

Supplementary written evidence from the Justice for Subpostmasters Alliance (POM 31)

Further to appearing in front of your committee on 3rd February 2015, we write to ask that the committee considers supplementary information with regard to the questions it asked of the witnesses at the session, and which it was not possible to provide an answer due to time constraints.

Q2 Chair: *The issues between sub-postmasters and the Post Office on the Horizon system seem to have been ongoing for some years. Have all those issues been resolved? If not, what is still outstanding?*

The issues have not been resolved, and the list of outstanding issues is long. However in the interest of brevity the key points are:-

- A Post Office management, that (as the committee has seen) is in denial about the very real problems this matter has raised and the consequences of its actions upon individuals. Post Office's only concern with this issue is the protection of the brand at any cost.
- The failure of Post Office to investigate any cases where a Subpostmaster has had problems, preferring to go straight to prosecution. After all, Post Office is the only one in a position to access all the relevant data, as the Subpostmaster is removed and denied all access to the data for which they are being held liable for.
- Post Office personnel continuing to inform Subpostmasters that they are the only ones who have ever suffered with a problem with Horizon, so it must be their fault. This was a practise heavily used by Post Office in the early days of Horizon, yet JFSA continues to hear of new cases where such comments are still being made.
- Post Office's failure to introduce an insurance scheme to help Subpostmasters cover unexplained losses. This is despite Post Office covering all losses from Crown Offices, without their staff being held liable for losses through the courts.
- Post Office's refusal to allow a recognized trade union or any other organization other than the National Federation of Subpostmasters (NFSP) to represent Subpostmasters. This is an issue in its own right that requires further investigation, as in effect the arrangement is little different to a 'closed shop'.
- The failure of the NFSP to undertake its own external investigation of Horizon and the associated issues that have been affecting its membership, instead of blindly following the bidding of Post Office.
- The failure of the NFSP to insist a new and relevant contract was created for Subpostmasters at the time of the introduction of IT at post offices.
- The 114 page contract, which not every Subpostmasters received, and which was considered out of date at the time the Government's own Performance and Innovation Unit produced its report 'Modernizing the Post Office' in 2000, when it commented "*The majority of sub-postmasters still work under a contract that can be traced back a hundred years*" (Box 3.4, Page 24, 'Counter Revolution – Modernising the Post Office Network' – A

Performance and Innovation Report June 2000). A contract so onerous that it has been likened to a charter for white collar slavery.

- The failure of Post Office to provide a mechanism to deal with cases that did not appear during the 12 weeks the Initial Case Review and Mediation Scheme was open to applicants, despite Post Office giving such an undertaking to do so in a press release dated 7th July 2013, when it stated that there was to be “*A review chaired by an independent figure to determine how an independent safety net might be introduced to adjudicate in disputed cases in the future. Again the JFSA and other stakeholders will be invited to take part in this process.*” Yet this has never taken place.
 - The importance cannot be overstated for the need of a third party, independent body that Subpostmasters can approach confidentially and that has the authority to investigate historic and current issues. The majority of Subpostmasters have paid many tens of thousands of pounds for the privilege of running a post office, however within the wording of the 114 page contract Post Office is able to terminate a contract with a Subpostmaster by giving just three months’ notice and without giving a reason. This allows Post Office to be vindictive if it so chooses and to use the clause as a threat to those Subpostmasters who dare to challenge it. Two Freedom of Information requests have revealed that between 1999 & 2008, 263 Subpostmasters lost their offices this way without being able to recover their original investment. Taking on a post office is very much like handing the Post Office a loaded financial gun which they can hold to a Subpostmasters’ head.

Q9 Caroline Dinenege: *As the Chairman said, I think we have got your views on this, but in a nutshell if you could say: Second Sight’s 2013 interim report gave a preliminary conclusion that there was no evidence of system-wide or systemic problems with the Horizon software. Can you just tell me—yes or no, really—whether you believe that this remains a fair assessment of the system’s functioning?*

As the committee would have heard, the work of Second Sight since the interim report in 2013 has significantly added to the pool of knowledge about the problem areas that Subpostmasters have had to face due to Post Office and its Horizon system. Many of these issues should be included in the forthcoming Second Sight Part Two report, however JFSA is concerned that members of the committee and other MPs may not be allowed to see it.

During the time JFSA has been engaged with the original case investigations and also the more recent Initial Case Review & Mediation Scheme, it has become blatantly obvious that Post Office is sitting on considerable information that would greatly assist the investigators looking into the cases. It is our view that they are using every means possible to stop that information emerging, which is why, until Post Office itself is investigated by an external body, the full extent of the problems with Horizon and its associated issues may never be known.

Q14 Caroline Dinenge: *To your knowledge, are sub-postmasters continuing to experience the issues that have been previously reported.*

JFSA's position on this point is that there are still many problems being experienced by serving Subpostmasters, albeit that nowadays there may not be as many as those that occurred in the early years of the system, and also there is now a far smaller network of post offices. JFSA is also of the opinion that apart from the funding the NFSP receives from Post Office, the main reason the NFSP is denying its membership are having problems with the system is to assist its members to sell their offices. Otherwise the very poor market for post offices may well dry up.

It is worth noting that after the committee evidence session on 3rd February, JFSA received a number of emails from serving Subpostmasters. Many of them made the comment, that already knowing the position the NFSP and Post Office takes over Horizon system problems, it was pointless ever to raise problems with them. The main hope voiced by these Subpostmasters is that they are selected for closure and compensation under the network transformation programme.

There has never been a truly independent and confidential survey of Subpostmasters to discover the full extent of the problems being experienced with the system.

Q15 Mr Binley: *I used to be an area manager for pubs—a lot of pubs. There is a real similarity in the problems you are talking about because if you employ staff, money—unless you are very careful—walks out of the front door on two legs, quite frankly. It is not difficult to analyse where the money is being lost.*

There are some big sub-post offices which employ a few people, but many of them are a husband and wife team or, to be modern, two partners running a business together. Those are really very small businesses. What analysis has been done on that basis? That would answer the point that I think you are making, Mr Thomson, which is that where staff are employed, people can walk out the door and can make mistakes that are very difficult for the sub-postmaster in charge to manage. What analysis has been done in that respect?

Further to the response by Kay Linnell to this question, it is important to point out that due to the complexities of this system and the vast amount of services available through it, there is a lack of intuitive flow with its operation. Furthermore this failure in the system design adds to the problems of tracking down where or if mistakes have been made, or what has happened to particular money, and in the long run it is the Subpostmaster who has to pick up the tab, so why should Post Office worry. It is all about transference of risk from the Post Office to the Subpostmaster.

Q16 Mr Binley: *But how can the sub-postmaster be responsible?*

Within the current 114 page 1994 Subpostmaster Contract, item 12 of section 12 states:

“The Subpostmaster is responsible for all losses caused through his own negligence, carelessness or error, and also for all losses caused by his Assistants.”

This clause is regularly used by Post Office to collect any shortages a Subpostmaster suffers however caused and without any investigation as was mentioned later in the session. This is despite Post Office being the only body able to access all relevant data.

Should the committee require JFSA to expand further on the issues we have raised here or to provide information on many of the other aspects that over the years we have identified as being cause for conflict between Subpostmasters and Post Office Limited, then we would welcome the opportunity to do so.