

CLI Review of R v Nichola Arch¹

Case Summary

Introduction

1. Nichola Arch, nee Nichola Heaven, was employed as the branch manager at the Chalford Hill branch. She commenced service on GRO
2. On 17th March 2022, she gave evidence to the Inquiry about her prosecution. It would appear from the evidence given by Ms Arch that her prosecution took place in 2002. Ms Arch states that she was prosecuted for theft and was acquitted by the jury after a 4-day trial.
3. Due to the age of this case, no contemporaneous papers have been retained. The only document which is of any relevance is a spreadsheet which records her date of appointment at the branch.² The remainder of the documents relate to Mrs Arch's recent correspondence with POL in relation to seeking compensation.
4. As we hold no relevant documents, it has not been possible to produce a detailed case summary or to answer any of the CLI questions.
5. POL has however recently located interview tapes relating to the prosecution of Nichola Arch. Those tapes have been transcribed and the following paragraphs contain a summary of that interview.³

Interview

6. On 30th January 2001, between 16:10 and 18:22, Ms Arch was interviewed under caution by Elaine Davis and Paul Travers of the Post Office Security team. She was represented by a solicitor, Simon James. The interview took place at Stroud police station.

¹ This case summary has been prepared following a review of 16 documents which have been tagged as relevant to Ms Arch, as well as the transcript from one interview under caution.

² Doc ID 129004806 – this document has not been produced to the Inquiry

³ Interview transcripts: POL-0213058, POL-0213059, POL-0213060

7. The investigators stated that this was a further interview, the previous interview having taken place on 19th October 2000. The reason for the further interview was that the investigators had received further documentation since that interview relating to pension and allowance (“P&A”) overclaims. The interview tapes from 19th October 2000 have not been located.
8. Ms Arch was cautioned and provided with the Legal Rights form (CS001). Mr James confirmed that he had had ample time to speak with Ms Arch prior to the interview.
9. Ms Davis stated that during the first interview, Ms Arch was asked about P&A discrepancies totalling £8,325.78. Ms Davis also stated that during the first interview, Ms Arch confirmed that she prepared and signed the cash accounts for the relevant weeks. It is stated that when asked about the discrepancies, Ms Arch informed the interviewers during the first interview that she sometimes got muddled. Ms Arch denied saying that in the first interview and stated as follows: *“I don't know why there was a discrepancy. That's what I said. I was asked to say how could this have happened, and I said, as a guess, because I'm not qualified in that area to know, but, as a guess, I would say, either, 'Transactions on the other side, there could be a problem with.'”* She was asked what she meant by “transactions on the other side” and she explained that if there were errors with the P&As, there should have been a surplus in the branch accounts. As there was no surplus, she queried whether there had been other errors that could have “eaten in” to the surplus (e.g. forgetting to take payment from a customer).
10. She explained that sometimes, if the branch was busy, they would not scan the P&A books, but would instead enter the dockets manually onto the system at a later time. She explained that sometimes she could scan a docket, believe it had not scanned properly and scan it a second time. She stated that Horizon was a new system, they received limited training and sometimes they needed to put transactions through at a later time to save customers queueing.
11. She was asked why the only errors showing in the office were in the P&A dockets and she stated that this was the majority of the business that the branch did.
12. Ms Arch was taken through specific transactions and asked why they had been put through the system twice, several hours apart. Ms Arch stated that perhaps she had got confused

and put the docket through, thinking that it had not yet been processed. She also explained that sometimes the system crashes and they are required to input the dockets manually at a later stage. She described the limited training that she had received, to which the interviewer responded by querying why the only problems she was experiencing with the system were with the P&A dockets. Ms Arch did not respond to that specific question, but instead stated that her colleague, [GRO] had also experienced significant issues with balancing Horizon, on one occasion, calling Ms Arch 11 times in one day. She was asked again why the only transaction type which seems to cause issues is P&A dockets and Ms Arch repeated an earlier answer that P&A transactions represent the bulk of the work carried out at this branch.

13. She stated that although she had the physical dockets in the branch, she would not add them up to check that the value corresponded with the value shown on Horizon.
14. Ms Arch was shown a schedule of transactions dating back to March 1999. The interviewers asked Ms Arch when Horizon was installed. She stated that she believed it was installed on 1st July 2000. It was said that the schedule showed the total overclaims made since March 1999 to be £24,847.28. She was informed that during this period, the branch only declared surpluses of £2,779.67 and losses of £870.79, which is “nowhere near the overclaims on pension and allowances.” In addition, it was said that the schedule recorded which member of staff processed the overclaimed transactions and “nearly every one” had been completed by Ms Arch. She stated that that was because her colleague did not work on Mondays. It was put to Ms Arch that the lack of underclaims was significant, because if these had been genuine errors, one would expect to see underclaims as well as overclaims. She suggested that whilst it may be surprising, when they add up on an adding machine, the error is more likely to come with adding a docket twice, rather than missing one off. It was put to Ms Arch that it was unusual to only ever make mistakes in one direction. She replied that it should have been pointed out to the branch earlier.
15. She was taken to her cash account from 28th April 1999 and confirmed that she signed it as an accurate record. She was taken to a number of discrepancies from that week and it was put to her that the missing dockets were always of a high value. The small value dockets were always present and correct. It was further put to her that there were “substantial overclaims” every week until two weeks when Charles was working, during which, there were no overclaims. She was taken through similar patterns in the latter part of 1999.

