



Filed on behalf of the: Claimant/Part 20  
Defendant  
Witness: C OGLESBY  
Statement: 2  
Exhibits: CO 2  
Date made: 17/10/2006

**IN THE HIGH COURT OF JUSTICE**

**Claim No: HQ05X02706**

**QUEENS BENCH DIVISION**

**BETWEEN:-**

**POST OFFICE LIMITED**

**Claimant/Part 20 Defendant**

**-and-**

**LEE CASTLETON**

**Defendant/Part 20 Claimant**

**SECOND WITNESS STATEMENT OF CATHERINE OGLESBY**

This is the Exhibit CO2 referred to in the Second witness statement of Catherine  
Oglesby dated 19 October 2006.

## OFFICIAL COPY OF REGISTER ENTRIES

This official copy shows the entries subsisting on the register on **23 March 2006 at 10:31:23**.  
**The date must be quoted as the 'search from date' in any official search application based on this copy.**

Under s.67 of the Land Registration Act 2002, this copy is admissible in evidence to the same extent as the original.

Issued on 23 March 2006.

This title is dealt with by **Land Registry York Office**.

# Land Registry

Title Number : **HS98639**

Edition Date : 17 October 2003

### A: Property Register

*This register describes the land and estate comprised in the title.*

#### EAST RIDING OF YORKSHIRE

- (13.03.1985) The **Freehold** land shown edged with red on the plan of the above Title filed at the Registry and being Marine Post Office, 14 South Marine Drive, Bridlington (YO15 3DB).
- The land has the benefit of the following rights granted by a Conveyance of the land in this title dated 22 February 1985 made between (1) Lawrence Prince and Ada Kathleen Prince and (2) James Frank Evamy and Barbara Janet Evamy:-

"TOGETHER with all rights of road or way drainage and other appurtenances thereto belonging as now used enjoyed therewith.

### B: Proprietorship Register

*This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.*

#### Title Absolute

- (17.10.2003) **PROPRIETOR: LEE CASTLETON and LISA-MARIE CASTLETON**  
of GRO GRO
- (17.10.2003) The price stated to have been paid on 18 July 2003 was £218,000.
- (17.10.2003) The Transfer to the proprietor contains a covenant to          observe and perform the covenants referred to in the Charges Register and of indemnity in respect thereof. 366



Title Number : HS98639

### B: Proprietorship Register continued

- 4. (17.10.2003) **RESTRICTION:** No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the Charge dated 18 July 2003 in favour of The Royal Bank Of Scotland PLC referred to in the Charges Register.

### C: Charges Register

*This register contains any charges and other matters that affect the land.*

- 1. The land in this title together with other land is subject to the payment of three perpetual yearly rentcharges of 5s payable to Joliffe Esq., £7.6s.8d. to the Church Wardens of the Parish of Kirby Misperton and £3.14s.8d. to Thomas Grimston Esquire mentioned in a Deed dated 19 December 1871 made between (1) George Townshend Hudson and Sir James Hudson (2) Godfrey Rhodes in which it is stated that the land in this title is indemnified from the said rentcharges by a Deed dated 27 October 1963 made between (1) Harrington Hudson (2) George Townshend Hudson and Sir James Hudson No other particulars of the rentcharges or of the said indemnification were supplied on first registration.
- 2. A Conveyance of the land in this title and other land dated 15 March 1989 made between (1) Benjamin Stocks and James Staniland Stocks (2) Whitaker Brothers Limited (3) The Reverend Joseph Bawden Allen and (4) Frederick Walker and others contains stipulations details of which are set out in the schedule of restrictive covenants hereto.  
NOTE:- No copy of the covenant to observe the said stipulations was supplied on first registration.
- 3. (17.10.2003) **REGISTERED CHARGE** dated 18 July 2003.
- 4. (17.10.2003) **PROPRIETOR:** THE ROYAL BANK OF SCOTLAND PLC (Co.Regn.No.) of 19 Huntriss Row, Scarborough, North Yorkshire, YO11 2ED

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### Schedule of Restrictive Covenants

- 1. The following are details of the covenants contained in the Conveyance dated 15 March 1989 referred to in the Charges Register:-

And that no building other than a fence or wall shall be erected on the said plot of land between the building line shewn on the said plan and the roads to which the said plot of land has a frontage And will not dig or remove or permit to be dug or removed on or from the said plot of land any turf stone or soil except what may be necessary in excavating the foundations of any buildings which may be erected thereon or in levelling the site for a garden and will not quarry any stone thereon except for use in building upon the said plot of land and will not sell off any such stone so quarried And that the said plot of land shall not be used for any purpose other than garden ground meadow land plant nursery or orchard or for the purpose of erecting a temporary Mission Chapel or Schoolroom as hereinafter mentioned until built upon nor shall any Deed or thing be done on the said plot of land or in or upon any building thereon which may be or grow to be an annoyance nuisance damage or disturbance to the

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Title Number : HS98639

**Schedule of Restrictive Covenants continued**

Vendors their successors or assigns or the owner or tenant of any adjoining land but nevertheless the said buildings and erections or any of them or any part of the said plot of land may be at all times hereafter used for the purposes of a Church Chapel or place of religious worship and also for Schools and Class rooms but such Schools and Class Rooms shall only be carried on in connection with the said Church or Chapel or Mission Chapel and shall not at any time be used as public Elementary Schools under the Elementary Education Act And will permit the Vendors their Successors or assigns so long only as the said plot shall remain unfenced to take sell departure or otherwise deal with any grass or similar crops from time to time growing upon the said plot of land and to permit golf to be played thereon.....And will not erect or allow to be erected upon the said plot of land at any time hereafter any Beer Shop Public house or Hotel for the sale of Malt or Spirituous liquors and that no noxious or offensive trade or business shall be carried on upon the said plot of land And will not for a period of five years from the thirty first day of December One thousand eight hundred and ninety eight erect upon the said plot of land any building other than a Church Chapel or place for religious worship and also for Schools and Class Rooms in connection therewith as hereinbefore provided but after the expiration of that time should they for any cause wish to discontinue the said Church Chapel or place for religious worship or school or Class rooms then any houses or shops which may be erected on the said plot of land shall not be of a less rateable value than Thirty five pounds per year.

