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Post Office Compensation

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🕒 4.49pm

The Parliamentary Under-Secretary of State for Business and Trade >

(Kevin Hollinrake)

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With permission, Madam Deputy Speaker, I will make a statement on the latest steps the Government are taking to ensure that swift and fair compensation is made available to postmasters whose **Horizon**-related convictions are overturned.

This House is aware of the distressing impact that problems with the Post Office's **Horizon** IT system have had on the lives and livelihoods of many postmasters. Starting in the late 1990s, the Post Office began installing **Horizon** accounting software, and over the years the **Horizon** accounting system recorded shortfalls in cash in branches. Between 1999 and 2015, those shortfalls were treated by the Post Office as caused by postmasters, and that led to dismissals, recovery of losses by the Post Office and, in some cases, criminal prosecutions. We now know that **Horizon** data was unreliable. I pay tribute to colleagues on both sides of this House, and in the other place, who have supported postmasters in their efforts to expose the truth and see justice done.

The Government have supported the Post Office to make significant interim payments up front—set at £163,000—to those with overturned **Horizon** convictions. We are also funding the Post Office to reach final settlements with these postmasters. To date, 86 convictions have been overturned. The Government and the Post Office have been clear that we want to see the victims receive swift and fair compensation. I have been monitoring the delivery of compensation to those with overturned convictions, and more than £21 million has been paid out to date. Although good progress has been made on personal damages, such as for mental distress and loss of liberty, thanks in large part to a successful early neutral evaluation process overseen by Lord Dyson, progress on full and final settlements has been slower.

That is why I can announce today that the Government have decided that postmasters who have their convictions on the basis of **Horizon** evidence overturned should have the opportunity, up front, to accept an offer of a fixed sum in full and final settlement of their claim—the sum will be £600,000. It will not be up to £600,000; it will be £600,000. There will be no requirement for evidence to support the claim, other than the ability to demonstrate that the individual has an overturned conviction. We have arrived at that figure by looking at existing claims that have been processed and applying a generous uplift. This will be delivered by the Post Office,

with funding from the Government. To be clear, this up-front offer is available to those postmasters whose convictions have been overturned as they were reliant on **Horizon** evidence at the time. This payment will be made net of any sums already received, such as interim payments and partial settlements, to settle the claim fully.

Any postmaster who does not want to accept this offer can, of course, continue with the existing process. It will therefore be completely optional to accept the offer of £600,000, and the Government will continue to fund the legal costs of these postmasters to ensure that they receive independent advice ahead of making a decision. However, we hope that the change I am announcing today will provide more reassurance and quicker compensation to those postmasters who would prefer this option over going through the full assessment process. Almost certainly, there will be fewer people taking the option of the full assessment process. To be clear, any postmaster who had their conviction overturned as it was reliant on **Horizon** evidence and who has already reached a settlement with the Post Office for less than £600,000 will be paid the difference.

Postmasters who have been wrongfully convicted have some of the most severe circumstances, having lost clean records and, in some cases, their liberty, and having suffered significant financial losses and an overwhelming impact on their lives. The Government recognise that those postmasters have suffered gravely in relation to the **Horizon scandal**, and for too long, and so should be able to settle their claim swiftly if they wish. The Post Office is contacting the legal representatives of eligible postmasters with further information about this offer. I appreciate that some details will need to be worked through, such as how long the up-front offer remains open. I am committed to consulting the **Horizon** Compensation Advisory Board, which includes Members of this House, such as the right hon. Member for North Durham (Mr Jones), and Lord Arbuthnot, on this matter to make sure we get this right. However, we did not want to delay informing postmasters that there will be an optional quick and straightforward route to settlement. Postmasters may choose to have their claim fully assessed if they prefer, whereby each claim is assessed on the basis of its individual losses.

The Post Office will continue to process these claims as quickly as possible and we are encouraging it to continue to work actively with postmasters' legal representatives to make offers and payments as soon as possible. The Post Office has made offers to all 73 formerly convicted postmasters who have submitted a claim for non-pecuniary damages—non-financial personal losses. Awards for non-pecuniary damages are guided by Lord Dyson's early neutral evaluation. With regard to pecuniary damages—financial losses—only 21 claims have been submitted to date and the Post Office has made offers on 12 of these, five of which have been accepted.

The Post Office has been engaging with claimant advisers on pecuniary principles for assessing financial losses to support swifter formulation and assessment of claims. The Post Office plans to move to a remediation model of claim assessment, involving an independent assessor to facilitate settlements and resolve disputes. This remediation approach will bring greater transparency to the existing process.

