

21 June 2006

By DX and email: m.turner

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Our ref:
SJD3/KAK2/348035.134
Your ref:
MDT.113969

Dear Sirs

Post Office Limited v Mr L Castleton

We refer to our letter dated 16 June.

We have taken instructions and have the following comments upon your letter dated 2 June:

(1) Giro receipts and declared cash/cash on hand receipts

- (a) We have disclosed those giro receipts and declared cash/cash on hand receipts that we have.
- (b) We have also disclosed to you the transaction logs. The transaction logs record every transaction at the Marine Drive branch during the period in question. This is the "audit trail" you requested. We do not need additional giro receipts given that we have the transaction logs.

(2) Balance snapshots

- (a) It is not mandatory for a sub-postmaster to print, or if they do print, to retain, a balance snapshot report. It is only used as a rough guide. Ms Oglesby states that she does not recall being given a balance snapshot for every day by Mr Castleton. We have disclosed those balance snapshots which we have received from the Post Office.
- (b) For the detailed reasons previously provided, we do not believe that the balance snapshots will really be useful in determining this dispute. You have not explained why you consider that they will.
- (c) The overriding objective is to deal with cases justly and "justly" includes saving expense and dealing with a case which is proportionate to the amount of money involved. The Post Office's claim is for £27,115.83 plus interest and costs. We have already made clear to you that the costs involved in this dispute will significantly exceed the value of the claim. This is largely because of the time taken up dealing with Mr Castleton's groundless allegations about "computer generated" losses. As you have acknowledged, our client's disclosure is already voluminous. You already have the full audit trail in the transaction logs. We therefore do not propose to incur costs debating balance snapshots. No discourtesy is intended.
- (d) On 2 December 2005, the Post Office sent two managers to the Marine Drive branch to try to obtain the information you had then requested. They were informed that the branch would not release any data without them signing for it and that they should photocopy the documents. They were also led to believe that all the accounts referring to past accounting years are in Mr Castleton's storage areas. When the managers tried to collect those documents, Mrs Castleton refused to deliver them up. Accordingly, if you seek any further balance snapshots that Mr Castleton claims to have printed, we suggest that you ask him to produce them.

(3) Software updates

We are instructed that software is updated remotely and that software update could result in a desktop being closed and restarted. However, even then, this would not result in computer generated losses, as you assert in your Part 18 Reply.

We enclose two Excel spreadsheets of all the updates for the period January to April 2004 for your information. Software updates are relatively rare and (unless prior agreement is made with the sub-postmaster) only tend to take place outside office hours and with occasional extensions at the weekends (i.e. when the sub-postmaster is not using the machine).

In the product column of the attached spreadsheet, I = in store, D = delete, U = update. Counter one shows that there were no updates between 8.30am and 5.30pm over the period. Counter two shows (with the exception on 2 February) there were no updates between 8.58am and 10.06pm over the period in question.

On 2 February there were 24 instances of IUD at 2.09pm and 1 instance at 2.10pm, which indicates a process (lasting 1 minute) starting at 2.09pm and completing at 2.10pm. We are instructed that this is due probably to a counter installation that would have been with the subpostmaster's knowledge and consent.

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We await instructions on this point and will revert to you.

(5) Mr Castleton's disclosure

- (a) Subpostmasters are required to print and retain remittance in and out slips. These are a list of products, for example cash or stock, that the subpostmaster receives. However, your disclosure did not list any of these. Please explain why not and if Mr Castleton has them, please disclose them.
- (b) We have asked you on 25 May 6, 8 and 16 June to provide all the documents contained in your disclosure list. You have failed to produce any. These are now way overdue. Your failure to provide them is unhelpful and may adversely impact upon the Court timetable. Accordingly, unless we receive all your documents by return, we shall advise the Post Office to issue an application against Mr Castleton without further reference to compel you to deliver up those documents. In that event, we will refer to our correspondence on the question of costs.

We await hearing from you.

Yours faithfully

Bond Pearce LLP

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