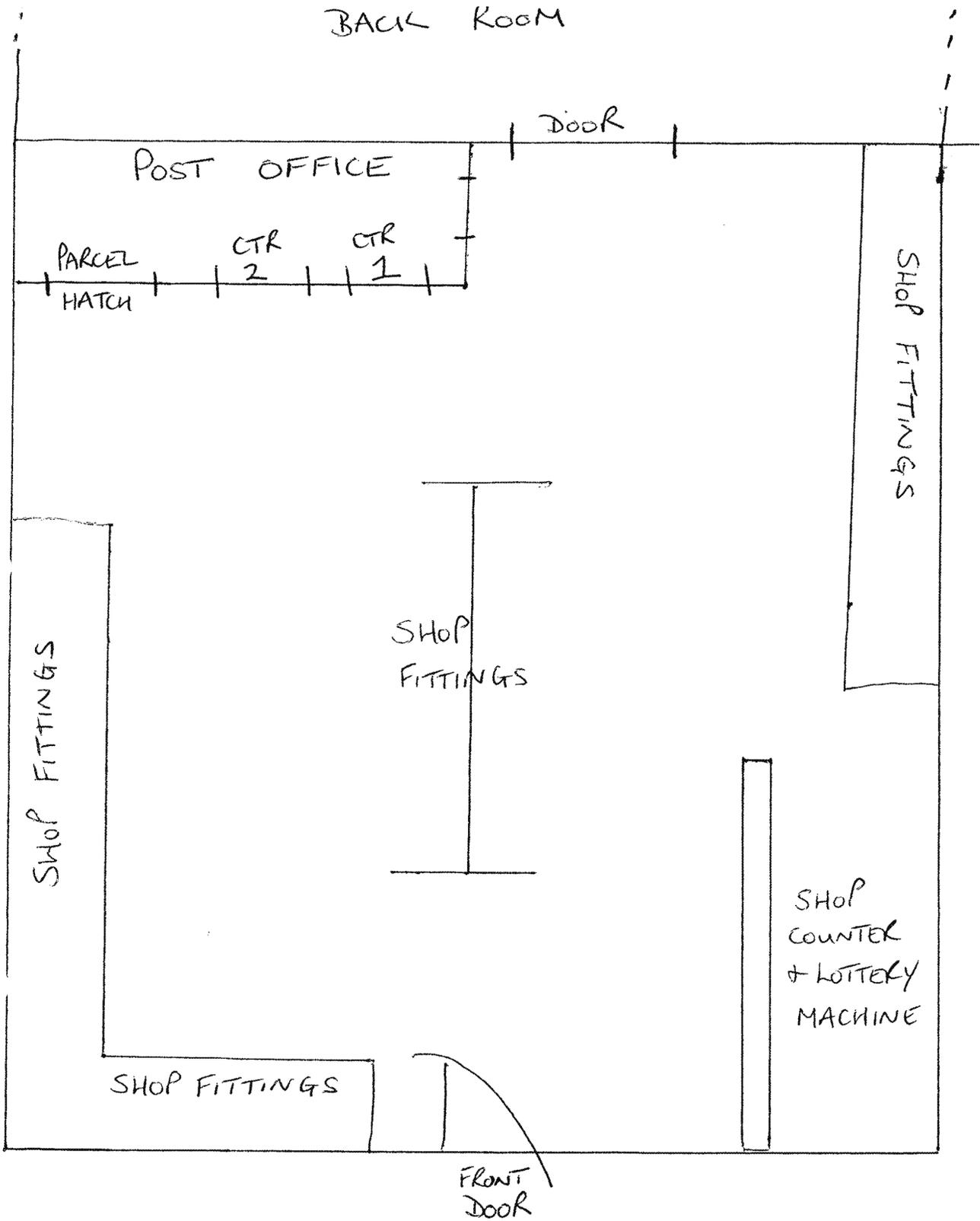
NOTE:-The building line referred to is the existing line of building.

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**END OF REGISTER**

*NOTE: The date at the beginning of an entry is the date on which the entry was made in the Register.*





NOT TO SCALE.

FRONT OF POST OFFICE AT MARINE DRIVE  
& SHOP  
4 8

**Marine Drive Post Office Summary of events.**

Between Christmas and New Year 2003 approx. I was contacted by the Postmaster Mr Lee Castleton. He told me that on week 39 he had been £1,100.00 short in his cash account. We discussed all the usual explanations i.e. Girobank errors, cheque deposits going through as cash. I told him to contact Girobank and National savings to see if there were any problems. I also asked him if he was able to make the amount good, as a Girobank error notice may take up to eight weeks to arrive. He said that he could make the amount good, and we left things at that. This had been the first time since taking over the office in the previous July that he had any major problems balancing.

I visited the office on Friday 16<sup>th</sup> January 2004, in my normal visiting plan. Nothing had yet come to light for the loss. The previous three weeks balances seemed fine.

Mr Castleton then contacted me after his next balance he was over £4k short. I said to him to repeat the process as before and contact Savings bank and Girobank. I asked if the cash was kept secure and who has access to it, Mr Castleton would not hear of any of his staff taking the money. On this occasion he said that he was unable to make the amount good. I told him to contact the helpline in order to get a hardship form. We discussed at length ways to double check all the work leaving the office and to perform a snap shot each evening and check the cash.

I contacted him after the next balance he said he was a further £2500 short. Again we had a long discussion on the telephone as to how to check all the daily work. Again I brought up in conversation the possibility of someone taking the cash. Lee discounted that in rather strong terms. I suggested individual stock unit balancing, and if he needed help setting this up I could help him. He didn't want to do this as he felt the office didn't lend itself to doing this.

The next week he was only £25 short so things seemed to have settled down. Until he balanced the week after and was £1500 short. By now after just four weeks he was £ 8243.10 short, not counting the £1,100 he had made good to start with.

I asked him if he had got a hardship form yet. He said no, so I said he must ring and get one.

He did, and the amount of £8243.10 was put into the suspense account.

At this point I was very concerned and contacted the Investigation team. They told me that as he had kept me fully informed of the loss then they would not be able to prove dishonesty.

I completed an audit request.

The week after he was £3509.18 short.

Lee told me that himself and Chrissie his assistant had spent hours and hours checking and double-checking transaction logs and work to try and prove that it was the computer equipment that was changing the figures. I asked him if he had found

anything. He hadn't. He is convinced that since he had a processor changed around about the time that the losses started it is that that is causing the losses.

I asked him to contact Horizon and get a system check. This was done and came back fine.

I asked him to contact the helpline, which he did and he sent off some cash accounts to look at.

I asked him to contact TP to see if there were any error notices pending.