We know that hundreds of postmasters were convicted during the period when **Horizon** was in use. The Post Office contacted over 600 postmasters to help them to appeal their conviction and that work was later taken over by the Criminal Cases Review Commission as an independent party. However, still only 86 convictions have been overturned to date and we recognise that there are a number of postmasters who have not yet sought to appeal their conviction. It is for the courts to decide whether a conviction is unsafe, but we encourage all postmasters who think their conviction may be unsafe to come forward and start the process. We hope that being transparent about the level of compensation available via a straightforward route will encourage even more people to seek to overturn their conviction.

I am pleased to provide the House with an update on the other areas of Post Office compensation. To date, £79 million has been paid under the **Horizon** shortfall scheme, with offers made to 99% of the original cohort of applicants. The Post Office has made offers for 58% of eligible late claims.

Under the group litigation order scheme, the Department has paid £22 million to date. We also announced interim payments in June last year, and 99% of claimants have received the share of the £19.5 million to which they are entitled. The scheme opened for full applications in March this year. To date, 32 claims have been submitted and first settlements have been reached. I am pleased to inform the House that my Department will be publishing data online regularly on the progress of compensation delivery.

In addition to providing compensation, it is important that we learn lessons so that something similar can never happen again. That is why the Government have set up the Post Office **Horizon** IT inquiry and put it on a statutory footing to ensure it has all the powers it needs to investigate what happened, establish the facts and make recommendations for the future. The inquiry is progressing and we will continue to co-operate fully to ensure that the facts of what happened are established and lessons are learned. I commend this statement to the House.

Sarah Jones >
(Croydon Central) (Lab)

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I thank the Minister for his statement and for advance sight of it. This is, of course, an issue of great importance and I thank him and his Department's civil servants for the progress they have made and the work that has gone on to achieve it.

As this is my first time speaking on the matter from the Front Bench, may I put on record my tribute to the Justice for Subpostmasters Alliance and to all those who have campaigned for decades for compensation, justice and truth? I also recognise the efforts of Members across the House on behalf of their constituents, as well as the work done by colleagues in the other place. In particular, I thank my right hon. Friend the Member for North Durham (Mr Jones). As the Minister said, he is unable to be in the House today but he has played an instrumental role in helping to chart a route to justice for thousands of people and we wholeheartedly thank him for that.

The House is in unanimous agreement that the **Horizon scandal** has been a shocking injustice. Indeed, I think it is no exaggeration to say that it is one of the greatest scandals of modern times. While we continue to hear in the public inquiry the accounts of lives torn apart by the **scandal** we can never lose sight of how devastating its impact has been on those victims.

Labour will act in good faith on any announcements that aim to facilitate justice for those involved in the **Horizon scandal**. Having listened to the Minister, I understand the logic behind the approach that he has announced today, but I would be grateful if he answered some initial questions. First, how many people does his Department anticipate will take up this offer? Secondly, what assurances can he give the House that the compensation being offered to those 86 individuals whose convictions have been overturned will be at a sufficient level? I have spoken to one MP today who has a case in which various accumulated costs amount to millions of pounds. What can the Government say in response to the question that, if people go through the full scheme, the compensation would be much higher? I would be grateful if he addressed what he thinks the balance is between his figure and what other people might expect to get.

Thirdly, while I welcome what the Minister has said, the wider issue, as he mentioned, is the much larger group of people whose convictions have still not been overturned. I know that there have been some proactive attempts to engage with them, but the Minister must share our frustration with the lack of progress. What more can he do to expedite this process of reaching out, contacting and talking to those people?

We understand the logic behind today's announcement, but we would appreciate the Minister's thoughts on those issues. As I said earlier, we are happy to work in good faith with the Government to get this right and take one of the many steps required if we are to make amends for what has been the most insidious of injustices.

Kevin Hollinrake >

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I am very grateful to the shadow Minister for her questions. First, may I welcome her to her place? I look forward to our exchanges across the Dispatch Box. I echo her comments in relation to the Justice for Subpostmasters Alliance. I met Alan Bates very early on in my tenure as a Post Office Minister. He has done an incredible job and we would not be as far on as we are without campaigners such as Alan and, as the shadow Minister said, people across this House who have worked so hard to ensure that the overall cases are heard and that people are treated fairly in terms of compensation.

