

Post Office Mediation Scheme

Second Sight - Case Review Report

Case Reference: M054

Applicant: Tracey Ann MERRITT

Professional Advisor: Laura ROPER of Porter Dobson LLP
(Appointed after Case Questionnaire Response submitted)

11 June 2014

This report and accompanying documents are confidential and are not to be disclosed to any person other than a person involved in the processing of the Applicant's claims through the Scheme

1. Introduction

1.1. This report has been prepared by Second Sight, which is the trading name of Second Sight Support Services Limited, the company appointed to conduct an independent investigation of a number of matters raised by Subpostmasters, or former Subpostmasters.

1.2. This report should be read in conjunction with the following:

- a) the documents submitted by the Applicant;
- b) correspondence with the Applicant's Professional Advisor;
- c) comments by the Applicant's Professional Advisor on this report;
- d) the Post Office's Investigation Report ('POIR') including attachments;
- e) comments by Post Office on this report; and
- f) those sections of Second Sight's Mediation Briefing Report applicable to this case.

1.3. The Terms of Reference for Second Sight as set by the Mediation Working Group for this work are as follows:

- a) To investigate the specific complaints raised by each Subpostmaster who has been accepted into the Scheme with the aim of providing:
 - i. an assessment of points of common ground between Post Office and that Subpostmaster;
 - ii. an assessment of points of disagreement between Post Office and that Subpostmaster;
 - iii. where there is disagreement, a logical and fully evidenced opinion on the merits of that Subpostmaster's complaint where it is possible to do so;
 - iv. a summary of any points on which it is not possible to offer a fully evidenced opinion due to a lack of evidence/information;
 - v. a view on whether a case is suitable for mediation; and
 - vi. assisting with any reasonable requests made by the Working Group and/or Post Office.

1.4. Second Sight has been provided with the following documents:

- a) the Initial Application to the mediation scheme submitted by the Applicant;
- b) the Case Questionnaire Response ('CQR') submitted by the Applicant;

- c) the Post Office's Investigation Report ('POIR'), prepared in response to the above mentioned documents; and
- d) the response by the Applicant's Professional Advisor to further questions raised by Second Sight.

1.5. The following are the ten key issues raised by the Applicant:

- a) responsibility for losses that total £11,886.77;
- b) Transactions or Transaction Corrections not entered by the Subpostmaster or staff, including £2,000 on 5th or 6th July 2010;
- c) Transaction anomalies associated with Bank / GIRO / Cheques;
- d) Transaction anomalies associated with Stamps, Postage Labels, Phone Cards or Premium Bonds;
- e) Hardware issues e.g. printer problems, PIN pads, touch screens and PayStation;
- f) Failure to follow correct procedures or mis-advice by Post Office's Helpline;
- g) Training and Support issues including Helpline and Audit;
- h) Limitations in the Transaction Audit Trail available to Subpostmasters;
- i) Process issues at the end of each Trading Period; and
- j) The lack of an outreach investigations function.

1.6. Given that the main issue here is financial loss, this report focuses primarily on the overall loss of £11,886.77 and the £2,000 transactions entered on 5th or 6th July 2010. These are issues a) and b) listed in Paragraph 1.5 above. The other issues as listed may not be directly linked to responsibility for the financial loss but have relevance to an overall consideration of the case.

1.7. The Applicant was in post, as Subpostmistress at the Yetminster branch, from 5th May 2007 until her suspension on a precautionary basis on 29th September 2011. Another branch, known as the 'Chetnole Outreach Branch' was also managed, as an extension of the Yetminster branch, by the Applicant from 12th January 2011.

1.8. The Applicant states, in her Initial Application and in her CQR, that she received inadequate training and experienced equipment breakdowns and unexplained losses, one of which occurred on the day her branch was converted from Horizon to Horizon Online (The £2,000 transactions mentioned in Paragraph 1.5 b) above).

1.9. She also states that, by following the Helpline's instructions, the £2,000 shortage doubled and her requests to Post Office to carry out investigative work went unanswered until, on finding the £11,886.77 overall shortfall on 29th September 2011, Post Office suspended her and moved towards a criminal prosecution.

1.10. The Applicant told us that Post Office subsequently dropped the criminal prosecution but required her to make good £9,500 of the shortfall, which is being recovered at a rate of £1 per week. Other than this Post Office, as yet, has not sought to recover the outstanding shortfall from her, but it has not reinstated her, and has thereby ended her career as a Subpostmistress.

2. Points of common ground between the Applicant and Post Office

2.1. It is common ground that Horizon migration occurred on 5th and 6th July 2010 and that a cheque/cash adjustment for £2,000 was made at 16:55 hrs on 5th July, immediately followed by a rem out for £2,000 at 16:56 hrs on 5th July. Approximately one week earlier, on 30th June 2010, there was a balance discrepancy of £2,360.93 (shortfall).

2.2. On 29th September 2011 a full audit of the Yetminster Branch and the Chetnole Outreach Branch was carried out. This found a combined discrepancy of £11,886.77 (shortfall). The Applicant issued a cheque to Post Office for £9,500.00 to partly compensate for this.

