
From: Ron Warmington [GRO]
Sent: Wed 23/01/2013 12:41:42 PM (UTC)
To: Angela Van-Den-Bogerd [GRO]; Simon Baker [GRO]; Rod Ismay [GRO]
Cc: 'Ian Henderson' [GRO]
Subject: FW: Concern reported by John Armstrong

As just mentioned here is a bit more detail on this new case. We have more on this case, which I'll send you soonest... but the following email trail should give you a flavour of it... JA is one of many SPMs who have referred to communication-fail-induced automatic (Horizon-generated) Transaction Reversals where they are not advised of those reversals by Horizon, and only get to know of (some of) them much later.

As you all know, Fujitsu have rejected assertions that communication blips can give rise to 'lost' transactions. We are seeing many of those assertions and some, like this one, that might just be true.

By the way, my apologies for the fact that, in the first (bottom of the pages supplied here) emails in this chain, John Armstrong's summary - and my consequent grasp - of what happened, and of the amounts involved, was slightly out. We now have what I think is the complete and accurate story.

We are at the stage where we need POL to assign us a point of contact, with clear instructions on who to cc, to get to the bottom of these quite complicated transactional issues (the ones we are handling as "Spot Reviews"). If we have to wait for the Fujitsu data to be supplied, unravelled and examined for each one we'll not be able to clear them before next Christmas!

Regards, Ron.

From: Ron Warmington [GRO]
Sent: 23 January 2013 12:16
To: 'Ian Henderson'; 'John Armstrong'
Cc: 'Alan Bates'; 'kay' [GRO]
Subject: RE: Concern reported by John Armstrong

I've just spoken to John Armstrong and he has agreed to us advising POL of his name. I'm right now seeking Andy Winn's side of the story. As far as I've so far penetrated this it looks as though two people paid that BT Bill: First the Customer (a Mr Cooper) and second John Armstrong, the SPM. Horizon seems to have reversed all three transaction components (the £80.00 cash withdrawal; the £76.09 BT Bill accepted for payment by POL; and the £3.91 cash back to Mr Cooper) but in spite of the reversal of the Debit Card Cash Withdrawal, the charge to Mr Cooper's Account went through anyway. When Mr Cooper, having returned from holiday to find his phone had been cut off, spoke directly with Chesterfield (Andy Winn I think), Andy Winn then arranged payment of the BT Bill and re-charged it to John,

incidentally refusing to provide Fujitsu data by reason of cost. Since John had NOT returned the full £80.00 to Mr Cooper (only £3.91) he (John) finished up being out-of-pocket by the full £80.00. Correct me if I'm wrong John (full write-up to follow shortly as promised). John had only been able to find out about the (unbidden by him) transaction reversal - and to print out evidence of it - because Chesterfield sent him the Transaction Error Notice BEFORE THE END OF THE TRADING PERIOD. Had the transaction taken place before the end of a TP, he would have been unable to go back and print the full Transaction Log for any day in that prior TP.

John: Please correct me if I've got any of this wrong.

Thanks, Ron.

From: Ian Henderson [GRO]
Sent: 23 January 2013 11:31
To: 'Ron Warmington'; 'John Armstrong'
Cc: 'Alan Bates'; kay [GRO]
Subject: RE: Concern reported by John Armstrong

Ron

I raised this case with POL on a "no names" basis last week and they asked that we brief them on the case on Friday when we have our next conference call.

We can then ask that this formally goes in to the "spot review" category and the necessary information obtained from Horizon and Chesterfield

With best wishes

Ian R Henderson CCE CISA FCA
Advanced Forensics - London, UK

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CONFIDENTIALITY. This email and any attachments are confidential and may also be privileged. If you are not the intended recipient, please notify me at

[GRO]

and delete the email and any attachments.

From: John Armstrong [GRO]
Sent: 23 January 2013 10:06
To: Ron Warmington
Subject: RE: Concern reported by John Armstrong

Hi Ron,

The BT bill was paid by the post office who then sent me a transaction error notice for £76.09. Initially for the next few transaction periods I did not make good this error as I was awaiting a response from the resolution manager. The customer still comes into the office fortunately and may be able to provide me with a copy of his bank statement showing the debited amount. I do know that he has already supplied the post office with this information and I forwarded a copy of that days transaction log to the resolution manager. As you are probably aware I cannot access the transaction log for that date now as too much time has expired.

regards

John

Mob [REDACTED]

--- On Tue, 22/1/13, Ron Warmington [REDACTED] wrote:

From: Ron Warmington [REDACTED]

Subject: RE: Concern reported by John Armstrong

To: "John Armstrong" [REDACTED]

Cc: "Ian Henderson" [REDACTED]

Date: Tuesday, 22 January, 2013, 17:27

Thanks Alan: I've studied your email and the attached Word document and it all seems pretty clear but as yet not absolutely crystal clear. Here's what I mean: At the end of the day of the transaction (4th October 2012) it seems to me that your customer ended up with £3.91 in cash and a debit on his current account of £80.00 whereas you finished up with a shortfall of that £3.91. Meanwhile, the BT bill was not (at that point) going to be paid by POL. When it was later paid - by POL in Chesterfield - do you know from whose funds it was paid? Did they, for example, charge that £76.09 back to you?... or did they perhaps already have that amount sitting in a Suspense Account and therefore pay it out from there? Do you know the answer to that? Also, you say that the customer "provided evidence to BT that the £80 was debited from his account". Do you happen to have a copy of that evidence?