I thank the shadow Minister for her support for today's initiative. Eighty six people have come forward so far. That is frustrating because we think that there should be about 600 in total who are reliant on **Horizon** evidence. We are frustrated, but we are keen to do what we can. We believe today's announcement will help. People can see that they will not have to go through months of claims assessments and that they will not have to engage with lawyers unless they wish to do so—and we will cover the costs of doing that—so it will be a quick and easy process for people. Anything that is said across this Dispatch Box that encourages people to come forward would be welcome. We will continue our efforts elsewhere, to make sure that the people concerned are contacted and are aware of this particular option for them.

On the levels of compensation, this will not take away from the original route. People can still go down the full assessment route. If somebody thinks they have a claim worth millions of pounds, they may well decide to go down the full route. However, I would also say that we know of about 60 people who have sadly passed away while awaiting compensation. Clearly, that is wrong and an injustice. For some people, it will be the right thing just to be able to take this money and draw a line under the whole sorry situation.

If people feel they have a claim, which is at a much higher level, they can go down the same route, as that option is still available to them. That is a judgment that they will have to make in conjunction with their legal advisers. I thank the shadow Minister for her comments.

Holly Mumby-Croft >
(Scunthorpe) (Con)

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Like many Members across the House, I have heard from people who have been truly badly affected by what has been done to them here, so I welcome today's statement. Will my hon. Friend confirm that the group litigation order postmasters will pay no income tax, capital gains tax, national insurance contributions, inheritance tax or VAT on these compensation payments, and that the process will be as smooth as possible for them?

Kevin Hollinrake >

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I thank my hon. Friend for her question and for her work in this area. As she knows, this is something that we dealt with following the concerns that were raised about the compensation schemes and their treatment of tax. It is also important to say that there is a benefit disregard as well. We have done some similar work to make sure that people who had access to the **Horizon** shortfall scheme were also treated in the same way. I think we have tried, wherever we can, to be fair and to move quickly when instances of concerns have been brought to us, and we will continue to take that approach.

Madam Deputy Speaker >
(Dame Rosie Winterton)

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I call the SNP spokesperson.

Kirsty Blackman >
(Aberdeen North) (SNP)

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I echo the words of the hon. Member for Croydon Central (Sarah Jones) and the Minister about the campaigners who have fought so hard for justice. I thank the Minister for advance sight of the statement and for his conversations with my hon. Friend the Member for Motherwell and Wishaw (Marion Fellows) in advance of his announcement. *[Interruption.]* There have been some travel issues today.

The announcement is a welcome further move, but it cannot return the lost years, reunite families or bring back those who are gone. It is something, but it is not enough. Will those who opt to go through the full assessment process be guaranteed a minimum of £600,000, or will they possibly be offered a lower settlement as a result?

In his answer to the hon. Member for Croydon Central, the Minister mentioned the 60 individuals who have sadly passed away, at least four of whom took their own life as a result of this **scandal**. Can he give us more clarity on how the compensation offer will apply to those who have died? It was not set out in his statement. Will their families be offered the same £600,000? He sort of mentioned it in one of his answers, but if we could have absolute clarity for those who are watching, it would be incredibly helpful.

Kevin Hollinrake >

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I am grateful to the hon. Lady for her questions and her support for today's announcement. She is absolutely right: no amount of financial compensation can truly compensate people for what has happened. It is an horrendous set of circumstances and one of the biggest scandals that this nation has ever seen.

The hon. Lady is right, but as I say, it was important that we drew the line somewhere on what the compensation level would be. We looked at the average compensation claims that were coming through for overturned convictions, and we settled on a figure on the generous side of that. We think it is a fair figure, but of course people can still take the other option and go down the full assessment

route.

The hon. Lady makes a very good point about whether people who have been awarded less through the full route would get the minimum level. That is something on which we are working with the advisory board. We are very keen to engage with the advisory board; I think it is very important that people who are looking for compensation have the reassurance that the advisory board is in place. Its parliamentary members have been very vocal campaigners on the issue for a long time.

For anybody who had an overturned conviction, but who has passed away: yes, if they had received a lower amount, it would be topped up to £600,000.

Mark Pawsey >

(Rugby) (Con)

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The Select Committee on Business and Trade heard some absolutely harrowing accounts of the impact on postmasters who were falsely accused. Is the Minister happy that we can now finally conclude this matter and get people back to living normally?

