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Jennifer Robson
25/10/2005 12:18

To: Carol King/e/POSTOFFICE@POSTOFFICE
cc: Cheryl Woodward/e/POSTOFFICE@POSTOFFICE
Subject: Re: FW: Mr L Castleton - Marine Drive Post Office, Bridlington

CArol/Cheryl

Please see the latest on CAstleton .would we be expected ot state the period of analysis required?? If so what can you suggest?

Cheers

Jen

Debt Recovery Section manager

Post Office Ltd

Finance

1st Floor West , No 1 Future Walk, West Bars, CHESTERFIELD, S49 1PF

GRO

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External Email: jennifer.robson@

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--- Forwarded by Jennifer Robson/e/POSTOFFICE on 25/10/2005 13:17 ---



Graham C Ward
25/10/2005 12:52

To: Pinder Brian <Brian.Pinder@GRO>
cc: Thomas Penny <Penny.Thomas@GRO> Keith K Baines/e/POSTOFFICE@POSTOFFICE, Jennifer Robson/e/POSTOFFICE@POSTOFFICE
Subject: Re: FW: Mr L Castleton - Marine Drive Post Office, Bridlington

Brian

This is not a case the Investigation Team is involved with, i.e there is no criminal prosecution being taken against the Postmaster.

I would suggest that the usual analysis of the HSH records covering whatever period is required would suffice, commenting on any specific calls which may detail 'problems' with the system by the Postmaster. If an ARQ is required to cover this then I can submit in due course. A witness statement will not be required, although a report outlining the action taken would be appreciated.

(Keith - Please advise whether you feel an ARQ is required / Jennifer - Please detail the period you'd like analysed)

Regards

Graham

Casework Manager
Post Office Ltd Investigation Team

PO BOX 1, CROYDON, CR9 1WN

GRO

Pinder Brian <Brian.Pinder@

GRO



Pinder Brian

To: graham.c.ward@

GRO



<Brian.Pinder@GRO
GRO

25/10/2005 10:20

cc: Thomas Penny <Penny.Thomas@GRO
Subject: FW: Mr L Castleton - Marine Drive Post Office, Bridlington.

Graham

I have just received this email from Carl Marx, and I believe you may need to be aware. I await any further instruction from you on this before proceeding further.

Kind Regds

Brian Pinder
Security Manager

-----Original Message-----

From: Marx Carl
Sent: 24 October 2005 13:12
To: Peach Mik; Forrest Hilary; Pinder Brian
Cc: Baldwin Dave
Subject: FW: Mr L Castleton - Marine Drive Post Office, Bridlington

Please see below. My understanding is that this is responded to by Hilary/Brian.

Mik, Please investigate & comment on whether the required evidence can be produced.

Regards,
Carl

-----Original Message-----

From: dave.hulbert@GRO
Sent: 24 October 2005 11:58
To: carl.marx@GRO
Cc: gary.blackburn@GRO; keith.k.baines@GRO
jennifer.robson@GRO
Subject: Mr L Castleton - Marine Drive Post Office, Bridlington

Carl,

could I ask you to look at the attached email string relating to an ongoing legal case for recovery of losses against a SPMR (as per title of email). Please have a look at the email from Stephen Dilley (solicitor working on behalf of POL) and his next steps section in particular, as this indicates what we need from Fujitsu i.e.: clear evidence that the losses in question weren't created by the system.

I've also copied below a response you provided some weeks ago relating to a different case (Smallbridge) about the system creating discrepancies and it would be worth having your view on whether this provides useful supporting evidence, particularly in countering the Experts' Reports (referred to in Stephen Dilley's email).

If you can't provide the evidence required, then please state this. A response by the end of this week is required as we need to make a decision on whether to proceed with this case or not.

Regards

Dave

Discrepancies in Stock, Cash or Transactions following equipment malfunction are virtually unknown and can not occur without a Corresponding lack of attention to process by the PM or Post Office staff:

1) If a transaction goes to completion, Riposte messages are written to the disk and replicated within 5 seconds to all of the neighbouring counters or to the Mirror Disk in the case of Single Counter Outlets. This transaction will then be visible to Post Office staff through the transaction log.