Many thanks, Ron

p.s. would you mind me copying Alan Bates and Kay Linnell, as well as by co-investigator Ian Henderson, on these emails?

From: John Armstrong [REDACTED]
Sent: 22 January 2013 16:16
To: Ron Warmington
Subject: Re: Concern reported by John Armstrong

Hello Ron,

Sorry that my email to you was not very clear. I have attached a copy of the letter I wrote to Mr A Winn, the resolution manager at Chesterfield, that perhaps explains the events in a clearer fashion. I included with the letter to Mr Winn a copy of the transaction log for that day which clearly shows that the banking withdrawal as well as the change given back to the customer was reversed along with the BT transaction. I have spoken to the customer and he has provided evidence to the post office that the £80 was debited from his account. In response to my letter Mr Winn stated that he could not verify what happened as there would be a cost from Fujitsu to obtain the data.

At no stage of the transaction were there any warning screens telling me that there was a problem with the transactions.

If you require any further information please dont hesitate to get in touch.

regards

John

--- On Mon, 21/1/13, Ron Warmington [GRO] wrote:

From: Ron Warmington [GRO]

Subject: Concern reported by John Armstrong

To: jc_armstrong [GRO]

Cc: "Alan Bates" [GRO], kay [GRO], "Ian Henderson"

[GRO], "Ron Warmington" [GRO]

Date: Monday, 21 January, 2013, 14:12

Hello John: Thanks for advising us of the very interesting event. We are going to investigate it. But could you please help us a little more?

First of all I want to be crystal clear as to what happened. Here follows my understanding of it - and the questions that arise from my failure as yet to COMPLETELY understand what happened - so please reply to us all either to confirm that I am right in my understanding or to correct the story. Also, as you'll see, it is vital to know whether the customer's bank account was ever debited with the £80.00 cash withdrawal.

What I can't understand is why there was a loss, that you (JA) had to make good, of £76.90 (also, I think the amount was probably £76.60, not £76.90, as explained below). In other words, why was there any loss at all (other than the cost of getting the customer's phone line reinstated!)? Just to make this point triple-clear: I would have thought that, if Horizon spontaneously (on being momentarily disconnected maybe) reversed the transaction(s) (i.e. the £80.00 cash withdrawal AND the Utility Bill payment) then not only would the telephone bill not have been paid (which is clearly what happened) but also **the customer's current account would never have been debited with the £80.00**. Had that been the case, then the customer (it seems to me) would have finished up with £3.40 in cash... but without his telephone bill paid and without any £80.00 charge to his bank account. If that's what happened, then he GAINED £3.40 and only that small amount ought to have become part of the day's shortfall in the branch. If, on the other hand, the customer's account WAS debited

(with the full £80.00) then we have a one-sided transaction that is not meant to be possible with Horizon. In any event, the inference is that, if/when Horizon went into 'Repair Mode' (or whatever they call it), it failed to put out any screen message to the counter clerk to notify him/her of its doing so. John: is there any recollection (or even evidence) of any sort of transaction repair message being flashed up on the screen?

Also, John, if you have any evidential material relating to the reported transaction set then we'd very much like to see copies of it. If you have something then just let me know and I'll tell you where to send it. Vitally, and as mentioned right at the start, **do you know (or could you find out) whether your customer's account was ever debited with that £80.00?** And lastly, could you please confirm that the telephone bill was for £76.60 not £76.90 (else the numbers don't add up... 80.00 minus £76.60 equals 3.40).

Thanks and regards,

Ron Warmington

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From: Alan Bates **GRO**

Sent: 17 January 2013 15:29

To: ron.warmington **GRO**

Cc: irh **GRO**; kay **GRO**

Subject: FW: concern

Hello Ron, I have had agreement from John Armstrong to allow me to send this on to you. I don't know if there is any value to the incident but there does seem to be a number of checkable points and it does seem to point to a possible communications problem.

Alan

From: John Armstrong [GRO]
Sent: 17 January 2013 12:41
To: horizon [GRO]
Subject: concern

Hi

On 4th October 2012 the internet connection to my office was lost due to work being carried out by B Telecom at a local building site. This was reported to Horizon on that date (reference A1515053) As the connection was intermittent some transactions could be carried out with little disruption however online payment and withdrawals were sporadic, some transactions were ok others were not.

At sometime during the morning (transaction log no longer available) a customer withdrew £80.00 from a Lloyds account and then paid a telephone bill in the same transaction of £76.90. He was given the change of £3.40. No receipts were printed out of the system so I datestamped the telephone bill as his receipt and assumed the transaction had been completed.

Several weeks later the customer came back into the office telling me his telephone had been disconnected due to non payment. I put him in touch with the helpline and shortly after received a telephone call telling me that I had reversed the bill payment part of the transaction.

When I checked the transaction log all three components of the transaction appeared to have been reversed. As I certainly had not reversed these transactions I wrote to Mr Andy Winn, the relationship manager at Chesterfield, explaining the details and including the transaction log. In reply it was stated that he was not able to obtain the transactional detail from Fujitsu because of cost and that I would have to make good the loss of £76.90 which I subsequently did as there seemed to be no alternative.

If there is any other information I can supply please do not hesitate to get in touch.

Regards

John Armstrong

Lepton PO

[GRO]
tel [GRO] mob [GRO]