

Jo Swinson MP

Minister for Employment Relations and
Consumer Affairs

Yasmin Qureshi MP

GRO

Our ref: 314288

Your ref: CJP/01120186

November 2012

Thank you for your letter of 25 October, regarding your constituent, Mr Chirag Patel of [REDACTED] GRO [REDACTED]

I have noted your constituent's concerns about his experiences as a subpostmaster but should explain that Post Office Ltd is fully confident about the robustness and integrity of its Horizon system and related accounting processes. Since the Horizon system was introduced in 2000, many millions of branch reconciliations have been carried out with transactions and balances accurately recorded on Horizon by more than 25,000 different subpostmasters in total.

I am also aware of a small number of incidents where subpostmasters' contracts have been terminated and in some cases court action has subsequently been taken, following the identification of financial discrepancies and shortages. Neither I, nor the Department are able to comment on, or intervene in individual cases concerning operational and contractual matters.

However, I have made enquiries with Post Office Ltd with regard to Mr Patel. I have been informed by the company that according to their records, Mr Patel received seven days of classroom training in early December 2010. This was followed by six days of onsite training between 21 December and 30 December 2010, on his appointment as subpostmaster of Littleton Road Post Office. Post Office Ltd's records show Mr Patel received further onsite support in early January when the first balance was completed. Post Office Ltd has informed me that monthly telephone calls are not part of the training arrangements, but that Mr Patel would have had access to any training support he thought necessary via the Post Office Network Business Support Centre.

Post Office Ltd disputes Mr Patel's record of events. Their records show that on 27 May 2011, Mr Patel was suspended as subpostmaster as a precautionary measure after an audit identified an unexplained loss. An invitation was sent to Mr Patel on 2 June 2011 for an interview on 30 June 2011. Mr Patel declined this and a subsequent invitation, but did attend an interview on 22 July 2011. Following this interview, Mr Patel's contract was reinstated on the condition that Mr Patel improved controls within his branch – as detailed in the correspondence that you enclosed – and make good the loss. Post Office Ltd received this payment on 5 August 2011. Post Office Ltd's records also show that Mr Patel received a further five days onsite training in August 2011.

The company's records show that a visit on 14 December 2011 found no issues, but that Mr Patel was again suspended on 1 February 2012 following an audit which found a large shortage, and the mismanagement of lottery monies – which, contrary to Mr Patel's assertions, must be securely stored. Post Office Ltd informs me that a call was made to Mr Patel to confirm an interview date of 22 February 2012. Records show that Mr Patel did not attend this interview, or a rescheduled interview on 3 March. Post Office Ltd subsequently terminated Mr Patel's contract.

In accordance with established procedures agreed with the National Federation of Subpostmasters, Mr Patel was provided with the opportunity to appeal against this decision. Mr Patel chose to exercise this right, and accordingly Mr Patel was invited to attend an appeal interview on 20 April, which Mr Patel, again, did not attend. A number of attempts to contact Mr Patel to arrange a new date were not answered. The company advised Mr Patel by letter that a new date – 16 May 2012 – had been set. Mr Patel did not attend this interview either, and the original decision to terminate Mr Patel's contract was upheld.

It is worth noting that subpostmasters are contractually responsible for all losses occurred. The August 2011 discrepancy identified in your letter was identified at the Littleton Road branch at a point when Mr Patel was subpostmaster, and was therefore responsible. It must be noted that Mr Patel would have been able to dispute any losses. Post Office Ltd's records show that Mr Patel agreed to the repayment of the discrepancy on 4 November 2011.

Whilst, as noted above, subpostmasters are contractually liable for all losses at their branch, the conduct procedures relating to contract termination have been agreed with the NFSP. Under these procedures, a subpostmaster is able to seek advice and support from the NFSP or anyone else who can help them represent their case effectively, though they cannot ask an outside party to take an appeal case on their behalf.

I note that you have enclosed media coverage from June regarding an external independent review of a small number of individual cases where subpostmasters believe that they have been falsely accused. The external review of specific individual cases is being undertaken by a firm of independent forensic accountants who have been reviewed and approved by James Arbuthnot MP. To ensure independence, neither the Government or Post Office Ltd is involved in selecting which cases are reviewed, a process which is being led by James Arbuthnot.

Should you wish to suggest the Mr Patel's case be examined by the forensic accountants, I recommend that you contact James Arbuthnot's office to discuss its possible inclusion in the cases being reviewed by the forensic accountants.

JO SWINSON MP