2) Should there be a failure which results in incomplete or damaged transaction information being written to the message store, then this will always result in events reported by the counter to the centre and/or visible dialogs which will request that the PM report the matter to Horizon Help Desk, the system generally takes a conservative view and will complete any partial transactions it finds.

3) The Horizon System User Guide has a lot of guidance on System Failure and the steps needed to recover from failure which mitigate against any losses by the PM by documenting procedures for the recovery of transactions.

4) Post Masters were required Pre S80 to produce weekly cash accounts at which time any major losses or gains would become immediately apparent; notwithstanding that the vast majority of Post offices will make a check at the end of each working day by producing daily office summaries and daily cash declarations (Mandatory). These will demonstrate whether there are major discrepancies, if there are discrepancies then it is expected that the Post Master should account for them then, or raise calls on NBSC to assist in resolving the problem.

5) The PM has a powerful tool in the transaction log, this will allow production of reports for the 35 previous days transactions.

In summary, the system is very robust. In our experience it very seldom loses transactions unless equipment is physically removed from site; if it does lose transactions Post Office procedures should quickly identify discrepancies and they should be followed through with help desk assistance within a week.

Reports of discrepancies dating back for more than 7 days are unlikely to provide a definitive answer.

Service Manager, Operations Control

Post Office Ltd
Operations

GRO

----- Forwarded by Dave Hulbert/e/POSTOFFICE on 24/10/2005 11:25 -----

Jennifer Robson

Hulbert/e/POSTOFFICE@POSTOFFICE
18/10/2005 14:11
Talbot/e/POSTOFFICE@POSTOFFICE, Carol King/e/POSTOFFICE@POSTOFFICE
Marine Drive Post Office, Bridlington

To: Dave
cc: Mandy
Subject: Mr L Castleton -

To note the emails below please on the case we consulted on recently .
I'm not sure if you now need ot advise Dave Smith of this counterclaim.
Carol and I will need to discuss the requirements placed upon us --stated
below.

Can you advise who would be the contact from your domain. Please note the
date for provision of info. Can you get back to me by early next week
please.

Many thanks

Jen

Debt Recovery Section manager
Post Office Ltd
Finance

1st Floor West , No 1 Future Walk, West Bars, CHESTERFIELD, S49 1PF

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----- Forwarded by Jennifer Robson/e/POSTOFFICE on 18/10/2005 14:06 -----

Mandy Talbot

King/e/POSTOFFICE@POSTOFFICE, John Legg/e/POSTOFFICE@POSTOFFICE, Nicky
18/10/2005 13:55
Sherrott/e/POSTOFFICE@POSTOFFICE, Jennifer Robson/e/POSTOFFICE@POSTOFFICE
Wardle/e/POSTOFFICE@POSTOFFICE
Marine Drive Post Office, Bridlington

To: Carol
cc: Clare
Subject: Mr L Castleton -

This is a case where the adequacy of the evidence which POL has in support of its case against Castleton is being challenged and his counterclaim dwarfs the size of the claim. The adequacy of the records obtained from the Horizon system is being challenged. As the business chose to give summary termination instead of three months notice it is required to physically prove the loss. If the Horizon evidence is not up to the job this will have serious ramifications for the business.

Litigation Team Leader
Company Secretary's Office
Legal Services

Royal Mail, Impact House, 2 Edridge Road, CROYDON, CR9 1PJ

GRO

----- Forwarded by Mandy Talbot/e/POSTOFFICE on 18/10/2005 13:49 -----

"Stephen Dilley"

GRO

To:

<mandy.talbot@

GRO

cc:

Subject: Mr L Castleton

Marine Drive Post Office, Bridlington
18/10/2005 12:43

Dear Ms Woodward

I refer to Denise's email of 29 September.

