

Filed on behalf of the: Defendant
Witness: Angela Van Den Bogerd
Statement No.2
Date Made: 28 September 2018

Claim No: HQ16X01238, HQ17X02637 & HQ17X04248

**THE POST OFFICE GROUP LITIGATION
IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
ROYAL COURTS OF JUSTICE**

B E T W E E N:

ALAN BATES & OTHERS

Claimant

AND

POST OFFICE LIMITED

Defendant

**WITNESS STATEMENT OF ANGELA MARGARET VAN DEN
BOGERD**

SETPAL SINGH

1. Mr Singh has described a number of matters during his time as Subpostmaster at Reddish Post Office between January 2001 and October 2003. It has been difficult to obtain any documentary evidence relating to the matters referred to as they occurred over 15 years ago and is outside Post Office's normal period for which documentation is retained [*Angela – is this correct – is there a standard retention period for documents?*]. We do still retain call logs for the NBSC/Helpline and where these are relevant, I refer to them below.
2. Mr Singh has referred to four groups of issues in this statement and I comment on each of these below.

The Phantom Transaction

3. We do not have any documentation relating to this particular issue which Mr Singh has described as a discrepancy of £1 million and therefore I cannot really comment on this specific allegation. Where we have had experience of unexplained transactions previously, this is typically due to the Subpostmaster not completing the end of day procedures correctly on Horizon.
4. [*to include further generic details of phantom transactions*]

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5. Mr Singh has also described an independent audit of this branch and has claimed that he was not permitted to enter his branch or flat when the audit was being carried out. This is not the normal procedure for any audit undertaken at a branch which is completed in the presence of the Subpostmaster who will be required to check the audit as it proceeds. The only circumstances I can think of where the Subpostmaster would be excluded from an audit being undertaken within their branch would be where there are allegations of theft or fraudulent conduct. *[Angela – please confirm that this is correct].*

Further Technical Issues

6. Mr Singh has referred to occasions when Horizon froze or the screen would go black or otherwise close down. This will happen if there is a loss in power or the system loses connectivity to the internet. When power or connection is restored, users will be presented with a recovery screen which initially asks them if they had completed the transaction (if they were in the middle of a transaction when the system went down.) If they answer yes then this concludes the transaction. If they answer no then this reverses the transaction so that they can start again. Often errors will arise where Subpostmasters or their assistants did not follow the correct recovery processes.

Balancing at the Branch

7. I am unclear as to the nature of the issue which Mr Singh is referring to in paragraphs 17-19 of his witness statement. Certainly, the process that he describes is not one that I recognise at all. For example, he refers to a trial balance but this is not something that would have been available to him in 2003 as cash accounts were prepared. Further, he describes the process of balancing the money but there still being a shortfall which does not make sense if the items balanced. I also do not recognise the process that he describes in paragraph 19.

Shortfall of £2,000 – October 2003

8. Again, due to the fact that this happened 15 years ago, we are unable to obtain any further details of this particular issue. If there was an error however then this would have been corrected as appears to have happened in this case.
9. Mr Singh has referred to the shortfall relating to the Lottery terminals. Typically, these terminals are located in the retail part of a store rather than at Post Office counter. Usually, at the end of each day, a report is obtained from the lottery terminal detailing the takings for that day. The Subpostmaster is then expected to record this on Horizon and place the cash takings for the lottery products into the till.

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10. Separately, Post Office obtains a report of these transactions from Camelot. If the two values do not match then a transaction correction is issued for the difference. Subpostmasters can then raise a query or dispute the correction if it has been issued incorrectly.

ANUP PATNY AND AKASH PATNY

11. The above individuals are father and son with the father (Mr Anup Patny) being the Subpostmaster. They referred to two principal issues as set out below.

Monthly Balance – 11 May 2016

12. The issue described arises out of a Horizon system outage which took place on 9 May 2016. This was a national outage which affected some Post Office branches in the network. I understand that an investigation was undertaken but the root cause of the outage could not be identified.
13. Mr Anup Patny states in paragraph 7 that he contacted the Helpline but analysis of the NBSC call logs do not indicate that any call was made by this branch on 9 May 2016 as alleged.
14. Mr Anup Patny then claims he had a shortfall of over £17,000 at the end of 11 May 2016. Analysis of the transaction data shows an inward coin remittance which was received and accepted on Horizon of £1,600 of coins and not £16,000 worth of £1 coins as Mr Patny as alleged. In addition, there appears to have been an over declaration of the stamps held at branch with a figure of £18,274.99 being declared when the previous figure declared was £1,633.96 which was declared on 11 May 2016.
15. It appears in any event that Mr Patny and his son were able to access the Helpline and talk through the issues so that it was resolved. It appears to me from the investigation that was taken that these issues had arisen as a result of incorrect recovery processes being followed after the Horizon system outage and also a miss-key of figures in branch.