I visited the office on Friday 27<sup>th</sup> February 2004. We went over everything again Lee was very distressed and angry, Chrissie his assistant was very worked up, upset and angry. They felt that they hadn't received any help and had been left to try and prove that the computer was changing the cash figures. At times they looked close to tears and said that they weren't sleeping.

GRO The stress levels in the office were high.....

I asked them what else I could do to help. We had covered all the usual possibilities. Lee and Chrissie kept on that they had not taken the money and that it must be the Horizon kit. Lee said that the Horizon system helpline had said that the checks had been ok, but what had they checked?

I told him to ring them back and ask. He said that they just told him everything was ok.

Lee said that he thought that the two processors were not communicating with each other and when he remmed in stock the system through the figures way out. I said why not do your end of day snap shot, then rem in, then call a second snap shot, this would then prove whether or not the system had changed anything. I said if the two processors were not communicating then work done on the second machine would not show up on the summary sheets. But all the P&A sheets and Girobank work was agreeing.

The next week, Lee transferred the previous balance into the suspense account. That figure was now at £11,752.78. He then showed a further shortage of £3512.26 on his balance of 4.3.2004. This amount was not made good and the week after this rolled amount escalated to £10,653.11. That would have been a true figure for the week of £7140.85 short.

The following Wednesday the amount (rolled again) was £11,210.56, a true figure of £557.45 short.

He was now showing £11,752.78 shortage in the suspense account and £11,210.56 on the account for week 51 (18.3.2004).

The audit was planned for the following Tuesday 23.3.2004. After the audit the total to late account was £25,758.75. He had lost a further £2795.41 in that week.

I took Lee into the back office to speak to him. I told him that I couldn't let him go on any more and as a precautionary measure was suspending him. I talked to him about what I would like to do with his permission. That was remove him and his staff from the Post office and operate the office with a temp Pmr, to see how it would balance. I

wanted to keep all the Horizon kit that they had been working with to try to keep everything else the same.

Although Lee was distressed and Chrissie was very angry, they both wanted to be proved that it was the computer. Lee even said he couldn't wait until the person was thousands short next week .He said then" heads will roll" for the distress that they have suffered.

I asked a very experienced Postmaster if she would run the office on a temp. basis. This was Mrs Ruth Simpson from First lane Post Office in Hull. Ruth agreed , but was only able to run the branch for a few weeks as she had commitments of her own. I explained the situation and she came and took over at the audit. She opened for business on the Wednesday morning and balanced £2.14 short on the night. She brought with her a part time member of staff to help out on a Monday. At close of business that first Monday she was £100 short. Her explanation was that the part timer had left something in the stack and paid out this amount twice. Ruth did say that the girl had done that in the past at her office.

I telephoned Lee to get any reaction from him. He said that there were queues out of the door, customers were unhappy. He said that Ruth was only using one computer not two as they had done , so it was not a true reflection of how they ran the office. He said that she had mis-balanced as well.

I said I would speak to Ruth regarding his concerns. I contacted Ruth. I asked her to use both machines and we discussed the queues. She said that on a Monday she had two people working all day, so two machines were used. For the rest of the week she was on her own, but logged on to the system with two user names and had two machines running. She was serving from both machines, remming in on both , putting the lottery cash through on both.

The next Wednesday she was £19.38 over. We talked every other day. She would text me and let me know she was ok.

The next balance she was £10.76 short.

I visited the office on Friday 16<sup>th</sup> April 2004. I spoke to Lee away from the counter. I asked him how things were going. He was again distressed. He wanted to know what was happening. We discussed Ruths balancing results. Chrissie came into the room , Lee was happy for her to stay. She wanted to know where the£100 shortage had gone on Ruths first full week. I explained what Ruth had thought. Chrissie made a comment , like Ruth couldn't balance either. Her manner was very aggressive and threatening. I said that I felt the balancing reflected any normal office. Again Lee and Chrissie went on about the computer and that it was making the losses.

After about 30 mins of going round in circles I told Lee that Ruth would be finishing on Wednesday 21<sup>st</sup> April due to her own commitments.I said that I was not going to let him back in there as I wanted more time and more balance results.Lee said that he didn't want to go in there as thing were anyway.We discussed another temp.

I spoke to Paul Whitaker from the investigations team again .He said that they didn't wish to take on the case or interview the Pmr as he had kept me fully informed of the situation on a weekly basis. Again he said that they needed to prove dishonesty and being able to prove this looked unlikely.

Mr Greg Booth took over as temp on Wednesday 21<sup>st</sup> April.

His first complete week ended on Wednesday 28<sup>th</sup> April , he declared a gain of £14.00.

I contacted Chesterfield again on the 29<sup>th</sup> April to see if there were any outstanding error notices. There was an error for lottery that had yet to be investigated for £125.00. An error for cheques that later cleared and did not generate an error notice. There was also an error for an Easy access account that had been processed incorrectly.

I contacted Girobank to see if there were any errors outstanding. I asked them to look back to week 43. He looked back to week 43 and came forward to week 02. There was a small error of £1.43 , but that would not be reported. Everything else was fine.

Mr Franks ( Lees father in law ) contacted me on Friday 23<sup>rd</sup> April , to discuss the way in which Lee and his daughter Lisa had been treated. I explained the situation and what I was trying to do. I told him that the suspension was a precaution and I was hoping that by having a temp Pmr in the office any problems with the computer equipment would come to light . Mr Franks demanded that Lee be reinstated immediately, he was very irate and wanted to take this higher. I gave him the HOA name , David Mellows-Facer, and told him that I would not be reinstating Lee at that time.

Mr Franks spoke with David Mellows-Facer and asked for a speedy conclusion to this situation.

David spoke to me and asked if Lee could be brought to interview ASAP. I explained to David that I would like to get a few more weeks of clear balancing at the office and to ensure that there were no errors yet to come out of the system. David's thoughts were that we had had five good balances and to get him in.

I sent out an RTU letter to Lee inviting him to an interview on Monday 10<sup>th</sup> May 04.

He sent me a letter asking for information from Horizon and NBSC. I have made every attempt to get this for him. I have used the staff in the area office and the contracts manager to help me. The case was taken on by Richard Benton, problem manager.

Lee then contacted me via the helpline on Tuesday 4<sup>th</sup> May 2004, to say that he had found £15k of the losses . I phoned him at the office to see where he had found the cash. He said that the suspense account had doubled the figures. When he had put the amounts into the suspense account , although the amount was showing in the suspense account it was also still showing as a loss again the next week. Lee asked for the

suspense account software to be checked.I again contacted the NBSC to request this.The request was forwarded to Richard in the problem management section.

