

**Post Office Group Litigation High Level Summary - SUBJECT TO LEGAL PRIVILEGE**  
**- DO NOT FORWARD**

Al,

We were in court today before the Managing Judge His Honour Mr Justice Fraser to seek permission to appeal the Common Issues Judgment and determine how the costs of the Common Issues trial should be treated. The Judge did not have to consider the costs of the Recusal Application as these had been settled between the parties beforehand.

**1. Permission to Appeal**

As expected, the Judge did not agree there was a real possibility of Post Office successfully appealing his Common Issues Judgment and did not give us permission to appeal any aspect of it:

- On Errors of Law, the Judge believed he had correctly considered and applied the law on “relational” contracts and obligations of good faith. The Judge did however note that the Court of Appeal might be interested in these issues, but that that would be for them to decide from the documents we file when seeking permission from that Court.
- On Procedural Unfairness, the Judge felt he had addressed and rejected these issues when he dismissed the Recusal Application.
- On Errors of Fact, the Judge did not consider he has made any findings on an issue for which no evidence had been put before him, or where he had plainly misunderstood the evidence which was before him, and therefore we had not satisfied the test for an appeal on any facts.

The Judge initially indicated he would elaborate on these points in a written note to follow today’s hearing. If the Judge does issue a written note on permission to appeal (and he is not obliged to), experience suggests that he may use that opportunity to criticise Post Office.

**2. Common Issues Costs**

The Judge exercised his discretion and awarded the Claimants their costs of the Common Issues trial, rather than reserving this question until later in the litigation when the full impacts of the Judgment would be determined.

The Judge found that the importance of the Common Issues to the litigation as a whole, the long period of time and expense taken to get to the trial, and the length of time still required before the case will be fully resolved, justified costs being awarded now. He accepted Post Office’s submission that a discount should be applied although lower than we sought. He applied a 10% discount to the Claimants’ costs, reflecting that Post Office had been successful on some of the Common Issues, but not a greater discount because he felt Post Office had unnecessarily contested some matters of fact.

Post Office was successful in arguing against the Claimants submission for their costs to be assessed on the penal “indemnity basis”, which is used when a party is found to have conducted the litigation unreasonably.

A full assessment of the Claimants’ claimed costs of £7.7m will still need to be carried out. However, the outcome of today’s hearing is that Post Office has been ordered to make an

payment on account of those costs of c.£5.5m within 21 days. The precise calculation of this payment is being finalised with the Claimants.

3. **Next Steps**

The next steps in the litigation are:

- Review and file with the Court of Appeal the application for permission to appeal the Common Issues Judgment once the approach has been determined. This must be done by 13 June 2019.
- Continue preparations for the resumption of the Horizon Issues trial on 4 June 2019.

We will arrange a further Steerco and Board Subcommittee shortly but the necessary work for the above continues.

I hope this is helpful. Please let me know if you need anything further.

Kind regards,  
Ben



Highly Commended for 'Excellence In-house' at the Law Society Excellence Awards 2018

**Ben Foat**

Legal Director  
Ground Floor  
20 Finsbury Street  
LONDON  
EC2Y 9AQ

Mobile number: