



14 January 2005

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Our ref:  
TB/LRB1/348035.134  
Your ref:  
FAD code 2133377

Dear Mandy

### **Post Office Limited -v- Lee Castleton Engagement letter**

This engagement letter explains the basis on which we have been providing legal services to Post Office Limited (company number 02154540) in connection with this matter. In this letter the expressions "you" or "the Company" mean Post Office Limited.

This letter explains the basis on which this firm will provide its professional services. I enclose a copy of our standard Terms of Business which also apply to this matter. Please take time to read both this letter and the Terms of Business carefully.

### **Background**

Lee Castleton was the sub-postmaster at the Marine Drive branch 18 July 2003 to 23 March 2004. His Contract for services states that he is strictly responsible for the safe custody of cash and stock, obliged to make good all losses caused through his own negligence, carelessness or error and losses of any kind caused by his assistants and that his responsibility does not cease when he relinquished his appointment and that he remains obliged to make good any losses incurred during his term of office which subsequently came to light.

Between 18 July 2003 and 25 March 2004, the Company maintains that net losses of £27,115.83 occurred at the Marine Drive branch. From the paperwork you have supplied, it appears that Mr Castleton asserts that any shortfall is the fault of problems with the Horizon computer and accounting system at Marine Drive branch.

If my understanding is incorrect, please let me know.

### **Conduct of your case**

I have overall responsibility for this matter and I will be assisted by the following:

<b>Name</b>	<b>Position</b>	<b>Specialism</b>	<b>DDI</b>	<b>Email</b>
Julian Summerhayes	Associate	Litigation		
Denise Gammack	Solicitor	Litigation		
Laura Branton	Paralegal	Litigation		



As you know, Laura is dealing with this matter on a day to day basis. It may be necessary to involve other lawyers in the firm as the matter progresses. If this happens, or if any of the personnel change during the course of the matter, I will let you know in writing.

**Services to be provided by us**

Based on our discussions to date, we will provide the following legal services to you in connection with this matter:

We will send to Mr Castleton a letter before action and if necessary, issue and pursue a claim against him to seek recovery of £27,115.83.

**Fees**

Laura's current hourly rate of £85 will be charged for work that she carries out in relation to this matter. If other members of the firm's professional staff carry out work on your file the following hourly rates will apply:

• Partners	£165.00
• Associates	£150.00
• Solicitors	£110.00
• Paralegals	£85.00
• Trainee Solicitor	£50.00

All the above hourly rates are subject to VAT and may be changed in accordance with the Terms of Business paragraph 2.4. You will also be charged for expenses incurred on your behalf (often referred to as "disbursements"). Unless agreed otherwise, we will invoice you on a monthly basis.

It is not possible to give you an estimate of this firm's total charges and expenses in relation to this matter at this stage. This will greatly depend upon the stand that is taken by Mr Castleton. We will report to you regularly on the level of costs that are being incurred so that you are aware in respect of that part of the proceedings.

If any additional services are provided to you outside the scope of this letter, we reserve our right to charge these separately at our standard hourly charge-out rates.

**Cost – benefit and risk**

In addition to the risks associated with this litigation, you are likely to incur irrecoverable costs in this matter even if the court orders your opponent to pay your costs. If your claim is successful a court would usually (but not always) order your opponent to pay your costs. Unless your costs are agreed with your opponent a court will usually assess your costs at an assessment hearing shortly after the full trial. However, costs can be assessed at interim stages by a court whereby the paying party is usually ordered to pay the costs within 14 days. This is known as a summary assessment of costs. When awarding costs a court will not order your opponent to indemnify you against all of the costs you have incurred with us. Certain items of cost are not recoverable from your opponent and the court may apply a discount to other items.

In addition the court will probably assess the costs using an hourly rate applicable to lawyers within the relevant geographical area. These rates can be less than our hourly rates. As an illustration the present rate that can be recovered for Laura's work carried out in relation to this matter is £95.

In proceedings where your opponent is publicly funded by the Legal Services Commission (formerly called Legal Aid) then it is likely that you will be unable to recover any costs at all. We will need to discuss this further if such funding is made available to your opponent during the course of the proceedings.

It is also possible that your opponent will not be able to pay any costs awarded to you (unless appropriate insurance cover is in place). If your claim is unsuccessful you will probably be required to pay your opponent's costs as well as your own (regardless of whether your opponent is publicly funded). You will find more information on litigation costs in the Client Service Guide enclosed with this letter.

