

Norman Lamb MP

Minister for Employment Relations,
Consumer and Postal Affairs

Alok Sharma MP
House of Commons
London
SW1A 0AA

Our ref: 287169

Your ref: JH3482

March 2012

Thank you for your letter of 8 March enclosing correspondence from your constituent, Mr Michael Wilson of [redacted] **GRO**, about the Horizon computer system used by subpostmasters across the post office network.

I should however first explain that issues relating to the integrity of the Horizon system and decisions and actions taken in the context of their contractual relationships with subpostmasters are operational matters and are therefore the responsibility of the management of Post Office Ltd (POL). The Government, as shareholder, does not play a role in these issues.

Mr Wilson sets out his concerns that the financial discrepancies identified at his brother's post office were attributable to problems with the POL's Horizon computer system. I am aware that legal action is in progress against POL on behalf of a number of former subpostmasters who are members of an organisation called Justice for Subpostmasters Alliance.

POL is defending the legal action against it and is fully confident that the Horizon system used in all branches enables subpostmasters to account accurately for the transactions they undertake in their branches. The system has been operating for over 10 years. Over that time, some twenty thousand subpostmasters have performed many millions of successful weekly and monthly reconciliations between the cash they have in the office and the transactions they have handled. The Horizon system has been rigorously tested both in daily use and in external scrutiny and accreditation. The National Federation of Subpostmasters, which represents subpostmasters

across the country, has also expressed its full confidence in the accuracy and robustness of the system.

In the small fraction of cases where the subpostmaster has not been able to reconcile their cash and transactions, there are tried and tested systems of checking, auditing and following up to establish what has happened. These checks resolve virtually all discrepancies satisfactorily, identifying them as the small day to day mistakes and human errors which are typical in any banking or retail environment.

In the extremely small number of cases where missing sums cannot be accounted for and the amounts are significant, POL makes further investigations as to the cause. Large amounts of public money are entrusted to post offices and it is vital that all of it is fully accounted for. If significant money is missing as a result lack of sufficient competence by the subpostmaster or their staff, or, in very rare cases, as a result of dishonesty, POL may feel it necessary to terminate the subpostmaster's contract in line with its contractual provisions and to take legal action.

It would not be appropriate for me to comment further as it would appear from Mr Wilson's email of 7 February 2011 that his brother is a party to the legal action currently before the Courts.

NORMAN LAMB MP