2.3. The Applicant made 41 calls to the Fujitsu help desk between May 2007 and September 2011 reporting hardware problems.

3. Points of disagreement between Post Office and the Subpostmaster

The following issues represent points of disagreement between Post Office and the Applicant:

Horizon Migration on 5th and 6th July 2010

3.1. The Applicant states that during a training session on 5th and 6th July 2010, Joanne Langley (a Post Office Trainer) entered a £2,000 "dummy" cheque payment that continued to show on the live Horizon system after the training was finished and thereby contributed to the overall shortfall.

3.2. Post Office have told us that the Horizon records show that the two £2,000 entries made on 5th July (See Paragraph 2.1) were made shortly after Joanne Langley arrived at the Branch. Both of these entries are linked to the User ID of the Applicant. Further enquiries have established that the two £2,000 entries were made whilst Joanne Langley was conducting a cash count and before the migration to the new Horizon system.

3.3. However, the Applicant is adamant that Joanne Langley entered a £2,000 transaction as part of the training session on either 5th or 6th July, and this continued to show in the live system after migration. This is denied by Joanne Langley. There is therefore a conflict of evidence on this point.

Training and support issues

- 3.4. The Applicant states that she received inadequate training (in terms of both quality and quantity) and often had problems contacting the Helpline. We are advised that the Applicant received what was at the time the standard training package of 10 days classroom training and 8 days training support, shortly after appointment in May 2007. Post Office has no record of the Applicant requesting additional training, or complaining about the quality of the training.

The £11,886.77 shortfall discrepancy on 29th September

- 3.5. No explanation for the £11,886.77 shortfall discrepancy has been provided and no investigation into how it arose has occurred. Post Office state that the Applicant said on 29th September that she had removed £9,500 in cash on 28th September *“for something personal”*. The Applicant denies making this admission. There is therefore a conflict of evidence on this point.
- 3.6. One of the reasons for the Audit visit on 29th September was a confidential tip-off to Post Office in August 2011 that approximately £12,000 was missing from the till.

4. Where there is disagreement, a logical and fully evidenced opinion on the merits of that Subpostmaster's complaint where it is possible to do so

The following issues represent our conclusions on the points of disagreement between Post Office and the Applicant:

Horizon Migration on 5th and 6th July 2010

- 4.1. We have found no evidence that a “dummy” transaction of £2,000 entered during a training session on either 5th or 6th July 2010 has contributed to the overall deficiency reported by either of the two Branches managed by the Applicant.
- 4.2. We note that two transactions for £2,000 were entered in Horizon on 5th July (before migration to the new Horizon system) and were subsequently the subject of a Transaction Correction by Post Office in August 2010. Both of these entries were made shortly after Joanne Langley arrived at the Branch and are associated with the User ID of the Applicant.
- 4.3. It would appear that at the time these two entries were made, Joanne Langley was conducting a cash count prior to commencing the overnight migration procedure.

Training and support issues

- 4.4. We note that the Applicant suffered a number of hardware failures and made a significant number of calls to the various Helplines available to her. We also note, in common with a number of other applicants, that at times she had difficulty contacting the appropriate Helpline.
- 4.5. We have found no evidence as to whether or not these hardware failures or Helpline issues, contributed to the overall deficiency reported by the two Branches managed by the Applicant.

The £11,886.77 shortfall discrepancy on 29th September 2011

- 4.6. We note that the overall shortfall discrepancy of £11,886.77 found on 29th September 2011 was close to the £12,000 alleged discrepancy reported to the Post Office in August 2011. We also note that according to the Post Office (but denied by the Applicant), the Applicant initially admitted removing approximately £9,500 in cash, the day before the Audit visit. We also note, that the Applicant readily offered to make good £9,500 of the overall discrepancy of £11,886.77 found on 29th September 2011, in order, we are advised, to gain time to further investigate the problem.
- 4.7. In the light of these findings, we believe, on the balance of probabilities, that the Applicant was responsible for at least £9,500.00, and possibly all, of the total shortfall discrepancy of £11,886.77 found on 29th September 2011.

5. A summary of any points on which it is not possible to offer a fully evidenced opinion due to a lack of evidence/information

- 5.1. A full investigation into the circumstances giving rise to the overall shortfall discrepancy of £11,886.77 found on 29th September was not carried out. Also key documents, available at the time were not preserved.
- 5.2. It is possible that if a more detailed investigation had been performed at the time, or if key documents had been preserved, it may have been possible to establish exactly how (and when) the overall shortfall discrepancy of £11,886.77 arose.

6. Is this case suitable for mediation?

- 6.1. In our opinion, and recognising the conflicts of evidence reported in Section 3 above that remain unresolved, we believe that this case is suitable for Mediation and that the following issue should be considered:
- a) the overall shortfall discrepancy of £11,886.77 found on 29th September 2011 and whether Post Office or the Applicant is responsible in part or in whole for that loss.