Kevin Hollinrake >

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I thank my hon. Friend for all his work, not least on the Select Committee, of which he has been a member for a long time; he does a fantastic job on it. He is exactly right: we want people to be able to draw a line under the devastating impact this has had on their lives and livelihoods, and move on. It is one thing establishing what went wrong, but a compensation scheme then has to be put in place. It invariably takes a lot of time to assess somebody's loss, because of the complexities around financial losses and the impact on people's personal lives. This is a way to draw a line under things very quickly, which is exactly the intention behind the scheme. We hope that people will step forward and then be able to move on with their lives.

Clive Efford >

(Eltham) (Lab)

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I pay tribute to the Minister for his handling of the matter. I also pay tribute to his predecessor, the hon. Member for Sutton and Cheam (Paul Scully), to Lord Arbuthnot and to my right hon. Friend the Member for North Durham (Mr Jones): they have done an excellent job on what is an unbelievable **scandal**.

My constituent was convicted and went to prison under the **Horizon** scheme, but the Post Office has never accepted that it was **Horizon** evidence that sent him to prison. What position does that leave him in? Does the Minister agree that it would not be fair for the corrupt Post Office to be able to deny that person the compensation to which he is clearly entitled? The chances that **Horizon** had nothing to do with his conviction are minuscule. It should not be possible for the Post Office to prevent him from getting compensation. Can the Minister reassure me that my constituent will be able to access the scheme?

Kevin Hollinrake >

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I echo the hon. Gentleman's sentiments about my predecessors, not least my hon. Friend the Member for Sutton and Cheam (Paul Scully), who did a brilliant job and has been hugely supportive of the work I have done since taking over his responsibilities. I also thank the hon. Gentleman, who I think has spoken in every statement and debate on the matter in which I have participated as a Back Bencher or as part of my ministerial duties. He does an excellent job representing his constituents and many others.

The hon. Gentleman makes a very interesting point about **Horizon** evidence. I am happy to meet him to discuss his concern about the case. Of course, we do not interfere with what the courts decide. That is the difficulty: the courts follow independent processes under the separation of powers, as he is aware, so a conviction cannot be overturned unless the court so decides. However, I am very happy to look at the case, perhaps in conjunction with his constituent. I am keen to help wherever we can.

Richard Foord >

(Tiverton and Honiton) (LD)

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My question is slightly related to the previous one, and I agree that our focus must be on ensuring that everyone who was caught up in this scandal is properly compensated. Some of the postmasters who were dismissed because of the scandal were not formally prosecuted, perhaps because they paid the cash difference for the alleged shortfall before prosecution happened. Nevertheless, they still faced dismissal and many of them were still dismissed. It has been incredibly difficult for those people to get compensation, and this whole ordeal continues to drag on. Can the Minister outline what steps have been taken to ensure that everybody receives swift and fair compensation, including those postmasters who were not prosecuted?

Kevin Hollinrake >[Share](#)

The hon. Gentleman raises an important point. It is right that everyone is fairly compensated, and the detriment that people experienced will vary. As he rightly says, not all were prosecuted. That is why we have the historical shortfall scheme running, and 99% of those cases have been made offers. We also have the group litigation order scheme, which is about to be rolled out and is open for claims right now.

As I said in a previous answer, the process of assessing someone's claim is complex and difficult, and in every single compensation scheme I have been involved in, including some of the banking schemes, it has taken a long time to settle those losses. We are looking at every possible way to expedite not just the overturned convictions scheme, but the other schemes, and we have some other ideas on how we might do that. We share the hon. Gentleman's sentiment and we are working night and day to get those claims settled more quickly.

Seema Malhotra >

(Feltham and Heston) (Lab/Co-op)

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I thank the Minister for his statement today. Decent, honest people have had their lives torn apart. They have been put in prison, they have been made to wait years for justice and it has been a long, painful and arduous process to get convictions overturned and seek access to compensation. Could the Minister provide an estimate of the timescale for compensation completion for those he considers eligible and not yet fully compensated? Could he also update the House on the next phase of the public inquiry? That is critical, as representatives of the Post Office, the Government and the Japanese firm Fujitsu are due to give evidence. Why has it taken so long for evidence to be taken from those key stakeholders and for them to be held to account?

Kevin Hollinrake >[Share](#)

I thank the hon. Lady for her work in this area, from both the Front Bench and the Back Benches. She is right to say that it has been a long and arduous process for those postmasters. That is one reason we brought forward this scheme, because we do not want the compensation process to be long and arduous. We hope to deliver all compensation by our August 2024 deadline, but we are keen to deliver compensation before that. This scheme will be a new way to try to accelerate the process. As I have said before from the Dispatch Box, we will not let an arbitrary date get in the way of paying somebody fair compensation. It is important to say that.