To see if the suspense account was having any effect on the balance I contacted my temp , Greg Booth.I asked him how he was balancing that week on his snap shots.He told me that he was a few pounds over.It was now Wednesday 5 th May, balance day.I told Greg what Lee had said about the suspense account.I asked Greg to put £100 into the shortages line on the suspense account.First he ran a snap shot, then he placed the £100 into the account, then he ran a second snap shot and a suspense account report.During this time the second Horizon kit was still being used by the assistant.The £100 was in the correct place and the cash figure on the snap shot had changed by £100.All was ok.I asked Greg to balance with those amounts still in the account.He should balance £100 over.I would then call on Friday and we would take the amount out , to see if the opposite occurred.

Greg left me a message on my phone later that evening to say that he had balanced over as we had expected.

Thursday 6<sup>th</sup> May.Contacted Chesterfield again to check any outstanding errors.Only the easy access error still showing.

Lee was sent a letter from the area office giving him the call log from NBSC, the e-mail between Richard and Julie , the audit report .

I contacted him by phone on 6<sup>th</sup> May , to let him know that I had received his letter and I was doing all I could to get him the information that he had requested.But I did tell him that I probably would not be able to get all that he was asking for.

The NBSC contacted me to say that the request to look into the suspense account software had been sent to the problem management team.I contacted Richard Benton, he said that the requests had been sent to Fujitsu, but that it could take several weeks before they would come back with an answer.

Monday 10<sup>th</sup> May 2004.RTU interview ( see notes ).

At the interview Lee could only give one explanation for the losses at his office and that was computer software problems. He did not provide any instances where the figures on his cash accounts were incorrect, it was always the cash figure that didn't match.He asked me to explain the discrepancies at the top of his final balances.

I sent copies to Liz Morgan and Davlynn Cumberland in Leeds, two very experienced suspense account people. They helped me with the wording for my explanation. I sent a letter to Lee on Friday 14<sup>th</sup> May , plus the interview notes.

Both Liz and Davlynn could not see anything wrong with the way the computers were working.

I discussed the whole case with my HOA throughout.

My decision is to summary terminate Lee Castletons contract for services.

<b>To:</b>	<b>From:</b>	<b>cc:</b>
	Helen Hollingworth Inspector	

Date: <sup>23</sup>25<sup>th</sup> March 2004

Audit of Post Office ® Marine Drive branch, FAD 213337

An audit took place at Marine Drive Post Office on the <sup>23</sup>25<sup>th</sup> March 2004. Helen Hollingworth led the audit and in attendance was Chris Taylor. The audit commenced at 8.00am and on our arrival the sub postmaster was very pleased to see us. He explained problems he had been having at the office regarding balancing. His problems with balancing started in week 43 with a mis-balance of -4230.97. He was adamant that no members of staff could be committing theft and felt that the mis-balances were due to a computer problem. He had been in contact with the Retail Line Manager Cath Oglesby and the Horizon help line regularly since the problems began. The following table gives further weeks balance declarations on the cash account.

48	-3509.18	
46	-8243.10	
45	-6730.01	
44	-6754.09	
43	-4230.97	
48	-3509.18	This amount put into suspense week 49
46	-8243.10	This amount put into suspense week 47
45	-6730.01	Rolled loss
44	-6754.09	
43	-4230.97	

In week 47 £8243.10 was put into suspense. Although horizon had been contacted and the Retail Line was aware of this figure, this was not authorised. In week 49 £3509.68 was added to make the amount carried in the suspense account total £11752.78. This was also not authorised.

week 51 balance	- £11210.56
suspense account	- £11752.78
expected audit result	- £22563.34
difference at audit	- £2795.41 (-£1769.00 lottery -£1026.41 cash)
audit result	- £25758.75

On the completion of the audit the Retail Line Manager Cath Oglesby was contacted, along with the Investigation team and the Audit Line Manager. The sub postmaster was suspended pending enquiries and an interim postmaster was put in charge at the office.

To :	From :	cc :
Head of Area		

**Date :**

**Audit of** Marine Drive

The following control gaps were identified at the audit of the above named branch on 23.03.2003

- Personal cheques on hand incorrectly treated
- Misuse of monies
- Cash and stock not secured during lunchtime if not on premises
- Safe left open
- Safe keys left in safe door and not secured
- Unauthorised amounts held in suspense account (>£1000>8 weeks)
- Cash not listed accurately over £500
- Travellers cheques not kept in safe
- Foreign currency not held securely
- Procedures for adjusting losses and gains were not adhered to

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Mr L Castleton  
Post Office® Marine Drive branch  
14, South Marine Drive  
Bridlington  
YO15 3DB

23.03.04

Dear Mr Castleton  
**Re: SUSPENSION**

This is to confirm that your contract for services as Subpostmaster at Post Office® Marine Drive branch has been suspended with effect from 23 March 2004.

The suspension is precautionary pending further investigations and your remuneration will cease from this date. Any outstanding remuneration will also be withheld for the period of the suspension and the question of payment of remuneration to you for this period will be determined in accordance with Section 19 paragraph 6 of your Contract For Services on the termination of the period of suspension.

I will contact you again about this matter as soon as possible.

Yours sincerely

**GRO**

Lesley J Joyce  
Contract Manager

Post Office Ltd  
Darlington Area Office  
Crown Street  
Darlington  
DL1 1AN

GRO

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PERSONAL AND IN CONFIDENCE  
Mr Lee Castleton  
Post Office® Marine Drive branch  
14 South Marine Drive  
Bridlington  
YO15 3DB

26.04.04

Dear Mr Castleton  
**Re: SUSPENSION OF CONTRACT FOR SERVICES**

I wrote to you on 23 March 2004 confirming the suspension of your contract for services as subpostmaster of Post Office® Marine Drive Branch.

I am now considering the summary termination of your contract for services on the grounds that the audit at your office on 23 March 2004 resulted in a total shortage of £25,758.75. You had reported to me large, unexplained losses over the preceding period of 12 weeks. You were unable to make good the losses and therefore the decision was made to suspend you from your contract for services due to the obvious risk to Post Office Ltd funds. There are a number of obligations set out within the Subpostmasters contract for services, one of which being retention of the appointment is dependant on the branch being well managed and the work performed properly to the satisfaction of Post Office Ltd, the Subpostmasters contract section 1, paragraph 5 and section 12, paragraph 12 refers. This is in accordance with Section 1, paragraph 10, of your Contract For Services, which provides that the Agreement may be determined at any time in case of breach of conditions by you, or non-performance of your obligations or non-provision of Post Office services.

