

Note of call between Paula Vennells and James Arbuthnot MP – 15.30, 28 October 2014

- JA explained that he was concerned that matters relating to the Initial Complaint and Mediation Scheme were getting out of control, including:
 - he had received reports that Post Office was not prepared to enter into mediation;
 - Alan Bates and Kay Linnell were extremely unhappy and did not feel able to take part in meetings;
 - Post Office were taking an overly legalistic approach to the Scheme as did the Working Group and the Chair;
 - he thought it likely that JFSA/SPMRs would seek litigation before Christmas and that, as things stand, he was minded to advise them to do so;
 - he was finding it difficult to hold back the media and felt he should speak to them soon;
 - he was getting an increasing number of representations from a wider group of MPs (e.g Mike Wood, Andrew Bridgen), including a number of ministers (e.g. George Osborne, Steve Webb, Priti Patel, Oliver Letwin);
 - Post Office has invested a lot resource into something which is making people even more dissatisfied;
 - he did not want to be seen as abandoning the process but felt he could not currently really support it; and
 - he was concerned that Paula did not always reply to his correspondence.
- He was keen that PV should meet with him, Oliver Letwin, Mike Wood and Andrew Bridgen to discuss the issues further. A meeting might offer resolution to these issues - but it might not.
- PV responded that there was only one piece of correspondence that she had not replied to – specifically his letter of 4 September – and she apologised for the delay. JA accepted that this was an isolated example.
- PV was content to meet but would need to check her availability. She said it was important that he and others heard both sides of the story. JA held public office and would have experienced similar issues in the past - where both sides have a compelling case.
- PV said that the Scheme had been designed by JFSA, Second Sight and Post Office and Post Office had invested had invested a lot of time, energy and money into making it work - it could not be accused of bad faith.

- PV said that the Post Office lead sat properly within the responsibilities of its General Counsel but this was not an indication of legalistic approach. Indeed, the Post Office representation at the Working Group was a combination of lawyers and other senior staff members.
- Sir Anthony Hooper had been clear that reports and decisions should be based on evidence – he required and had challenged Post Office and Second Sight on that.
- PV said that, Post Office could not accept responsibility for matters for which it was not responsible. There was a point where the Post Office had to ensure the integrity of the Scheme and mediation may not be appropriate in every case, or enable resolution. PV is particularly concerned that:
 - applicants were making huge claims for compensation of – in some cases – running into millions. Those expectations are unlikely to be met through mediation. This was never meant to be a compensation Scheme; and
 - where there was no evidence of the Post Office having any responsibility for losses in branch. Over 90 cases had now been investigated and no evidence had been identified which suggests there is a problem with Horizon.
- PV accepted that there had been some lessons to be learnt from some of the investigations, particularly on the provision of training and support for subpostmasters – and changes had been implemented.
- JA specifically raised the case of Jo Hamilton, she had received no training. Although she had admitted, plead guilty and been convicted of false accounting she was not a criminal as such - therefore although he acknowledged that there may have been no issue with Horizon, there must have been another cause of losses in branch. He therefore suggested that some arrangements should be made to compensate her for Post Office's shortcomings. He was also concerned that JH had been told Post Office was not willing to consider the case until all other cases had been completed.