The public inquiry is independent; we do not put pressure on it to hear things within certain timescales, and Sir Wyn Williams is more than capable of making sure that people give evidence in good time. For me, and I think for others in this House, this is not just about lessons learned. If we can identify people who were responsible for this scandal, they should be held to account.

Andrew Bridgen >

(North West Leicestershire) (Reclaim)

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Within weeks of being elected to this House in 2010 I had a meeting with my constituents, Mr and Mrs Rudkin, and was told how they had been treated at the Post Office, and the huge miscarriage of justice. I was delighted when Mrs Rudkin was one of the first nine to have her criminal conviction overturned—back in December 2021, I think—but it is clear that hundreds have not had their convictions overturned yet and are not able to claim the compensation. For them, the misery will go on. To anyone in this House who thinks that they are guilty—they are not. The clear evidence is there in the paperwork. The Post Office relied on the fact that it maintained in court that no one could alter those sub-postmasters' computers remotely without them knowing about it, but we know from the evidence that Fujitsu was doing it day after day, fixing problems in the **Horizon** system. Therefore, all those convictions are unsafe. Let us get on, get them the compensation they deserve and bring this sorry episode to an end.

Kevin Hollinrake >

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We absolutely agree with the hon. Gentleman. I thank him for all his efforts on behalf of Mr and Mrs Rudkin and others. Clearly, his role in the campaign has brought the issue to light and got us towards a position where we will get justice quicker. Of course, we want to ensure that the convictions on the basis of **Horizon** evidence are overturned. Sadly, we cannot do that without people coming forward, so the united call from this House to the probably 520 people who have not yet come forward is this: please come forward; if your conviction is unsafe, it will be overturned, and compensation, which we are keen to pay out quickly, will be waiting for you.

Sammy Wilson >

(East Antrim) (DUP)

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I thank the Minister for the energy and dedication that he has put into trying to move this issue along, which I know will be sincerely appreciated by those who have been affected. However, no compensation will ever reflect the financial losses, family disruption, social stigma and mental trauma that people were put through as a result of deliberate lying by the Post Office and Fujitsu about **Horizon**. I hope that he will ensure that those who are guilty of this gross miscarriage of justice do not escape the process unscathed.

Kevin Hollinrake >

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I am grateful to the right hon. Gentleman for his kind words and for his campaigning on this issue, about which he has spoken often. He describes some of the horrendous experiences that people have had following the prosecutions and dismissals, and he is absolutely right that no amount of compensation could really make up for the destruction of lives. He talks about people lying, or lying by omission. The biggest part of this **scandal** is that people in the Post Office realised what was going on 10 years ago but said nothing, despite the fact that some people were in jail and they must have known that those convictions were unsafe. It is absolutely unacceptable; it is scandalous; and I absolutely join his call for people, when identified as responsible, to be held to account.

Duncan Baker >

(North Norfolk) (Con)

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This whole episode has shown very clearly just how beloved the institution of our post office network is—I can say that as a former postmaster. The banks will not stop what they are doing; their trend is to remove as many branches as possible from our high streets up and down the land. Of course, that puts enormous pressure on the post office network, which has to pick up the slack—I have talked to the Minister about that before. Can he assure me that he will put every effort into ensuring that post offices are invested in properly so that they can be the future dealer of authorised financial services on our high streets, perhaps making them the pinnacle of banking hubs in the future?

Kevin Hollinrake >

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I thank my hon. Friend for all his work in this area. He, too, has been a consistent campaigner on this matter, and, as the only Member of Parliament who was previously a postmaster, he understands it well. I could not agree more with his comments: the post office network is held in such high regard across the country. This **scandal** has not in any shape or form affected the brand itself,

which is still highly regarded around the country and has a very bright future as long as it is properly remunerated. He raises an interesting point—one that I have raised with banks, with UK Finance and others, and with fellow Ministers, including the Economic Secretary to the Treasury, who is on exactly the same page as me—that if banks want to save money by closing branches up and down the country, that is a commercial choice for them, but they have to leave behind provision for access to cash and deposits. If that means that they have to pay the Post Office and postmasters more for that service, so be it. I very much encourage the Post Office to take a robust line in negotiations to ensure that we get the best possible deal.

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