I would now like to give you the opportunity to put forward any reasons why I should not pursue this course of action. You can do this by requesting a personal interview or submitting a response to the charge(s). In either case you should inform me of your intentions, in writing by 5 May 2004.

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**Re: SUSPENSION OF CONTRACT FOR SERVICES**

I have provisionally set aside the morning of Monday 10 May 2004, at the Area Managers Office in Darlington, should you choose a personal interview. If this date is inconvenient we will of course re-arrange.

Should you choose a personal interview, you may be accompanied at the interview by a friend, who must be a fellow subpostmaster, or a registered Sub Office Assistant or a Consignia employee or an official/ representative of the National Federation of Subpostmasters. You also have the right to request and receive all information relating to the aforementioned charge.

Yours sincerely

Cath Oglesby  
Retail Line Manager

Post Office Ltd  
Operations  
Darlington Area Office  
Crown Street  
Darlington DL1 1AN

To: Cath Oglesby  
Retail Line Manager

- \*I wish to attend for interview
- \*I wish to submit written representation
- \* **Delete as appropriate**

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

L Castleton

S

**GRO**

28. 04. 04

DEAR Mrs Oglesby/ Mrs Joyce

I am writing to you  
in reply to your letter dated 26. 04. 04.

I would like to point out that the audit  
took place at this office at my request. I  
felt I was in a situation that nothing  
was being done and I felt I needed more  
people involved. This was asked for on the  
advise of a friend of mine who is also  
a Sub post master. I would also like you to  
consider the amount of phone calls and  
requests that were made throughout that twelve  
week period asking for help, advise and  
information. Whenever I have received any  
requests from anybody wishing to help, I  
have always furnished your company with  
any paperwork, documents or information.  
I would also like to point out that I  
have never refused or been unable to make  
good the losses. But would like to know

whether these losses actually exist or if as I believe they are a figment of a computer's imagination.

I would like you to send me any and all information relating to the aforementioned charge. I would also like you to send me

1. a full list of all software updates since Jan 16<sup>th</sup> 2004 to now 28.04.04. Including date of download, reason for download, description of Program and any problems with the software since its installation to any machine
2. list of all calls to Horizon and NSBC from this office since 16<sup>th</sup> Jan 2004 to now including who made the call, who they spoke to, and reason for call, what action was taken after call was made.
3. list of all calls to Horizon and NSBC from any office in relation to computer balance problems that seem unexplained.
4. list of any Horizon problems which are either on-going or have been dealt with including suspense account problems. What action was taken and description of the work.

5. A DETAILED LIST OF THE REQUIREMENTS OF AN RLM IN SUCH A CASE. THE REASON ACTIONS WERE TAKEN AND WHEN THESE ACTIONS WERE TAKEN.

6. CONTRACTUAL OBLIGATIONS OF HORIZON WITH RESPECT TO HOW AND WHEN HORIZON SHOULD ACT WHEN A FAULT ON THE SYSTEM IS SUSPECTED.

WHAT ACTION IS TAKEN WITH DATA AT 'CLEAR DESKTOP' WITHIN HORIZON. WHERE IT IS STORED AND WHETHER THIS DATA HAS BEEN CHECKED. IF IT HAS BEEN CHECKED WHAT WAS THE DATA WHO CHECKED IT AND WHAT WAS THE OUTCOME.

8. COULD I ALSO HAVE A DETAILED BREAKDOWN OF WHAT IS CHECKED DURING A HORIZON SYSTEM CHECK WHEN SYSTEM CHECKS HAVE BEEN DONE ON MACHINES IN THIS OFFICE WHO DID THE CHECKS AND WHAT IS FOUND IN THE RESULTS OF THE TESTS. ALSO THE DATES AND TIMES OF THE CHECKS.

9. LIST OF BT LINE FAULTS SINCE 16<sup>th</sup> JAN 04 ON THIS PHONE LINE FROM 16<sup>th</sup> JAN 2004. ANY WORK REQUIRED AND REASON FOR WORK.

10. I WOULD ALSO LIKE TO KNOW IF THE COMPUTER SYSTEM HERE HAS BEEN OFF OVER THE PERIOD OF MY SUSPENSION. THE REASON FOR THEM BEING OFF. THE ACTIONS TAKEN INCLUDING A DETAILED LIST OF

ANY SOFTWARE CHANGES OR REPAIRS REQUIRED  
TO BRING THE SYSTEM ON-LINE AGAIN.

I HAVE VERBALLY ASKED FOR THIS  
INFORMATION ON TWO PREVIOUS OCCAISIONS. I  
BENEVE THAT ALL OF THIS INFORMATION IS  
REQUIRED TO GIVE ME AN INSIGHT INTO HOW THIS  
SYSTEM WORKS. AS I HAVE ASKED PREVIOUSLY  
PLEASE, PLEASE HELP ME TO HELP MYSELF I FEEL  
COMPLETELY OUT OF THE 'LOOP'. BUT I ONLY  
WISH TO HELP TO UNRAVEL THIS.

LOOKING FORWARD TO YOUR  
RESPONSE

YOURS FAITHFULLY

**Lee Castleton**

PS. COULD YOU ALSO SEND ME THE BALANCE  
DATA SHEETS THAT ARE COMPILED AT CHESTERFIELD  
SO THAT I CAN COMPARE. I AM SURE THIS HAS ALREADY  
BEEN DONE BUT I WOULD JUST WANT TO COMPARE  
THEM MYSELF.