**Funding by a third party**

We have discussed the possibility of whether you might obtain assistance with your legal costs from a third party such as a trade association and you have confirmed that such funding would not be available.

**Legal expenses insurance**

I understand that you do not have any insurance that might cover your own costs or indeed costs that might be ordered against you but I understand that you have no such cover. If you now think you might have such cover you must contact me immediately because you will need to report the matter to your insurer.

### **After the event insurance**

It is possible to purchase insurance when a dispute has already arisen to cover your liability to pay our costs and disbursements or your potential liability to pay your opponent's costs and disbursements or both. The premiums payable for such cover can be substantial but if this is something you wish to investigate further please let me know.

### **Conditional fee agreements**

I have also discussed conditional fee agreements with you and although we would not wish to adopt this method of funding at the present time we will review it should circumstances change.

### **Public funding by the Legal Services Commission (formerly Legal Aid)**

I have informed you that we do not generally conduct litigation that is publicly funded although you do not think that you would qualify for such funding in any event.

### **The Civil Procedure Rules ("the CPR")**

The CPR were introduced in April 1999 and have significantly changed the culture and conduct of civil litigation in this jurisdiction. The new regime aims to prevent the delays and abuses that sometimes occurred under the old system by promoting the quicker resolution of disputes and a tighter control by the courts on costs. To ensure that you gain the full benefit of the CPR and do not fall foul of the rigid time limits that will apply during certain stages of the litigation, you must be prepared to commit significant resources to your case. I will advise you of your specific obligations and duties under the CPR as necessary.

### **Documentation**

There is likely to be a formal disclosure of documents by each party to the other(s) as part of the litigation process. The relevant court rules in the CPR are very strict about what must be disclosed and therefore you should retain all relevant correspondence, documents, notes and other records (including information stored on computers) for disclosure in due course. This includes documentation that might adversely affect your case and documentation that you regard as commercially sensitive.

You will be asked to sign a certificate confirming that you have conducted a reasonable and proportionate search to locate all relevant documents. There are sanctions and penalties for not complying with your disclosure obligations.

I will provide you with further information regarding disclosure at the relevant time. If you have queries regarding any aspect of disclosure in the meantime then please let me know.

### **Database**

In addition to holding our advice and indeed any advice by a barrister on your file we would like to be able to hold the same on our internal database which would then be accessible by members of the firm for the purpose of giving advice in other cases. This would not prejudice the duty of confidence owed to you by the firm. If you consent to this please tick the box below.

### **BS EN ISO 9001 Accreditation**

The Terms of Business indicate that we have obtained ISO 9001 accreditation in relation to the firm's internal systems and procedures. We hope that clients will consent to the inspection of their files by external accreditation assessors.

I am enclosing a copy of this letter and would be grateful if you could return it to me having signed at the bottom to indicate that you have received the letter and the Terms of Business and also to indicate whether you consent to inspection of your file for ISO 9001 purposes.

### **Data Protection Act 1998**

This firm will use your personal details to carry out your instructions. It will also hold your details on our database and from time to time may use them to send you information about other services which may be of interest to you.

If you do not want to receive such information, please indicate this when you return your signed copy of this letter by ticking the box below. You can also write to me at any time regarding this and I will ensure that you do not receive any further information.

I appreciate that some of the above, particularly the information relating to funding and costs, is complex. Please let me know if there is anything that you would like me to explain to you in more detail.

#### **Conversion to LLP**

If at any time Bond Pearce transfers the whole or substantially the whole of its business to a Limited Liability Partnership ("LLP") incorporated in accordance with the Limited Liability Partnership Act 2000, then you agree with effect from the date of transfer and in consideration of the LLP agreeing to undertake and perform your subsisting obligations under this Agreement, and to be bound by its terms in every way as if the LLP had been a party to it in place of Bond Pearce, to release and discharge Bond Pearce from all future claims, demands and obligations whatsoever arising from this Agreement and accept the liability of the LLP with effect from the date of such transfer

Yours sincerely

**GRO**

Tom Beezer

**Enclosures – Terms of Business**

**copy**

I acknowledge receipt of this letter and the Terms of Business enclosed with it.

I do not wish to receive information about other services

☐

I consent/do not consent to inspection of files relating to this matter for the purposes of BS EN ISO9001.

I consent to the inclusion of your advice including any barrister's advice on your database.

☐

Signed .....

Dated .....

.....

Duly authorised for and on behalf of

Post Office Limited

.....

