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From: Gomes, Sarah [/O=WWH/OU=BRISTOL/CN=RECIPIENTS/CN=SGOMES]
Sent: 03/01/2013 15:58:26
To: 'Rodric Williams' [REDACTED] GRO [REDACTED]
CC: 'Ann Bailey' [REDACTED] GRO [REDACTED]
Subject: Mr Fernandes

Hi both and Happy New Year

Regarding Mr Fernandes - I have spoken to the court and they have sent an Order out today (unfortunately they were unable to advise me as to what the Order says). I will therefore hopefully be in a position tomorrow/Monday to provide a further update.

Whilst writing I thought that I would just make reference to the article below. I am aware that this issue has been discussed previously and that POL's instructions have been for DACB to carry on with the subpostmaster cases as normal - but in light of the most recent article I wanted to check that POL's instructions remain the same.

Many thanks
Sarah

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Post Office admits that Horizon system needs more investigation
Computer Weekly, 2 January 2013

Years of struggle from campaign groups has forced the Post Office to look again at a computer system which has been blamed for sub-postmasters being wrongly accused of false accounting.

Despite numerous complaints the Post Office has consistently stated that there is no fault with the Horizon system.

But postmasters claim problems with the technology could be generating unexplained losses. Thousands of Post Offices use the Horizon IT system for their accounts.

Dozens of postmasters have been charged and even jailed for accounting shortfalls. Others have had to make up cash discrepancies following prosecutions. Some Post Offices have been forced to close.

In October 2011, 85 sub-postmasters sought legal support in claims against the Post Office computer system.

In 2009, Computer Weekly interviewed some of those affected - the sub-postmasters related stories of bankruptcy, prosecution and disrupted livelihoods.

But according to campaigners, the latest development has seen the Post Office admit that it is prepared to look closely to see if there is a problem, and is calling for anybody with information to come forward.

Alan Bates, chairman of the Justice for Sub-postmasters Alliance (JFSA), said pressure from groups including the MPs representing sub-postmasters accused of false accounting has forced the Post Office to look again.

"All the parties involved with this are now trying to get to the bottom of it," he said.

"After years of struggling to have our concerns heard, all that has happened is our numbers have kept growing. Eventually after discussions in the last year, and with the support of our MPs, there certainly seems to have been recognition at the highest levels of the Post Office that the issues we have been raising deserve proper investigation.

"One way or another they do seem to want to get to the bottom of all this, regardless of what is found. I have been very encouraged with the new Post Office attitude and this has been reflected in the agreement we all signed off on, as it not only covers sub-postmasters but also Post Office staff who deal with processing the data and contractors and agency staff

working on Horizon elsewhere. This is just the start of the inquiry and early days yet and we'll have to see where the next few months lead."

The JFSA is calling for people to come forward with information and contribute to the latest inquiry. The organisation has appointed its own forensic experts to oversee the work done by Second Sight, which was appointed by the Post Office to take a close look at Horizon.

"We would also like some of the developers that worked on the system in the early days to come forward," said Bates. The system was developed by Fujitsu.

Computer Weekly is seeking further comment from the Post Office.

The problems campaigners claim Horizon has caused

In 2009, Computer Weekly spoke to some of the people at the heart of the alleged problems caused by the Horizon system. Here are some examples:

Lee Castleton, Bridlington, Yorkshire

Lee Castleton, 40, was postmaster at the Bridlington post office in east Yorkshire. His problems started in January 2004, and he claimed he couldn't get help from the Post Office.

"Mis-balances continued for 12 weeks. I spent hours going through accounts, trying to find out what had happened. It was baffling," he said.

Castleton rang the Horizon helpdesk, which is run by the Post Office, and asked repeatedly for help and a system check, but he said they did very little.

After 12 weeks, Castleton was suspended and the Post Office told him he had to pay for the losses. "I decided to contest my obligation to pay the money in the civil court, because I hadn't done anything wrong," he said.