6

PERSONAL AND IN CONFIDENCE

Mr Lee Castleton  
Post Office® Marine Drive branch  
14 South Marine Drive  
Bridlington  
YO15 3DB

06.05.04

Dear Lee

Please find enclosed the following:

- Copy of – Suspension letter – dated 23.03.04
- Copy of - Reasons to urge letter – dated 26.04.04
- Copy of e-mail from Fujitsu and logs of calls to Network Business Support Centre and HSH
- Copy of e-mail from Andrew Price
- Copy of Horizon System User Guide, Office Administration, System failure Subsections 12 and 13
- Copy of Audit report

Yours sincerely

Cath Oglesby  
Retail Line Manager

Post Office Ltd  
Operations  
Darlington Area Office  
Crown Street  
Darlington DL1 1AN

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Page 2 of 2

**Re: SUSPENSION OF CONTRACT FOR SERVICES**

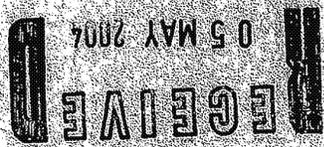
**PERSONAL AND IN CONFIDENCE**

Mr Lee Castleton  
Post Office® Marine Drive branch  
14 South Marine Drive  
Bridlington  
YO15 3DB

1-905142301 14

**Lee Castleton**

RE:- MARINE DRIVE P.O.  
SOUTH MARINE DRIVE,  
BRIDLINGTON.



Dear Sir/Madam,

I'm just writing to say how disappointed and  
I justed at the treatment of

**Mr Lee Castleton**

and **Mrs Christine Train** of the above office.

I'll be honest with you and tell you I'm  
**Christine's** mother. I've never seen her upset, like  
the way she is at the moment.

It's bad enough that they've both had to  
come out of the office, but to see their  
customers having to stand in endless queues, not  
knowing they both could have served them  
in 5 mins. People are asking questions of them.  
They're having to just be polite and not  
go into details. They feel guilty, when  
they know that they have nothing  
to hide. They haven't done anything  
wrong. What happened to justice,  
INNOCENT TIL PROVEN GUILTY.

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**Christine**

has worked there for 14 years, since her Y.T.S. When the business has been sold twice, her job has gone along with it. She has worked very hard at her job and knows it inside out.

The question I would like answered is: WHEN THEY BOTH RAN UP RIGHT FROM THE BEGINNING WHEN THINGS WERE GOING WRONG - DIDN'T SOME ONE COME OUT TO THEM AND EITHER GIVE THEM HELP OR CHECK THINGS OUT.

I think the fault lies more with your staff for letting the amount getting up to what it did, without at least trying to help them. ~~\_\_\_\_\_~~ ~~\_\_\_\_\_~~ ~~\_\_\_\_\_~~

Lee and Lisa have bought a nice business but this is all starting to take a toll <sup>on</sup> of the shop. They have worked so hard at getting this all started, I hope this can soon all be sorted and everyone get back to normal.

The last thing every-one, staff, familie and more so customers, wants is for this to close. To some of the old people they're like their friends. They help them with

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filling forms in, telling them were to enquire  
things etc. Lots of them won't be able to  
get to another office.

Please can you seriously listen to  
**Lee** & **Christine** when they come to the  
meeting. Neither of them have anything  
to hide. I don't know how this has  
happened, but please can you try to  
get it all out with them.

Thanking you for reading this,  
Hope you can help us all,  
Yours,

**A Thirsk**

**Mrs Audrey Thirsk**

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**Cath Oglesby**  
05/05/2004 15:59

To: Jean Sokell; [GRO]  
cc:  
Subject: Marine Drive

Jean,

Please print.

----- Forwarded by Cath Oglesby; [GRO] on 05/05/2004 15:58 -----



**Andrew Price**  
20/04/2004 11:57

To: Cath Oglesby; [GRO]  
cc:  
Subject: Marine Drive

Cath,

I have asked both Sarah Pennington and Andrew Wise to provide a form of words and actions taken whilst dealing with the PM at the above branch:-

When I spoke to the PM at Marine Drive he was unsure what was causing these errors. He told me that he has been using the slave machine for his rem's and I assured him that wouldn't cause a problem as long as he was attached to the correct stock unit.  
The PM thought there would be some errors relating to National Lottery, I phoned the Lottery team at Transaction Processing who confirmed that there were some errors relating to Lottery, but for every charge error there was a corresponding claim error, this was due to the lottery figures been entered on Horizon in the wrong CAP.  
PM was also concerned that when entering the lottery figures, it was as though the terminals were not communicating, but if that was the case the PM would have large number of errors on every report and product.  
The PM sent cash account information to NBSC and it was looked at by Andrew Wise, he was unable to find any errors. The only amount questioned was a large amount on the cheques to processing centre which Andrew was able to confirm was a cheque payment for the purchase of Premium Bonds. The PM was advised there was nothing more we could do and we suggested he works a manual system at the side of Horizon to see if any problems were highlighted.  
Also when doing the rem's the PM should take a snapshot before and after to see if any problems were occurring when doing a remittance.

Andrew Wise and I both feel that the Horizon system is working properly and we are unable to help the PM any further.

I hope this information helps, please contact me if you want to clarify anything.

Regards  
Andrew

Service Support Team Leader  
Network Business Support Centre  
Cortonwood Business Park  
BARNSELY  
S73 0UF

[GRO]

Richard,

I have had a chat with Anne, she used the message store viewing to investigate this. If you want copies of extracts for the particular incorrect declarations please submit an ad hoc request requesting this information. Hope this helps, see below:

NO TRANSACTION DATE AND TIME WAS PROVIDED FOR THIS ACTION USING CURRENT DATE

AND TIME By Anne Chambers at 26-feb-2004 15:16:00 Category 94 - Advice and guidance given I have checked various things on the system. All the internal

reconciliation checks are ok. Cheques are being handled correctly (except for 10th Feb when the clerk forgot to cut off the report - but this didn't cause a discrepancy). Cash declarations look ok, they usually use drawer id 11. Occasionally they have used a different drawer id, this can lead to amounts apparently doubling on the cash flow report, and should be avoided. But again it will not cause a discrepancy. Checking the cash transactions on

the system against the declarations shows that they are not working particularly accurately (i.e. at the end of the day the cash they declare in

the drawer is tens, hundreds or thousands of pounds astray from what has been recorded on the system). It is possible that they are not accurately recording all transactions on the system. There is no evidence whatsoever of

any system problem. I've mentioned this outlet to Julie Welsh (Customer Services) who will try to get POL to follow it up, but in the meantime please tell the PM that we have investigated and the discrepancies are caused by the difference between the transactions they have recorded on the system and the cash they have declared, and are not being caused by the software or hardware.