Date



**3 Insurance Contracts**

We are not authorised by the Financial Services Authority. However, we are included on the register maintained by the Financial Services Authority so that we can carry on insurance mediation activity, which is broadly the advising on, selling, and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by the Law Society. The register can be accessed via the Financial Services Authority website at [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register).

**4 Complaints, Termination and Cancellation**

- 4.1 We hope that you do not have cause to complain about the services that you obtain from the firm. In the unlikely event that you do wish to complain, please direct your complaint to the Head of the Department in which the Fee Earner acting for you works. Current Heads of Department are: Neil Trayhurn (Insurance), Mark Thompson (Personal Injury), Victor Tettmar (Corporate), Tony Askham (Commercial Litigation) and Luke Gabb (Property).
- 4.2 In the event that the Head of Department is unable to resolve your complaint to your satisfaction please direct your complaint to the Senior Partner, Richard Challands, in writing. If you are still not satisfied then complaints and redress can be pursued through the Law Society.
- 4.3 You may terminate your instructions to us and we may decide to stop acting for you, but only with good reason and reasonable notice. Notice of termination must be given in writing.
- 4.4 For consumer contracts where we carry out work for you at a distance and where we have not met face to face, you have a right to withdraw your instructions, without any charge, by giving us a notice in writing or by e-mail at any time within 7 working days from instructing us. This does not apply if we start work within this period and you do hereby consent to our starting work right away.

**5 Files and Documents**

The firm will retain files after completion for such period as is required by law or by Law Society Rules. Thereafter we reserve the right to destroy files. Pending payment of accounts the firm reserves its right to retain possession of any papers held by us (i.e. exercise a lien).

**6 Severance and Governing Law**

Should any of the terms of business be held to be invalid, the remainder will continue with full force and effect. These terms of business shall be governed by and construed in accordance with the laws of England and Wales. Any dispute arising out of our engagement or these terms shall be subject to the exclusive jurisdiction of the English courts.

**7 BS EN ISO 9001:2000 and Client Confidentiality**

- 7.1 All offices have gained accreditation under the Quality Standard ISO 9001, which we believe will improve the firm's service systems for your benefit, by assuring the quality of service we give.
- 7.2 In order to maintain the standards required it is necessary for assessors from an independent accreditation body to monitor our systems regularly and carry out limited inspection of Clients' files to do so.
- 7.3 We owe you a duty of confidentiality and that duty cannot be overridden except with your consent.
- 7.4 The assessors of the accreditation body and the body itself will contract with us to keep all matters concerning our firm and our Clients confidential.
- 7.5 As we feel that ISO 9001 will be of benefit to you, we should be most grateful if you would give your consent for this inspection, but would wish to make it perfectly clear that:
- (a) refusal of consent does not affect the conduct of your case or the quality of our work;
  - (b) consent, once given, may be withdrawn at any time, without a reason having to be given; and
  - (c) we, the assessor for the certification body and the body itself all undertake to keep your affairs confidential.

If you are prepared to give your consent, we would ask you to sign the Engagement Letter attached, without deleting the Agreement Section covering ISO 9001 and return it to us as soon as possible.

**8 Investment Business**

Bond Pearce is not authorised by the Financial Services Authority. We only carry out regulated activity which is complementary or ancillary to our main provision of professional services.

**9 Money Laundering**

- 8.1 Bond Pearce, in common with all solicitors firms, is required to comply with legislation and regulations designed to combat the laundering of the proceeds of crime. As a result we:-
- (a) reserve the right to require you to produce evidence of your identity and to withhold our services until such evidence is obtained;
  - (b) may be required to notify the appropriate authorities of issues relating to your affairs of which we become aware;
  - (c) may be required to cease acting for you (temporarily or permanently) but be unable to explain either that we have ceased to act or why we have done so.
  - (d) reserve the right to refuse to accept cash payments.
- 8.2 We shall have no liability to you for any losses that you may incur as a result of all or any of the above.

**10 Limited Liability Partnership**

If at any time Bond Pearce transfers its business to a limited liability partnership (**LLP**), with effect from the date of that transfer:

- (a) the LLP agrees to undertake and perform Bond Pearce's subsisting obligations under, and agrees to be bound by, these terms of business in every way as if it had originally been a party to them in place of Bond Pearce
- (b) you agree, in consideration of this, to release and discharge Bond Pearce from any claims, demands and obligations of any kind arising from these terms of business and accept the liability of the LLP in place of Bond Pearce.