

Date: 17 January 2006
 Your ref: SJD3/FAC1/348035.134
 Our ref: MDT.113969
 Please ask for: Mark Turner
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Bond Pearce
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 PLYMOUTH



Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
Your client: Post Office Limited

We refer to your letter of 5 January, which we have now had a chance to discuss with our client in detail.

The offer set out in that letter is rejected.

We are considering the question of your application to set aside judgment with our client and will respond to you in that regard under separate cover in the near future. For the moment, however, we feel we must take issue with a number of material inaccuracies and/or misconceptions contained in your letter of 5 January, and in particular the assertions made in sub-paragraph (b) regarding the reasons why your client says that the Horizon system cannot be responsible for the losses, as alleged by our client.

The (unstated) central thrust of Mr Jones's position appears to be that the only reason that cash orders were placed by our client was to make up for the losses that were reported. This is fundamentally incorrect. We are instructed that the cash orders placed by our client were no different, either in frequency or amount, to the general pattern of orders both pre-dating and post-dating our client's tenure as Sub Postmaster at Marine Drive Post Office. Cash orders have always been placed regularly by the office to make up for orders that proved to be insufficient to meet the day-to-day needs of the office. The office still has to regularly increase the amount of cash ordered.

The main Girobank depositor at Marine Drive Post Office is, and has been for many years, a car auction business. Its *average* payments are £10,000 twice a week, on Wednesdays and Fridays. At the time of our client's tenure as Sub Postmaster, weekly cash orders had to be placed on a Wednesday morning. Crucially, the first of the weekly deposits made by the auction business was not made until Wednesday afternoons. Further, the amount deposited each week by the business fluctuated a great deal, reflecting the fact that some days saw a lot more cars sold than others.

As a result, on a Wednesday morning, our client had no way of knowing whether the auction business would be depositing £1,000, £10,000 or £20,000 later in the day. Our client therefore had to adopt a worst-case-scenario assumption, that the amount deposited would be at the lower end of that spectrum, and order sufficient cash to ensure that the office could continue to trade irrespective of those deposits. Any surplus cash would then be returned if the deposit proved to be higher than average.

We understand that our client has sought to explain this point to your client on a great number of occasions, not least since your client does not like to have to arrange emergency cash issues to allow an office to continue trading if there is a temporary shortage of cash. Our client specifically discussed this with his line manager, Cath Oglesby, on a number of occasions.

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Accordingly, the central thrust of your assertion, namely that those cash orders were only required to make good the losses reported by our client, is rejected.

We enclose a handwritten note sent to us by the current temporary Sub Postmistress at Marine Drive Post Office, Dorothy Day. This confirms that exactly the same situation as that which you describe (and attribute to the losses you claim our client has failed to account) has occurred numerous times since she took over the office. For the complete avoidance of doubt, this note was not solicited by us or by our client but resulted from a conversation which our client had with Mrs Day and her unprompted desire to clarify what she considered to be misleading assertions made by your client.

We shall write to you again shortly regarding the other issues which remain to be dealt with.

Yours faithfully

GRO

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