Julie Welsh  
Service Delivery Manager HSH  
Business Service Management, Post Office Account

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Please note change of e mail address with effect from 1st April 2004 to: julie.welsh1@uk.fujitsu.com

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**MARINE DRIVE INTERVIEW 10 MAY 04**

**Attendees: Mr Lee Castleton Subpostmaster  
Mrs Chrissie Train Post Office assistant  
Cath Oglesby RLM  
Lesley J Joyce CM**

**Cath opened the interview by introducing everyone, explained the reasons for the interview, the roles of those in attendance, read out the charge and said it was LC's opportunity to give any explanations or reasons as to why his contract for services should not be terminated. (LC asked to tape the interview but was informed he could not but could take notes and be copied these notes)**

**CO then went on to give a summary of events which led to the suspension of LC on 23 March 04 due to an unexplained shortage of £25,758.75.**

**During the 12 weeks prior to audit LC had several large unexplained losses. LC was suspended as a precautionary measure to try and investigate where the losses were occurring. CO asked LC if he would allow his premises to be used to conduct PO services and he agreed.**

**LC's thoughts have always been that the Horizon system was to blame for the shortages so the only thing that was changed in the office was the 'people'. All the current staff came out of the office and a temporary Postmaster, Ruth Simpson, was allowed to run the branch, during the 4 weeks that RS was in place the cash accounts showed no large losses.**

**The system did crash on her and was re-booted but this did not affect the balance. She had problems with the AP card reader but was not allowed to change the kit under the circumstances. No problems occurred while remming in or with Lottery.**

**When RS finished Greg was appointed as temp Postmaster, again no problems with balances or with any of the above.**

**CO Went on to discuss actions she had taken:-**

**Horizon-Asked for a system check twice**

**1-During the time of large losses-----everything okay**

**2-During RS time**

**3-Asked what upgrades had there been since week 39, the HSH said upgrades happened all the time, to different offices and they were unable look at individual offices.**

**4-All the events on the software system checked back to 1 March 04, no abnormalities.**

**Chesterfield**

**1-Contacted them on a number of occasions regarding any outstanding error notices**

**APS-None up to week 3**

**Lottery small error on prizes**

**Girobank**

**Checked all the weeks up to week 02-no issues**

LC Agreed with all of the above. He asked CO what she considered was an acceptable amount for cash account losses.

**CO Said it varied for different office's but £20 per week was reasonable. CO opened the discussion to LC to give reasons for the losses.**

LC Said that he had not taken any money and that he trusted his staff 100% not to have taken anything. He said that he had asked for 10 bits of information in the letter he sent but only received 1 item. He had asked Fujitsu for help and the NBSC and no one had got back to him, they were not prepared to help. He had spent hours each night with CT looking at the balances. He said that a remote test would not turn up on a software check, he understood there were a lot of problems with Horizon and the system, he had a lot of problems at the office with re-boots etc, so why did this happen if nothing was wrong with the system. No one would tell him what tests were done, I don't know what 'clear desk top' means. I have had a lot of e-mails from Postmasters who have problems with Horizon.

**CO Replied that she had only received his letter on the night of wed 5<sup>th</sup> May which was only 2 working days prior to the interview and she was working on getting him the information he requested. She had suggested several things for him to do in the office such as individual balances and the idea that staff could be responsible but he would not take any measures or listen to this point of view. CO then said it would be helpful to go through the individual balances, week by week methodically and look at the suspense accounts. CO clarified LC understanding of how the cash account worked with regards to balances and losses and gains. LC Confirmed he understood.**

**CO Then goes into detail with balances, error notices, losses etc and the evidence she has with snapshots and declared cash. (Copies of all this information is provided with a list of all the results of the balance)**

**CO Asked LC to clarify if he made the error notices good but he could not remember. She clarified when the shortages were first put in the c/a. CO stated that not all the information such as snapshots were provided and LC said they were probably in the box.**

**CO refers LC to some of the cash declarations which have been manually altered or written on, specifically to week 47 and the declaration on 12 Feb 04 which had a figure of approx £7000 written on the bottom of the cash declaration. Both LC and CT looked but although LC said he thought it was CT writing she was not certain. CO said this was very important as although the c/a for week 46 showed a loss of £8243.10 the following snapshots and declared cash did not evidence this. She explains:-**

**Snapshot at 17.27 on Fri 13 Feb shows you need £92095.36, cash declaration shows you have £99128.40, a gain of £7033.44.**

**Sat 14 Feb shows you need £95896.59, cash declaration shows you have £102706.10, a gain of £6809.51.**

**Mon 16 Feb snapshot shows you need £77958.28, cash declarations show you have £84909.54, a gain of £6951.26**

**Tuesday 17 Feb snapshot shows you need £68163.08, cash declaration shows you have £84909.54, a gain of £6776.77**

**HOWEVER The c/a on wed shows the cash is an exact match for the cash required on the balance-Where has this surplus gone?**

LC Has no explanation and says it must be something to do with Horizon.  
**CO Goes on to give other examples where shortages in subsequent weeks do not then match the snapshot and declaration. (Evidence provided)**  
**CO and LC then have a long discussion about the discrepancies shown on the snapshot and CO says she will clarify after interview.**  
**CO asks again where the gains which are evident and which are hand written on the cash declaration could have gone.**

LC says he does not know but he has not taken the money.

**CO Says that the Horizon system works as a double entry system and everything she has looked at works through. Originally LC had said that the system was doing something when the rem's were put through but the evidence does not shows this. She had asked LC to run a snapshot after close of business, input the rem and then run another snapshot to see if figures were altered and asks LC if he had done this.**

LC Says that he did not have time to do this, it had been a nightmare, he feels it is a computer problem and no-one has helped him. 5 months is a long time to try and remember what happened and what went on. He mentions other offices that have told him about problems with cheque listings and P&A dockets. He said that no-one had visited from Horizon to look at his problems and balances.

**CO Explained that Horizon would not attend his office due to poor balances, they would need evidence of a problem which he was unable to provide, she also mentioned that she had given him advice and spent hours and hours on this case and his cash accounts. She asked LC if he could show her a figure that the Horizon system had changed which did not make sense or could prove his allegations.**

LC Said no but he did know an office where it had changed a figure on Girobank although the office did receive corresponding error notices.

**CO asked LC to confirm he had not taken the money**

LC No. He asks to see the c/a's for weeks 1,2,3,4 which CO provides to him and says he can have copies.

**CO asks if there is anything else he wants to add.**

LC says he would like the explanation on the discrepancies, which CO agrees to provide.

