

## Girobank Cashcheques

### Introduction

This report is a summary of what happened 10 years ago to SPMRs throughout the UK when processing the encashment of Cashcheques in their Post Offices. A serious crisis was created for SPMRs caused by 'Organised Crime' criminals printing counterfeit cashcheques and using teams of criminals to cash these cashcheques at Post Offices.

### Procedures for Cashcheque Encashment at Post Offices

- Customer of DHSS (DWP) was issued by Post with a Girobank Cashcheque in respect of benefit due to the customer
- The customer presented the cashcheque to the Post Office clerk signed and produced I.D.
- On receipt of the cashcheque the amount was paid to the customer after having endorsed the reverse of the check with (I.D seen) and validated the signature.
- All cashcheques were then batched and returned to POL who in turn forwarded all cashcheques to DHSS. DHSS carried out security observations and established that thousands of cashcheques were counterfeit.
- All counterfeit cashcheques were returned to POL who referred these cheques back to the SPMR using Transaction Correction procedures and instructed SPMRs to 'make-good' the funds paid out on each cheque. POL decided that the SPMR was in breach of Sections 12 and 19 of the contract and that he/she was responsible for the loses.
- The investigations by DHSS and POL were protracted and Girobank cashcheques continued to be issued by DHSS throughout this period.

### Role of NFSP

Extensive discussions were conducted by FED Executive Council, the Negotiating team and POL but the talks proved to be fruitless, POL was adamant that the SPMRs were in 'Breach of Contract'.

The Girobank cashcheques were perfect forgeries except for the DHSS serial numbers which were easily identified and DHSS but certainly not by SPMRs. Paper used to print the cheques was the same paper (with the water mark) as used by DHSS. The forgeries were classes as excellent by DHSS. Even by using UV lamps the cashcheques could not have been identified as counterfeit.

It should be noted that after this exercise was completed POL issued UV lamps to all SPMRs. The FED decided that on reflection and considering all the facts that this was a case of 'organised crime' and it was unreasonable to expect SPMRs to be held liable for the loses. The loses did occur but not in the local PO. The authority responsible for the loses was PO and DHSS. Investigations took too long to establish the facts and too slow to act once the problem was identified.

### NFSP Legal Advice

The Executive council took legal advice from Anderson Strathern on the matter and 3 representatives of the Scottish Federation met with solicitors and a QC.

The outcome of the advice was that the Federation had an excellent case and were prepared to act on a no win/no fee basis. The solicitor stated when making this offer his company (Anderson Strathern) do not operate on this basis but in the circumstances were confident of success.

The General Secretary, George Thomson explained to POL that the FED was intending to raise an action against POL. It was significant that 2 days later that POL conceded the case and would set up a board to scrutinize all counterfeit cashcheques.

#### POL/ Federation Scrutiny Board

The board met at POL HQ Chesterfield on 7-8 occasions for 2-3 days at a time and scrutinized all cheques. Thousands of pounds were returned to SPMRs throughout the country. I would estimate that 95% of SPMRs received a refund to the value of the cheques. The other 5% did not meet the security regulations for encashment ie. Not signed or no I.D.

#### Conclusion

Calum, I trust this report will provide you with the information you require to illustrate the work that the FED put into this case and appreciate the cost of manpower, legal fees and time spent by the FED officers. I am aware you will be knowledgeable about the process of the cashcheques but I thought I would spell it out for you so that you can familiarise yourself with what the FED officials confronted at the time and the confrontational stance that POL took even having all the facts spelt out to them in detail. POL only relented when taken to the brink of court action by the FED and to my knowledge that in the history of the FED this extreme process proved to be successful.