Castleton could not afford lawyers in the High Court, or pay an IT expert witness to look at the system logs for him. He argued that the discrepancy in his accounts had been created by the computer. But the judge said that the deficiencies were real, not illusory, and, as such, were evidence that the branch had not been managed properly. "The losses must have been caused by his own error or that of his assistants," the judgment said.

Under their contract with the Post Office, postmasters are liable for any losses that are due to carelessness, negligence or error. Castleton was also liable for the company's legal costs.

"The Post Office really put me through the mangle," he said. "I owed £27,000 for the deficits, and £321,000 altogether. I was in too deep - I see that now. The whole thing has been heartbreakng."

Jo Hamilton, South Warnborough, Hampshire

Jo Hamilton, 51, was postmistress in South Warnborough in Hampshire between 2003 and 2005.

Hamilton started experiencing problems in October 2003. She entered every transaction into the system via the touchscreen Horizon till, and at the end of the week the computer would tell her how much money she should have.

"One time it said I was down £2,000, so I rang the Horizon helpdesk. The supervisor told me to do various things, and three minutes later I was £4,000 down. Whatever I did after that, I couldn't get it to come up any different," she said.

The Post Office told her she owed the money, and took repayments out of her monthly wages. "It made me reluctant to phone them, because it was just crazy - when I asked for help, it just doubled the amount and said I owed it money."

Hamilton's problems worsened: "Every week the system would come up telling me how much I should have in there. I knew it wasn't the right amount, but I didn't know what to do. I couldn't ring them up, because I just didn't have the money to pay it all back. So I signed the accounts each week, saying there was a certain amount in there when I knew there wasn't. I know it was dishonest, but I didn't steal any money. It got worse and worse."

Post Office auditors visited the branch in March 2005 and told Hamilton she owed £36,000. They prosecuted her for theft and 14 counts of false accounting, but later dropped the theft charge.

Hamilton said the case did not deal with the issue of IT. She pleaded guilty and was given a year's probation. Her house was remortgaged to pay the money, and the villagers in South Warnborough collected £9,000 between them to help.

Hamilton said at the time, "In 18 months, I will have finished paying back the villagers, but won't have paid off our mortgage."

Noel Thomas, Gaerwen, Anglesey

Noel Thomas, 61, from Anglesey, worked for the Post Office for 42 years. His problems started in 2003, when he discovered a deficit of £6,000. He said he spent hours looking at it, trying to find out what was wrong.

He said the Post Office paid half of the deficit for him, and he paid the other half. He didn't have any more problems until 2004.

"It started up again all of a sudden. The money was going at a rate of £2,000 a month, and it went on until October 2005. The last figure they told me I owed was £50,000.

"The National Federation of Sub-Postmasters didn't want to know. It is frustrating - I would like to know where that money went to. The whole thing is a real mess," he said.

Faced with mounting deficits and nowhere to turn for help, Thomas signed the accounts to say the money was there, when it wasn't. "I didn't know what else to do. It was my biggest mistake - I should have turned round and told them I was shutting up shop until they found out what was going on. But at the time I thought they would close the Post Office if I did that, and that would cause a problem for the village."

The Post Office prosecuted Thomas for false accounting. He pleaded guilty and said the IT system didn't come up during his hearing - his barrister told the judge about his good character.

Mark Jenner, who at the time was the director of fraud investigation at accountancy firm Baker Tilly, said in a report prepared in advance of the case that he did not propose that the Horizon system was flawed. "If the Horizon system was flawed, I would expect to see issues raised by all 14,000 branches in the UK and not only a handful," he said.

But Jenner had been unable to examine the computer terminal used in Thomas's branch. "To completely discount the possibility that the Gaerwen branch terminal was not responsible for creating systematic and cumulative errors, I would still wish to inspect the terminal," he said.

Jenner's report was produced before the court hearing, when Thomas expected to face charges of theft. It was not used in the hearing because the theft charges were dropped.

Thomas was sentenced to 12 weeks in prison. "I spent my 60th birthday in there," he said. "It was hell on earth and it took me a long time to get over it."

<http://www.computerweekly.com/news/2240175402/Post-Office-admits-that-Horizon-system-needs-more-investigation>