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**Hudgell**  
SOLICITORS

Our Ref: NMH/KL

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23rd October 2024

Mr S Recaldin  
Post Office Limited

**By Email only**

Dear Sir

As you know, we act for many hundreds of applicants in the Horizon Shortfall Scheme ('HSS').

We have significant concerns regarding its efficient operation.

For present purposes we limit those concerns to matters arising following resubmission of claims for redetermination.

We firstly observe that lawyers generally have not become involved in the HSS process until first offers are issued under the Scheme.

Almost without exception in our experience, those offers are inadequate and do not consider heads of loss that are stipulated within the guidelines of the other schemes as being appropriate.

We have routinely secured significant increases as claims are reviewed and resubmitted.

Recent examples include;

	<b>PO Reference</b>	<b>Original Offer</b>	<b>Date of Original Offer</b>	<b>Revised Offer</b>	<b>Date of Revised Offer</b>	<b>Settled?</b>
1	001541	£ 47,549.94	31/03/2022	£ 65,172.57	22/09/2023	Yes
2	000334	£ 46,799.52	09/12/2021	£ 140,126.37	10/11/2022	No
3	001162	£ 134,829.48	03/11/2022	£ 218,074.81	05/10/2023	No
4	002361	£ 4,410.42	05/07/2022	£ 133,738.86	12/09/2024	No

5	000048	£ 88,516.19	30/06/2022	£ 119,185.79	11/01/2024	No
6	000159	£ 164,904.25	20/10/22	£ 270,151.34	01/02/2024	No
7	000242	£ 21,691.23	31/05/2022	£ 46,375.78	01/07/2024	No
8	000054	£ 363,095.50	31/10/22	£ 649,414.94	23/08/24	Yes
9	001983	£ 42,114.82	04/08/2022	£ 45,114.82	09/05/2024	No
10	PH2643	£ 21,580.42	29/06/2023	£ 172,946.40	04/07/2024	No
11	000718	£ 298,847.21	23/02/2023	£ 421,577.87	24/08/2024	Yes
12	PH2726	£ 10,699.25	06/07/2023	£ 64,300.75	16/10/2024	No
13	001572	£ 260,688.76	15/12/2022	£ 420,587.94	17/10/2024	No

Usually a claim is resubmitted to the Scheme for redetermination following receipt of medical, accountancy and/or other specialist input. This typically takes 12-18 months to complete: longer for complex matters such as cases involving insolvency.

At present, we have a total of 38 cases sat with the Scheme for redetermination.

We attach a spreadsheet of those cases suitably annotated and/or anonymised to illustrate a number of concerning issues.

## 1. Delay

You will see that many of these cases have been back with the Scheme since before 1 May 2024.

It appears these cases are routinely being referred back to Panel. The effect of that is significant delay and unclear and/or inconsistent messaging around case progression.

An example of this is **HSS reference 001983**, which has now been referred to Panel on three separate occasions: the most recent of which was after an agreement had been reached to settle the claim “in principle” after an Escalation meeting in July 2024 and yet no final settlement is in sight. The first offer on this case made by the Panel was £42,114.82 which only rose to £45,114.82 after the Panel spent a further 6 months reviewing the case. The offer at the Escalation meeting was substantially higher at £171,592.02 plus interest and tax to be calculated, although this is now back with the Panel for a third time.

A further example of this is **HSS reference 001572**. A first offer was received on the 15<sup>th</sup> December 2022 in the sum of £260,688. Following resubmission to Panel in March 2024, an improved offer was received on 12<sup>th</sup> October 2024 in the sum of £420,587. A total of four new heads of loss were awarded.

We have reviewed all relevant documents relating to the Scheme, including updated copies of the Terms of Reference, eligibility criteria and ancillary documentation.

We have previously sought clarity on the process adopted once a claim is resubmitted.

Nowhere within the Scheme rules can we find reference to the case being referred back to Panel.

In fact, the scheme appears to prescribe a Dispute Resolution Process that does not include further Panel input.

Can we again ask for clarity as to the basis for claims going back to Panel as presently this is both unclear and from a procedural perspective appears to be incorrect?.

It is the cause of significant and persistent delay.

We raise this particular concern in the context of your Inquiry statement that references a reduction in Panel meetings during 2024. We also note by contrast that you have recently stated via management colleagues the intention to increase these panel meetings to two, possibly three a week. We query whether this will be sufficient considering the plethora of new HSS cases initiated earlier this year and still to be assessed; combined with an increasing number of cases being re-submitted to the panel in recent weeks. It seems to us, therefore, that the picture is only going to get worse.