MoneyGram Issue

16. Mr Akash Patny refers to a shortfall following a MoneyGram transaction. Analysis of the transaction data does show that the initial transaction for £3,100 took place but failed due to the debit card being declined. The transaction was cancelled but the data does not show that a new transaction was processed. The branch then received a credit transaction correction valued at £3,100 to correct this as they had omitted to reverse the transaction. The process which Subpostmasters are

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required to follow is to firstly reverse the transaction on Horizon and then cancel the transaction with MoneyGram. If these two steps are not taken then a transaction correction will need to be issued which is what has happened in this case.

JAYESH TANK

17. Mr Tank describes the two issues set out below in his statement:

Power Failure

18. Mr Tank refers to as shortfall on Horizon of £600 which he claims arose following a complete electrical failure in his branch. Mr Tank claims that he contacted the Post Office banking team in Chesterfield although call logs for the NBSC only show an enquiry in the period between 2010 – 2011 relating to a shortfall of £195.04. I have described above the process which Subpostmasters need to follow when there is a system outage or power failure and, providing this process is followed, Horizon will either recover or cancel the transaction. The online banking transaction which Mr Tank has described is a recoverable transaction and therefore if the correct recovery process had been followed, the branch would not have sustained any shortfall.

Label Transaction issues

19. Mr Tank describes a recurring issue with mail transactions where no label could be printed leading to a loss of around £2.50 each time.
20. An analysis of our records show that Mr Tank did raise an issue regarding postage labels and software updates in 2015. This was dealt with by a contracts advisor, Mr Keith Bridges who investigated the issue and met with Mr Tank on 5 November 2015. At that time, Mr Tank was issued with a written warning in relation to his misuse of official postage.
21. Certain issues can arise with postage labels due to them not printing correctly mainly as a result of problems with the printing equipment. Alternatively, the user can fail to insert the label into the printer correctly or on time. There is a process on Horizon so that users can record the label as "spoiled" allowing a new label to be printed with no cost to the branch.
22. Horizon always prompts the user to confirm if the label has printed correctly. If the user answers no then it allows them to record the label as spoiled and print a fresh label in such cases, there would be no financial loss to the branch.

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ADREES LATIF

23. Mr Latif, who was Subpostmaster at Caddington Post Office has raised the following specific issues.

Transfer of £2,000 between stock units

24. Mr Latif has described a transfer of the sum of £2,000 between stock units in his branch which was unsuccessful and resulted in a shortfall in the branch account of £2,000. Stock units is the term which simply describes the different sub-sets of accounts within the branch, with each stock unit having its own individual balance.
25. If Subpostmasters wish to move cash or stock between stock units, there is a process which must be followed. Firstly, the item which is being transferred (in this case cash) must be transferred by the user via Horizon using the back office function (transfer out) from the outgoing stock unit. The cash must then be physically removed from that particular stock unit. Providing these two actions are completed, the stock unit from where the cash is transferred will not show a discrepancy.
26. Once the above process has been completed, the stock unit to which the cash is being transferred must then accept the transfer via Horizon using the back office function (transfer in). The cash to be transferred must then be physically introduced to the receiving stock unit. Again, providing these actions are completed, the receiving stock unit will not show a discrepancy. However, if the transfer was not accepted, Horizon will prompt the user when balancing to complete any outstanding summaries before it would allow the stock unit to roll into the next trading period. In addition, Horizon automatically prints out a receipt when transferring in and out, detailing the transaction.
27. Mr Latif indicates that he completed the first two steps, followed by a cash declaration which appears to have confirmed that, at that point, the transfer had been successful. He then indicates that an issue arose when he went to accept the transfer in but there was no such transfer to accept in the receiving stock unit. However, it is unclear why there would be a shortfall in the branch account if the cash declaration from the first stock unit was correct. If the £2,000 cash had been physically introduced then the receiving stock unit should be showing a surplus.
28. Mr Latif claims that Horizon's *"reporting functions made it difficult to interrogate the system and locate the source of the error"*. However, there are reports which can be obtained on Horizon which allow the user to pinpoint a transaction, along with the session identification. In addition, there is another back office function

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specific to transfers, which allows the user to view or print reconciled and unreconciled transfers.

