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Sent: Wed 13/02/2013 6:58:35 PM (UTC)
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Cc: 'Alan Bates'[alan.bates@[redacted] GRO]; 'kay@[redacted] GRO'; 'lan Henderson'[irh@[redacted] GRO]
Subject: Missing Cheques

Hi Jo: Here's a write-up on the missing cheques situation. This is now one of our 'Spot Review' items so POL will be invited to comment/refute this and then Ian and I will reach a conclusion as to where it all went wrong. Do take a close look at the write up and, if you feel you can correct anything, improve it or even shorten it then please make your recommendations. Alan, Kay and Ian should all be kept in the loop.

The SPMR here asserts that part of the shortfall charged to her by POL, and cited by POL in court when she was charged with False Accounting, was attributable to missing cheques that she claims she had sent to Chesterfield for processing. Specifically, this SPMR asserts that several cheques (that she had received from customers in payment for items that they had received over the counter from her sub post office) seem never to have cleared through the customers' bank accounts. In support of this assertion, one of this SPMR's customers has provided a list of cheques that he says he or his wife handed over to the branch but never cleared through his bank account. Whilst it does appear to be irrefutable that some cheques never were cleared... and were therefore re-charged to the SPMR by means of Transaction Corrections ('TCs'), it has not yet been possible to re-build the entire trail of what happened and therefore what went wrong and where it went wrong. In rebutting the possibility that the missing cheques never got out of the branch (and were lost or perhaps accidentally destroyed in the branch itself), the SPMR asserts that she once found pouches containing customer cheques ('Stripeys') in the street outside the Post Office, these seemingly having been accidentally dropped by the Royal Mail collector.

Though the loss of cheques (whether in the branch, in the delivery chain or in POL's Processing Centre) could well result in a real financial loss to an SPMR, such an event should not itself give rise to a 'mysterious' or *unexplainable* shortage. The Post Office's standard procedures are meant to identify the non-delivery of cheques that have been reported by the SPMR/branch staff as having been despatched for processing. That would, in turn, result in a TC (as indeed would a cheque returned unpaid by the customer's bank)... and it is hard to believe that an SPMR would not have been advised of such events by POL. The problem - with this very old case - is that neither the SPMR nor POL any longer has records to examine and thereby to prove that the SPMR was notified in a proper and timely manner. In any event, the SPMR asserts that TCs typically came out 3 months or more after the processing date, making it virtually impossible for her to recover funds from the customer(s) (see also notes on the inability of SPMRs to go back beyond 42 days). Indeed, this SPMR did not raise this matter at

her trial since she says that she did not realise its significance until well after the trial was over.

Note also that SPMRs have no record of cheques that they have received from customers and sent to the Processing Centre (there are no scanned images or photocopies retained in branch) so trying to find out which customer they need to approach is, many SPMRs claim, far from straightforward. It follows that, were the SPMR not to be able to recall from whom cheques (that are later reclaimed through TCs) had been received, then the money might never be recovered. The Post Office would, however, appear to be legally entitled to recover the missing funds from the SPMR under the standard contract.

The SPM also referred the investigators to an article in The Sunday Times' 'Question of Money' column on January 28th, 2007, where a lady claimed to have contacted POL about a near-identical situation (having six months before bought £2,500-worth of Premium Bonds using a cheque that never cleared through her bank account). When contacted by The Sunday Times, POL allegedly stated that "the cheque could have been 'mutilated' in the clearing process". The newsworthy point of that story was that this lady reported (to the Sunday Times) that, after numerous attempts to get anyone to take the matter seriously, she was told, by a POL employee, "not to worry about it, just take a holiday with the money."

I'll also write up your TV Licence one and any others that drop out of your case.

Very best regards,

Ron Warmington

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