16. The interviewer noted that according to the schedule, there were overclaims of £24,847, which should have generated a corresponding surplus in the branch account, whereas the declared surplus during that time was £2,779. The transcript then recorded several “inaudible” exchanges, but it appears from subsequent exchanges that Ms Arch may have referred to making repeated mistakes. [GRO]

[GRO]

17. The interviewer informed Ms Arch that during 85 weeks, all of the overclaims were made when Ms Arch was there and signed the cash sheet. She was asked why she could not explain what had happened. She stated that she was not prepared to accuse anyone else of taking money and she knows for a fact that she has not taken any money.

18. At the conclusion of the interview, the transcript records that Ms Arch was provided with form CS019, which related to her interview tapes and explained what will happen to the tapes.

Installation of Horizon

19. According to the data held relating to Horizon migration dates – this branch migrated to Horizon on 29 June 2000.

Human Impact evidence

20. Ms Arch provided a witness statement to the Inquiry dated 15th March 2022. In her statement, Ms Arch explained that she began working for the Post Office in [GRO] when she accepted a position as a counter clerk at the Brimscombe branch. In [GRO] she was working as a relief SPM at the Chalford Hill post office, covering for the SPM [GRO] [GRO] She was eventually offered a salaried role within that branch. She stated that during the summer of 2000, she was contacted by POL and told that her branch would be one of the first to have Horizon installed. She described an engineer attending the branch in the autumn of 2000 along with a gentleman who showed her how to use the system. She described the training as lasting “a couple of hours.”

21. She stated that problems began during the first week of using Horizon. She explained that under the new system, the pension books were barcoded and the pension dockets were sent off to Ireland each day. She stated that before she sent the dockets off to Ireland, she would check to make sure that “what the computer said was what I had got, and it was, so I thought ‘lovely.’” She stated that she did this check each day just to make sure she was doing it right. She stated that during the first week, all the daily totals were right, the cash was right and the customers had the right money, but at the end of the week, Horizon showed that she was £1000 short. She stated that she called the helpline to explain the problem and they simply told her to wait for a correction notice. She stated that the following week, they continued to check the daily totals manually, but the shortfall doubled to £2000. She stated that she called the helpline again because she was worried that she would not get a correction notice, but she was told not to be silly and that the system would rectify itself. She stated that every week, the shortfall doubled and she continued to ring the helpline.
22. Ms Arch explained that by week 6, the shortfall had increased to £32,000. She rang the helpline and asked for something to be done and two days later, auditors arrived at the branch. She stated that the auditor confirmed the branch was £32,000 short and stated that they would need to ask her further questions at the Stroud Crown Office. She stated that she was told that the interview would be recorded. When she asked why, the man replied “I don't actually think you realise the sort of trouble you are actually in.” She stated that she informed the man that she had not done anything and he told her to “*stop messing around, saying he was ex CID that he had met people like me before, that I should stop lying and stop wasting his time. He said he knew I had stolen the money and all I needed to do was to tell him what I had done with it. I said I hadn't taken a penny and offered both mine and my partner's bank statements, and also tried to tell him that I knew what was causing the problem. He said 'no, you don't.'*” She stated that she informed the interviewers that she thought she needed someone there with her but she was told she would only need someone if she was worried, or if she was hiding something. She stated that she did not want them to think she was guilty, so she agreed not to have anyone with her.
23. She stated that she was sacked by the SPM and her photograph was published in the local newspaper, along with an article about her stealing from pensioners. She stated that she instructed a solicitor and when they requested a copy of the interview, Post Office refused to provide it. She stated that 12 months later, she was charged with theft and fraud. She

stated that she was charged with “theft of £24,000 as they had found £8000 of the shortfall.”

24. She stated that her trial took place at Bristol Crown Court and both the SPM and a previous colleague were called as prosecution witnesses. She stated that they informed the jury that they knew Ms Arch had not done anything wrong. Two elderly customers were also called as prosecution witnesses. She stated that before she was charged, she gave POL copies of her bank statements from the previous 4 years, to demonstrate that she had not stolen money. She stated that when she gave evidence, the prosecution barrister “went beserk” and “chucked a bundle of pension dockets” at her. She stated that the prosecution barrister had said “the computer was the most high-tech equipment you could wish for, and no one else had any problems with it.” She stated that the jury retired to consider its verdict and returned a unanimous not guilty verdict.

25. On 17 March 2022, Ms Arch gave live evidence to the Inquiry. The only additional matter referred to in live evidence which was not referred to in the witness statement relates to legal representation during her interview. Ms Arch stated that she was not offered legal representation.

26 May 2022

Updated 20 August 2024