It is completely unacceptable for claimants to be waiting months in an informational vacuum, not understanding the stage their case has reached nor having any clarity on the process to be followed.

A second aspect of delay relating to Panel, is the time it takes for a determination to translate into a written record. This can take many months after a meeting. Only last week we received a decision, that ran to 60 pages relating to a case determined two months earlier. Surely there is a quicker and more efficient way of distilling down a meeting record for circulation?

## 2. Dispute Resolution Process

Our experience is that it is proving incredibly difficult to secure Escalation meetings and/or formal Mediations.

In some instances, those meetings have proven successful.

Examples of this are **HSS reference 000054** settled following Escalation at **£649,000** after an initial offer of **£363,000**, and **HSS reference 002361** settled following Escalation at **£137,000** after an initial offer of **£4,400**.

In other instances, quite the reverse.

An example of this is **HSS reference 001982** which is detailed above

Clients have been encouraged into dispute resolution meetings, with recommended outcomes that have not translated into any definitive proposal.

Recent examples are **HSS reference 000242** and **HSS reference 000556** both of whom held what seemed to be successful Escalation meetings, in relation to which there has since been no tangible follow up.

In other words, they feel that they have been “led up the garden path”.

A variation on a theme is **HSS reference 000048**. Our client attended mediation in July 2024 where a suitable settlement was reached, only for there to have been months of subsequent delay while internal arguments persist about which head of claim the loss should be recorded under. This is far from acceptable or unique.

### 3. **Joint losses**

We read with interest your statement to the Inquiry referencing consistency of approach between Schemes.

Joint losses have been excluded from the Horizon Shortfall Scheme.

These losses can very often be significant and this anomaly cannot be justified.

### 4. **Consequence of delay**

Clients are unwell, reinjured and suffering heightened anxiety as a result of delay.

A number have and/or are contemplating settlement of claims at reduced offers to put an end to matters.

For example, **HSS reference 000938**. This Sub-Postmaster is now 78 years of age. His application was made in May 2020.

An offer was made in May 2022 in the sum of **£9,943**. In February 2024 a revised Schedule of Loss was submitted in the sum of **£305,000**.

As of today, no revised offer has been forthcoming. We are told a reasoned Panel decision on outcome is due shortly.

This client is elderly, anxious and we worry that he is the sort of vulnerable client likely to be tempted by the fixed sum settlement of **£75,000**.

The scheme pays scant regard to the welfare of applicants

There are a significant number of medical reports that demonstrate the process itself is causing Claimants to be unwell.

In the face of that, Panel are still asking clients for further information and/or to return to medical experts for re-examination/clarification.

In addition, the scheme is wholly inefficient when dealing with requests for funding.

In many instances, Claimants need treatment before damages can be quantified (see preceding point);despite which the response to treatment requests is piecemeal and unpredictable.

For example, in case **HSS reference 001935** treatment costs were requested on 25 June 2024 and approved some four months later on 21 October 2024. However, in the case of **HSS reference 001838** a similar request was approved in less than a month.

The longest delay that we have experienced to date in relation to treatment requests is in the case of **HSS reference 001177** in which treatment was requested on 15 January 2024 and we have still yet to receive any substantive response.

In another case, the Dispute Resolution Team have recently reverted to us for clarification of our request after an extremely lengthy delay. In the case of **HSS Reference 002091** treatment costs were requested on 25 March 2024 and we received questions on 14 October 2024 after almost seven months.

## 5. The Way Ahead

We know from our regular dialogue that you welcome suggestions for change.

It is very apparent that blockages and delays are caused by a number of features (Beyond the multiple and unfathomable layers of governance).

First, cases are taking too long to get to Panel (if, indeed, they should be going there at all).

Secondly, it is taking too long to get decisions back from Panel.

It seems to us the way ahead is simply to increase resources for the Dispute Resolution process so that, after a first offer has been determined by Panel, the Claimants can rework their cases and go before a streamlined process for discussion, negotiation and hopefully settlement.

At the end of the day, this is an aging demographic of claimant. It is not the case that they wish to squeeze every penny in compensation. They simply want full, fair and timely compensation that enables them to get on with what is left of their lives.

I am happy to discuss any of the particular matters raised in this letter or more generally how we can proceed to speed up and streamline the process.

Yours faithfully

**GRO**

Neil Hudgell  
**HUDGELL SOLICITORS**