**CO told LC that she was still waiting for a response from Horizon regarding the checks on the software. As soon as they were available she would let him know the out come.**

**CO Ends the interview by thanking those in attendance.**

PERSONAL AND IN CONFIDENCE

Mr Lee Castleton  
Post Office® Marine Drive branch  
14 South Marine Drive  
Bridlington YO15 3DB

14.05.04

Dear Lee

**Re: Entries at top of Final Balance**

I am writing to clarify the entries at the top of the final balance. The final balance shows the discrepancies in that balance period. During the week, if snapshots are taken then the NET discrepancy is brought forward from the previous week. If you look back to when the office was balancing you will see that the NET loss or gain flows through into the next week, until a final balance is produced. The final balance shows the discrepancies for that cash account week.

Transferring an amount into table 2a in the suspense account means that the system then puts the loss to one side and you continue with a straight balance.

On the first week that you transferred the loss into the suspense account, the previous weeks Net loss flowed through, as would be seen if snapshots were taken. Then when a final balance is produced the discrepancies are shown for that week. You produced a perfect balance e.g. no loss or gain, therefore the net discrepancy was nil.

On the week that you transferred the second amount into the suspense account, you had a further loss so the net discrepancy was this further loss. That is why the two final balances don't look similar. Please also find enclosed a copy of the interview notes.

Yours sincerely

Cath Oglesby  
Retail Line Manager  
Post Office Ltd  
Operations  
Darlington Area Office  
Crown Street  
Darlington DL1 1AN

PERSONAL AND IN CONFIDENCE

Mr Lee Castleton  
Post Office® Marine Drive branch  
14 South Marine Drive  
Bridlington YO15 3DB

17.05.04

Dear Lee



I am writing following our meeting on Monday 10 May 2004, in which you put forward reasons why your contract for services should not be summarily terminated.

I have reviewed the papers relating to this case very carefully and have taken into account the points you have put forward.

After consideration I have decided to summarily terminate your contract for services as Subpostmaster of Post Office® Marine Drive branch from the date of your suspension, 23 March 2004, on the grounds that you have had several large unexplained losses at your office totalling £25,758.75. You were unable to make the losses good, which is in breach of your Contract For Services. There are a number of obligations set out within the Subpostmasters contract for services, one of which is that the branch is well managed and the work performed to the satisfaction of Post Office Ltd. I do not feel that you have achieved your obligations.

Please refer to your contract for services section 1, paragraphs 5 and 10 and section 12, paragraph 12.

You may, if you wish, appeal against my decision. If it is your intention to appeal, you should notify me, in writing by 31 May 2004. The format of the appeal can either be a personal interview or written submission. Should you wish to progress this avenue, I will arrange for the appeal to be heard by a member of Post Office Ltd Appeals Authority.

Post Office Ltd  
Darlington Area Office  
Crown Street  
Darlington

Post Office Ltd  
Registered in England and Wales number: 2154540  
Registered Office: 80-86 Old Street  
London EC1V 9NN

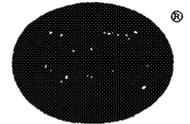
The Post Office and the Post Office symbol are

Please sign and return one copy of this letter immediately in the envelope provided. A second copy is enclosed for your retention.

Yours sincerely

**GRO**

Cath Oglesby  
Retail Line Manager



To: Cath Oglesby  
Retail Line Manager

I have noted the content of this letter.

If I decide to appeal against your decision, I will let you know separately.

Signed:

**GRO**

Date:

20-05-04

Mr Lee Castleton

**GRO**

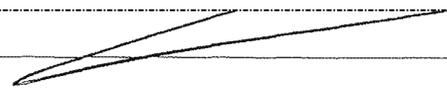
23<sup>rd</sup> May 2004.

Dear **Cath**

I would like to APPEAL AGAINST YOUR DECISION TO TERMINATE MY CONTRA DATED FROM 23<sup>rd</sup> MARCH 2004. PLEASE COULD YOU ORGANISE FOR A HEARING TO TAKE PLACE.

I would also like to REFER TO MY LETTER DATED 28-04-04 IN WHICH I ASKED FOR TEN PIECES OF INFORMATION RELATING TO THIS COMPUTER FAULT. COULD YOU PLEASE FORWARD THIS INFORMATION TO ME AS SOON AS POSSIBLE.

**Lee Castleton**



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**Lee Castleton**

**GRO**

1<sup>ST</sup> JUNE 2004,

Dear **Mr Mellows-Facer**

I am writing to you following my telephone conversation with your P.A. **Paula** today. I am sorry you have nothing to say to me. I am sorry you would not take my call.

I have written to you previously. That letter remains unanswered. Your message to me through **Paula** stated you wished me to ring **Cath Oglesby** to obtain any further information. I rang **Cath** today and she told me that obtaining the information I have repeatedly asked both of you for is outside her capability. Could you please tell me who I need to talk to? This information should be easily and readily obtainable. I can see no reason for you to withhold any of this information yet you seem intent on doing so. Please could you furnish me with the information I require.

yours faithfully

**Lee Castleton**

**In Strictest Confidence**  
Mr L Castleton

**GRO**

02.06.04

Dear Lee

I am in receipt of your letter dated 24<sup>th</sup> May 2004 and the fax you sent yesterday. I was not avoiding talking to you, I just had nothing to add to our previous conversation.

Also, I was attempting to draw together information to reply to your letter.

I am aware that the majority of your points were discussed prior to, or at interview. I will reply to your requests in the order that you put them in.

1. There have been numerous downloads to all branches since January 2004. The details of these are not available from the Horizon helpdesk.
2. You have already been given a copy of the call logs.
3. This information is not available because of Data Protection regulations.
4. This information is not available because of Data Protection regulations.
5. The Retail Line Manager has to protect Post Office Ltd assets. The decision to suspend a Subpostmaster as a precautionary measure is taken after advice on the issue in question has been given.
6. Horizon's remit is primarily as a helpdesk and source of information. They are not there to visit if a branch misbalances. Balances since your suspension have been within acceptable limits.
7. You mentioned 'clear desktop' at interview, but did not elaborate on what you meant. I am unclear on its relevance.
8. Horizon will not provide this information.
9. You will need to get this information yourself from BT.
10. You were given this information at interview.

I am told that you have been sent a copy of the notes of the interview. All information we are able to give you, you now have. You have appealed against the decision to terminate your contract. This appeal will now be arranged as soon as possible.

Yours sincerely

David Mellows-Facer  
Head of Area

Post Office Ltd  
Darlington Area Office  
Crown Street  
Darlington  
DL1 1AN

Tel: **GRO**  
Fax:

cc: Cath Oglesby, Retail Line Manager  
Lesley Joyce, Contracts Manager