29. From a review of the NBSC call logs, there are no calls logged of the branch having any issues with transfers during July 2015. In addition, there is no stock unit SJ1 in that branch but a stock unit SP1. ARQ data which has been reviewed indicates that there were two transfers in July 2015 of £2,000 from the AA stock unit to the SP1 stock unit, both of which were successful. Furthermore, there were 5 separate transfers of £2,000 in August 2015, all of which were successful with the corresponding transfer in transaction in SP1.
30. Accordingly, the records that Post Office do not support what Mr Latif has said. In addition, if he claims there was a shortfall in the branch account of £2,000 but he physically transferred the cash to the stock unit, I would question what has happened to the cash.

Transaction Correction Issue

31. Mr Latif has described an issue which occurred in March 2018 relating to lottery scratch cards received from Camelot.
32. When branches receive a consignment of scratch cards in the branch they must confirm receipt on the lottery terminal which advises Camelot that they have been safely delivered. Before the branch can then sell the scratch cards they must be activated on the lottery terminal. Doing so automatically triggers a transaction acknowledgement (TA) which automatically accounts for the stock and increases the scratch card figures on Horizon accordingly.
33. From analysis of the data it appears that there was an issue in mid-January 2018 where the branch activated 25 x £10 scratch cards on the lottery terminal on both days. As a result of this, the branch received 2 TAs on 18 January 2018. However, due to an error (the TAs were issued with the incorrect signage), instead of increasing the scratch card stock, it decreased the stock.
34. The event log for 18 January shows that the branch attempted a balance but they were not able to do so due to a negative stock. Later the same day, a reversal transaction was completed which brought the stock level back to zero but generated a cash gain. The branch was issued with a transaction correction on 24 January 2018. However, because of the earlier reversal in branch, this created a surplus, as Mr Latif describes in his statement.
35. It is clear that the issue has arisen due to the incorrect TA which was issued when the scratch cards were activated on the lottery terminal. The TA was issued by

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Post Office and therefore it is clear that Post Office is responsible for this issue. However, this is nothing to do with Horizon but due to a processing error on POLSAP, generated in Chesterfield. Unfortunately, what appears to have happened here is that Mr Latif has reversed the transaction before the transaction correction was issued. I can understand why Mr Latif has become confused and has proceeded in this way due to the circumstances. As far as I am aware, the issue has since been resolved [*can we confirm if this is correct?*].

36. Mr Latif refers to certain other technical issues which he claims has led to shortfalls. An analysis of call logs and shortfalls do not reflect this to be the case however. Whilst the branch has received transaction corrections, these have been issues to rectify mistakes made in the branch.

ANGELA BURKE

37. In her statement, Angela Burke describes an issue which arose out of the Horizon system outage on 9 May 2016. I have described this particular issue earlier in my statement in relation to Anup Patny.
38. It is clear that this issue has arisen due to incorrect recovery processes being followed after the Horizon system outage. As Angela Burke has described at paragraph 14 of her statement, she did not clear her screen between transactions and, having already known there was an issue with the system, Ms Burke should have waited until the recovery had been completed, before paying the cash to the customer in accordance with operational instructions.
39. As I have explained above, if a Subpostmaster follows the recovery process on Horizon following either a power failure or disconnection, Horizon will recover partially completed transactions or reverse these so that they can be processed again. Accordingly, having already experienced a failed transaction once already on that day, Ms Burke should have settled the transactions at the time when the customer was still in the store.
40. I fully appreciate that Ms Burke has completed her own investigation and this has ultimately resulted in the issue being resolved and the appropriate transaction correction issued. As Ms Burke had notified NBSC of the error, the Finance Service Centre would have undertaken an investigation and the appropriate transaction correction would have been issued in any event. I do of course recognise that there was an issue in relation to the service Ms Burke received from the Helpline but ultimately, had the correct recovery processes been followed in branch, then the issue would not have arisen in the first place.

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41. An analysis of the records for this branch and NBSC call logs indicate that this was a well run branch with limited issues being raised. Based on the data available, the branch was issued with a total of 15 transaction corrections over a 12 year period between 2005 and 2017. No disputes were made in relation to any of these transaction corrections which were all accepted by the branch. As Ms Burke has confirmed, they had no major issues with shortfalls during their time running the branch, and this appears to have been the only issue which was caused by a system outage. Ultimately, the matter was resolved and the appropriate transaction correction issued.

STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true

Signed:

Name: Angela Van Den Bogerd

Date: