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**From:** Susan Crichton [/O=MMS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=SUSAN CRICHTONC5FA6431-DC28-49AB-8F0F-BE4237A4AD4F]  
**Sent:** Fri 18/02/2011 7:34:29 PM (UTC)  
**To:** Paula Vennells [GRO]; Mike Granville [GRO]; Kevin Gilliland [GRO]; Mike Young [GRO]; Rod Ismay [GRO]; Alana Renner [GRO]; Nick Beal [GRO]; Angela Van-Den-Bogerd [GRO]; Mike Moores [GRO]; Theresa Iles [GRO]  
**Cc:** David Simpson [GRO]  
**Subject:** Re: BBC Inside Out programme

We have written to the BBC today setting out our concerns and informing them that we believe that they have not complied with their own editorial guidelines. We have asked them a) to ensure that they comply going forward and b) to respond to our concerns.

Susan

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**From:** Paula Vennells  
**To:** Mike Granville; Kevin Gilliland; Mike Young; Susan Crichton; Rod Ismay; Alana Renner; Nick Beal; Angela Van-Den-Bogerd; Mike Moores  
**Cc:** David Simpson; Theresa Iles  
**Sent:** Fri Feb 18 20:22:14 2011  
**Subject:** Re: BBC Inside Out programme

Thank you Mike/David.

It is absolutely vital that we continue to be robust in our defence. This is brand damaging in the extreme.

Susan, should we/can we legally challenge the BBC - surely it's misleading reporting?

Paula

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**From:** Mike Granville  
**To:** Kevin Gilliland; Paula Vennells; Mike Young; Susan Crichton; Rod Ismay; Alana Renner; Nick Beal; Angela Van-Den-Bogerd; Mike Moores  
**Sent:** Fri Feb 18 15:36:13 2011  
**Subject:** FW: BBC Inside Out programme

To keep you updated, the latest position with the Inside Out Midlands programme due to be broadcast on 28 Feb is that we are sending over to the BBC the following responsive statement.

For further information, David Simpson has separately had an enquiry from the Mail on Sunday today – which appears to be referring to the content of the last Inside Out (South) programme. He has responded to this with the same kinds of lines as below.

Thanks

Mike

## Post Office Statement

- The Post Office will vigorously defend any legal action which questions the 100% accuracy of the Horizon computer system in its branches.
- The Post Office is fully confident that the Horizon computer system in its branches, and all the accounting processes around it, are absolutely accurate and reliable at all times.
- The Horizon system has been subjected to full, independently-assured, robust testing procedures. The Horizon information security processes meet the relevant industry standards which apply to such organisations as banks and building societies.
- Subpostmasters are given fully appropriate training, typically including classroom training and a further time on site under close supervision and guidance from a Post Office manager. Subpostmasters can also ring a dedicated helpline for advice.
- The Horizon system has operated successfully for over 10 years across the Post Office network, which currently stands at more than 11,500 branches. With literally millions of accounting balances being successfully completed by subpostmasters over this period, the very small number of branches with the kinds of alleged accounting issue as displayed in your programme are a minute proportion of the total.
- The National Federation of Subpostmasters, which vigorously represents the views and interests of subpostmasters around the entire country, has gone on record on a number of occasions to express its full confidence in the accuracy and robustness of the Horizon system.
- The Horizon system provides detailed records of every transaction, no matter how small or large, in any individual Post Office branch. A separate secure tamper proof transaction log is maintained which provides the detail of all transactions from each counter within the network.
- The Post Office fully investigates discrepancies found in subpostmaster accounts. It acts fairly throughout these investigations. There are clear processes, including appeal procedures, for subpostmasters in those cases where Post Office Ltd are ending a sub postmaster's contract. If there are any subsequent legal proceedings, these are undertaken within all normal legal protocols and guidelines.
- The Post Office handles large sums of public money as well as the money entrusted to it by the 20 million people who visit our branches each week. The Post Office rightly makes every effort and takes all reasonable steps to protect the money in its care.

**In the three cases indicated by the BBC programme Inside Out, the issue is that subpostmasters have been unable to account for losses of Post Office money in their care.**

**Mr Kooner** was found to have a shortage in his Post Office accounts of around £15,000 in April 2009. At the point of the audit he signed a statement saying that he expected the accounts to be short.

As a subpostmaster Mr Kooner was contractually responsible for the cash and stock in his care. Given the amount missing his contract was ended. Mr Kooner appealed this decision and the case was looked at again in accordance with the full appeal procedures which are established by Post Office Ltd. The decision was not changed. Mr Kooner has now repaid the monies owed to the Post Office.

There is no evidence that the Horizon system is, in any way, implicated in the shortages found at the branch.

**Mr Wilson** was found in September 2008 to have a shortage in his Post Office accounts of around £27,000 which he said was an accumulation of losses that had built over five years. He subsequently pleaded guilty to two charges under the Fraud Act at Worcester Crown Court in June 2009.

Mr Wilson was given appropriate training in line with any other subpostmaster and also had access to a helpline (which is open until 2000 on Wednesdays – the day that subpostmasters will typically finalise their accounts).

There is no evidence that the Horizon system is, in any way, implicated in the shortages found at the branch.

**Mrs Shaheen** was suspended following an audit at her office in September 2009 which found a shortage of over £40,000 in the Post Office cash and stock in her care. She subsequently pleaded guilty to a charge under the Fraud Act at Shrewsbury Crown Court.. Mrs Shaheen was given appropriate training and support in line with any other subpostmaster.

There is no evidence that the Horizon system is, in any way, implicated in the shortages found at the branch.

**Mike Granville**

**Head of Regulation Strategy**

**Post Office Ltd**

 1st Floor, Banner Street Wing, 148 Old Street, LONDON EC1V 9H1Q

 **Postline:**  **GRO**  
  
  **GRO**  
  
  **GRO**

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**From:** Mike Granville  
**Sent:** 14 February 2011 08:24  
**To:** Kevin Gilliland; Paula Vennells; Mike Young; Susan Crichton; Rod Ismay; Alana Renner; Nick Beal; Angela Van-Den-Bogerd; Mike Moores  
**Subject:** BBC Inside Out programme

To keep you updated.

Unfortunately we have now heard from the Midlands variant of 'Inside Out', who are looking to run a similar piece to their BBC counterparts at the end of February. The BBC has sent a note to David Simpson that we would need to respond to by the end of this week. The details are at the end of this e-mail. Our first stage will be to gather any information that we have on the particular cases concerned. I'll keep all informed on progress.

Thanks

Mike

Dear David

Further to our telephone conversation on Wednesday morning, please find below details about the film we are making for Inside Out Midlands about sub-post offices.

I would be grateful if you could let me know as soon as possible whether you would like to put someone from the Post Office up for interview to discuss the points raised. If you choose to provide us with a statement, could I ask that this is emailed to me by 5.30pm on Friday 18 February.

I would also be grateful if you could confirm you have received this email. Thank you.

Please do not hesitate to get in touch if you would like to discuss anything further. My mobile number is  **GRO**

Best regards

Neil Leighton

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### **Film background**

The film, which is due to be broadcast on BBC1 (Midlands) at 7.30pm on Monday 28 February, examines the issue of sub-postmasters and mistresses who are being investigated, accused – and sometimes prosecuted - for false accounting and/or theft. We have looked at three cases from our region. These are:

#### **(1) Kam Kooner - Rugeley, Staffordshire**

Kam, who ran a sub-post office in Rugeley and another in Narborough, Leicestershire, says he was suspended after an audit found a £14,000 shortfall. Kam maintains he didn't steal the money and, while he accepts he should have flagged up the issue, feels he hasn't been treated fairly. He says he paid the money back and offered to let the Post Office search his house and look at his accounts, but it wasn't interested. Kam says his contract has now been terminated and he's been forced to sell both businesses. He believes the shortfall was caused by an error in the Horizon system.

#### **(2) Julian Wilson, Astwood Bank, Redditch, Worcestershire**

Julian says he had problems balancing the books from day one. He claims he flagged this up with Post Office staff but was told not to worry as it would resolve itself. Julian says it was difficult to get assistance from the helpline, as it was often busy and it closed too early the day (Wednesday) he was doing his accounts.

Julian pleaded guilty to false accounting over a £28,000 shortfall. He says he didn't steal the money and thinks either a system or human error is to blame. Julian is critical of the training he received and says sub-postmasters are largely left to train themselves from manuals. Julian says he was offered a 'plea bargain' and had little choice than to plead guilty to false accounting - as it was that or risk being found guilty of the more serious charge of theft.

#### **(3) Rubbina Shaheen, Greenfields Post Office, Shrewsbury, Shropshire**

Rubbina was sentenced to a year in prison after pleading guilty to false accounting. The shortfall in this case was more than £43,000. We spoke to her husband Mohamed. He accepts they were aware there was a shortfall, but says they did not steal the money. Mohamed said they contacted the Post Office and asked for someone to come and help them, but no-one came. Mohamed is also critical of the Post Office's helpline and the training they received. He also said his wife felt she had little choice than to plead guilty to the lesser charge when the case went to court. Mohamed believes the shortfall was caused by a system or human error.

We have also talked to an IT expert who has looked at some paperwork connected to a few cases (including Rubbina Shaheen's). He says there could be a problem with the Horizon system or it could be down to human error - but we won't know until the system is looked at by independent experts. He believes the Post Office should allow this to happen.

And we also plan to use an interview with a lawyer from Shoosmiths, which is preparing civil action against the Post Office. She says 55 people have contacted them about this issue and they all claimed the computer system was causing problems. She says there were issues with things like lack of training and helpline support, but it all seems to come down to what is stored in the system. She says it has to be more than coincidence this is happening to so many people.

### **Key Points**

From the comments and claims made above, I wondered whether the Post Office would give its response to the following points:

- Whether there is – or ever has been - a problem with the Horizon computer system
- If there isn't a problem with the system sub-postmasters are using, why so many people are finding themselves in this position

- What the Post Office has done to investigate this issue
- Whether the training and IT/accounting support sub-postmasters receive is adequate for the role they have to perform
- Whether sub-postmasters who are accused of false accounting and/or theft are treated fairly

**Mike Granville**

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