

DRAFT – CLOSURE LETTER – GRO - CASTLETON

I am writing in connection to your application to the Scheme.

You will be aware that your case has been looked at afresh and thoroughly investigated by Post Office. Your case has also been considered by the Scheme's independent forensic accountants, Second Sight Support Services Ltd. The reports of both of these investigations have been shared with you.

As you will know, Second Sight concluded that the question of who should bear responsibility for losses incurred in your branch was suitable for mediation and the Scheme's Working Group then recommended that this issue be mediated.

I regret to inform you that, after careful consideration, Post Office takes a different view and has decided against proceeding to mediation in your particular case for the reasons I set out below.

Responsibility for Losses

Post Office considers that the question of responsibility of the losses suffered in your branch has been conclusively determined through the High Court judgment of His Honour Richard Havery QC on 22 January 2007. It remains Post Office's view that his determination remains entirely correct and nothing in our own re-investigation, nor in the Review of your case by Second Sight, represents a challenge to that position.

Consequential Loss Claim

I am aware that your Case Questionnaire Response (CQR) contained a substantial claim for losses in the sum of approximately £5.2 million. Post Office is firmly of the view that it did not act in breach of its contract with you or that it could be held liable to you for the losses you are now claiming.

Mediation

Because there is no issue of substance which mediation could either address or resolve, Post Office has decided against proceeding to that stage in this particular case. We are writing to the Centre for Effective Dispute Resolution to this effect. In the circumstances, Post Office considers your complaint to the Scheme is now concluded.

I understand that this news will come as a disappointment to you. I nevertheless hope that the extensive investigations undertaken both by Post Office and Second Sight will have demonstrated our determination carefully to consider all of the concerns you raised in your application in a detailed, comprehensive and independently verified fashion.

I am copying this letter to your professional adviser.