Contracts Manager. This cannot be corroborated due to the reason given above.</p> <p>Please note a previous incident highlighted in Doc 007 (page 8) involving the Applicants daughter - Sian Thomas, which resulted in the Applicant repaying POL £11,000. At the audit in October 2005, Sian was still listed as a user on Horizon, despite the Applicant stating that only himself and his wife had user ID's. Terms of re-instatement agreed between the Applicant and</p>

		<p>the Retail Line Manager were on the basis that Sian would no longer work or have access to the branch.</p> <p>It is not possible to ascertain whether Sian Thomas continued to serve in the office after the previous problems as transactional data is not available due to the time elapsed and business retention policies. It is a concern though that her User ID had not been removed from the Horizon system in line with the agreed terms of the Applicant's re-instatement.</p>
10.	Criminal Proceedings	<p>The Applicant was subject to criminal proceedings in line with POL's business investigation policy following the outcome of the audit on 13th October 2005 and the subsequent interview undertaken with members of the Investigation Team.</p> <p>The sentencing report (Doc 010) states that the Applicant appeared at Caernarfon Crown Court on 6th November 2006, and was sentenced on the charge of 'False Accounting', to which he had pleaded guilty at an earlier hearing on September 29th.</p> <p>The Applicant was sentenced to 9 months in custody and ordered to pay £750 costs.</p>
11.	Pressure placed on Applicant to plead guilty to false accounting and the theft charge be dropped.	<p>There is no reference in any available documentation as to when or why an initial charge of theft was dropped, with only the false accounting charge being pursued.</p>
12.	Bankruptcy	<p>No claim was made by POL in the Applicant's bankruptcy proceedings, with the outstanding amount of £44,250.91 being written off on the 15/11/2008 (Doc 011 refers).</p>
13.	Data Protection Request	<p>No records are available of a DPA request being received from the Applicant.</p> <p>Contact has been made with the Royal Mail Information Rights Team who would have been responsible for such requests at that time. They have requested information going back to 2009 but the Applicant doesn't appear on this list. Information prior to this has been destroyed in line with their retention schedule (Doc 012 refers).</p>

Documents being provided to Second Sight	
<i>List documents (if any)</i>	
<i>M029_Horizon Email_JO_001</i>	<i>Training background information pre-Horizon</i>
<i>M029_Training Email_JO_002</i>	<i>Horizon training background information</i>
<i>M029_NBSC Call Log Oct 2000 -13 Oct 2005_JO_003</i>	<i>NBSC call log</i>
<i>M029_ARQs out with retention 221113_JO_004</i>	<i>Fujitsu HSD call logs out with retention period</i>
<i>M029_CQR_Tab_3_JO_005</i>	<i>Fujitsu witness statement</i>
<i>M029_Offender Report Hughie Thomas October 2005_JO_006</i>	<i>Post Office Investigation 'Offender Report'</i>
<i>M029_Thomas Report Dec 05_JO_007</i>	<i>Post Office 'Investigation Legal' document</i>
<i>M029_Area Intervention Manager Visit Log – Gaerwen_JO_008</i>	<i>Area Intervention Manager Visit Log</i>
<i>M029_Contract Information Email_JO_009</i>	<i>Contract background information</i>
<i>M029_Sentencing Report_JO_010</i>	<i>Court Sentencing Report</i>
<i>M029_Agent Accounting Email_JO_011</i>	<i>Former Agents accounting information</i>
<i>M029_Data Protection Email_JO_012</i>	<i>Data protection information</i>