

S **hen Dilley**

From: Stephen Dilley
Sent: 13 April 2006 12:26
To: 'mandy.talbot'; **GRO**; tony.r.utting; **GRO**
'john.h.jones'; **GRO**
Cc: Tom Beezer; 'graham.c.ward'; **GRO**; 'cath.oglesby'; **GRO**
'vicky.harrison'; **GRO**
Subject: Post Office Limited -v- Mr L. Castleton
Attachments: eCopy scanned document.pdf

Ladies and Gentlemen,

We have serious concerns about the merits of Mr Castleton's Defence and Counterclaim and therefore asked him to provide some more specific details. I attach a copy of our questions and his replies for your information. I have the following comments:

1. Mr Castleton states that he encountered the following problems with the Horizon system;
 - (a) the 2 computer terminals did not communicate with each other properly;
 - (b) 1 or other of both terminals tended to freeze, i.e failed to lock up in respond to commands, requiring a re-boot;
 - (c) display of 1 or other of both terminals would go blank before returning to the sale screen;
 - (d) electronic swipe card of one or other of both terminals, used to read a customer's payment card, failed to read the card properly;
 - (e) the Horizon system "rolled over" cash figures, giving an OHCH figure that was 4 to 5 times as big as the actual cash declaration for the day;
 - (f) the Horizon system would "lose" ie failed to record transactions.

Castleton maintains that if the Horizon system missed a transactional piece of information, that would alter the balance recorded on it. For example, if Horizon failed to record a payment out, there will be less actual cash at the branch than the amount of cash recorded on the system. Furthermore, if a cheque paid in is inputted into the Horizon system and the system sends that data off site, but loses the information locally, when Castleton prints a cheque report to be sent with a bundle of cheques to be sent away, the report will not correspond to the number of cheques present.

I will be picking up on these issues separately with NBSC and HSH, but in the meantime would welcome any comments that you have. **Tony**, in particular may have a view on the above.

2. **John**, between weeks 42 and 49, Mr Castleton states that he ordered approximately £288,850, in cash. In paragraph 18 of your witness statement, you state that Mr Castleton ordered £305,000 cash. Mr Castleton also denied returning approximately £20,000 to the Post Office (again as per paragraph 18 of your statement). He states that he returned approximately £34,891.28 to the Post Office. Please can I have your comments on this.
3. **Tony**, you will see from paragraph 2.1 (page 6) to paragraph 2.5 (page 8) what Mr Castleton has to say about the purpose and functionality of a balance snapshot. Please can we review those paragraphs and confirm whether he is correct and if not, why not.
4. **Mandy**, you will see from paragraph 3 of the replies that Mr Castleton relies on both alleged procedural irregularities and/or wrongful grounds for termination. Significantly, he dodges all the questions which ask him to clarify whether he claims losses beyond

the 3 month notice period, to provide documents to evidence the diminution in capital value of the premises and his loss of profits claim. To me, this suggests that his counterclaim is (at least for the moment) weak. That is useful to know before we go into the mediation.

I look forward to hearing from you as soon as possible.

Kind regards,

Stephen Dilley

Solicitor

for and on behalf of Bond Pearce LLP

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