Denise has now left the firm and I am dealing with this matter. I have reviewed the voluminous papers and thought it would be helpful to set out my view of the case at this point:

Case Summary

1. The Post Office's claim is for approximately £27,115.83 plus interest and costs in respect of net losses. Clearly, Mr Castleton is contractually responsible for any losses that the Post Office makes caused by negligence or error. However, the real issue is whether there has been any real shortfall, or whether this shortfall has really been generated by computer error. To win, the Post Office must show that there has been a real shortfall.

2. Was Mr Castleton dismissed summarily? If the answer is "yes", then if the Post Office cannot show that there was a real shortfall and loses its claim and has dismissed him without a good reason, then unless his contact say otherwise, it appears that you may well have to take Mr Castleton's wrongful termination claim seriously. He claims that he has suffered loss for up to £250,000 but those losses have not yet been particularised and I will need to analyse any evidence in support of them. Please could you supply me a full copy of his contract?

3. From the outset, Mr Castleton's case has consistently been that if you return to him all of the documents removed by Mrs Ogglesby on 10 May 2004, then he will be able to demonstrate that the losses are not real. He has repeatedly sought the return of the daily snapshots, because he believes that the only way to verify the accuracy of the weekly snapshots and weekly balances is to manually cross check them by reference to the daily snapshots.

Experts' Reports

I enclose copies of the following:-

- (a) A without prejudice letter dated 30 September from Mr Castleton's solicitors to Bond Pearce;
- (b) Bentley Jennison's Report dated 23 September and attachments; and
- (c) White & Hoggard's report dated 18 August.

Bentley Jennison state that the deficiencies have probably been brought forward despite the fact that they have been entered onto the suspense account entry. They suspect this is because the Horizon system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot. They have drawn this conclusion through looking at the discrepancy of £3,509.18 on Thursday 26 February 2004. They then suggest that this double accounting could have continued over a number of weeks and that as such, Mr Castleton's Defence, "appears to hold potential merit based on the limited documentation" they have so far reviewed. White & Hoggard reach a similar conclusion in their report.

You may think the expert has got it wrong, but even if they have, they can only form their view on the information available and this is what the Court will have to do when the claim gets to trial.

Further disclosure

Bentley Jennison seek:

- (i) A full list of all the transactions carried out within the Post Office (he says that it is not good enough that management information is not available simply because the "month end has been closed down").
- (ii) The actual audit report prepared by Mrs Ogglesby. He says that the actual report would have been a manuscript writing document rather than a typed document.
- (iii) P and A Reports for weeks 39-52.
- (iv) Cash and stock counts for when Mr Castleton began trading and when he stopped being a Post Office Sub-Postmaster.
- (vi) The events log for weeks 39 to 52.

(vii) Transaction log.

In your email to Denise of 26 September, you state that you are probably not going to be able to produce any further paperwork. However, the onus is on the Post Office to prove its case on the balance of probabilities. Given the nature of Mr Castleton's Defence, I suspect that the Court will draw adverse inferences against the Post Office if it is unable to produce relevant documents that could either help or hinder its case. The outcome could well be that instead of recovering £27,000, the Post Office ends up paying to Mr Castleton a significant sum for wrongful termination of his contract.

Next Steps

Do you have the documents that the expert and Mr Castleton have requested? My view is either that we should obtain the documents to prove the claim is true, or take an early view that it is unlikely to succeed and that in order to extricate yourselves from proceedings, you will probably have to make a payment to Mr Castleton. The Court has ordered that the claim be stayed until 3 November 2005 to enable the parties to try to settle.

Once you have reviewed this email, please could you contact me to discuss strategy. It may be that an early without prejudice meeting or mediation asap would be useful. The worst move would be to run the claim to trial and then find you cannot produce the documents you need because at that stage, both parties will have incurred significant costs and the stakes will be that much higher.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
Bond Pearce LLP

DDI
Mail
Fax

GRO

www.bondpearce.com

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