

Stephen Dilley

From: Stephen Dilley
Sent: 18 October 2005 12:43
To: 'cheryl.woodward' GRO
Cc: 'mandy.talbot' GRO
Subject: Mr L Castleton - Marine Drive Post Office, Bridlington
Attachments: MULTIMEDIA_1077082.TIF

Dear Ms Woodward

I refer to Denise's email of 29 September.

Denise has now left the firm and I am dealing with this matter. I have reviewed the voluminous papers and thought it would be helpful to set out my view of the case at this point:

Case Summary

1. The Post Office's claim is for approximately £27,115.83 plus interest and costs in respect of net losses. Clearly, Mr Castleton is contractually responsible for any losses that the Post Office makes caused by negligence or error. However, the real issue is whether there has been any real shortfall, or whether this shortfall has really been generated by computer error. To win, the Post Office must show that there has been a real shortfall.
2. Was Mr Castleton dismissed summarily? If the answer is "yes", then if the Post Office cannot show that there was a real shortfall and loses its claim and has dismissed him without a good reason, then unless his contact say otherwise, it appears that you may well have to take Mr Castleton's wrongful termination claim seriously. He claims that he has suffered loss for up to £250,000 but those losses have not yet been particularised and I will need to analyse any evidence in support of them. Please could you supply me a full copy of his contract?
3. From the outset, Mr Castleton's case has consistently been that if you return to him all of the documents removed by Mrs Ogglesby on 10 May 2004, then he will be able to demonstrate that the losses are not real. He has repeatedly sought the return of the daily snapshots, because he believes that the only way to verify the accuracy of the weekly snapshots and weekly balances is to manually cross check them by reference to the daily snapshots.

Experts' Reports

I enclose copies of the following:-

- (a) A without prejudice letter dated 30 September from Mr Castleton's solicitors to Bond Pearce;
- (b) Bentley Jennison's Report dated 23 September and attachments; and
- (c) White & Hoggard's report dated 18 August.

Bentley Jennison state that the deficiencies have probably been brought forward despite the fact that they have been entered onto the suspense account entry. They suspect this is because the Horizon system, despite the suspense account entry, has failed to recognise the entry on the daily snapshot. They have drawn this conclusion through looking at the discrepancy of £3,509.18 on Thursday 26 February 2004. They then suggest that this double accounting could have continued over a number of weeks and that as such, Mr Castleton's Defence, "appears to

hold potential merit based on the limited documentation" they have so far reviewed. White & Hoggard reach a similar conclusion in their report.

You may think the expert has got it wrong, but even if they have, they can only form their view on the information available and this is what the Court will have to do when the claim gets to trial.

Further disclosure

Bentley Jennison seek:

(i) A full list of all the transactions carried out within the Post Office (he says that it is not good enough that management information is not available simply because the "month end has been closed down".

(ii) The actual audit report prepared by Mrs Ogglesby. He says that the actual report would have been a manuscript writing document rather than a typed document.

(iii) P and A Reports for weeks 39-52.

(iv) Cash and stock counts for when Mr Castleton began trading and when he stopped being a Post Office Sub-Postmaster.

(vi) The events log for weeks 39 to 52.

(vii) Transaction log.

In your email to Denise of 26 September, you state that you are probably not going to be able to produce any further paperwork. However, the onus is on the Post Office to prove its case on the balance of probabilities. Given the nature of Mr Castleton's Defence, I suspect that the Court will draw adverse inferences against the Post Office if it is unable to produce relevant documents that could either help or hinder its case. The outcome could well be that instead of recovering £27,000, the Post Office ends up paying to Mr Castleton a significant sum for wrongful termination of his contract.

Next Steps

Do you have the documents that the expert and Mr Castleton have requested? My view is either that we should obtain the documents to prove the claim is true, or take an early view that it is unlikely to succeed and that in order to extricate yourselves from proceedings, you will probably have to make a payment to Mr Castleton. The Court has ordered that the claim be stayed until 3 November 2005 to enable the parties to try to settle.

Once you have reviewed this email, please could you contact me to discuss strategy. It may be that an early without prejudice meeting or mediation asap would be useful. The worst move would be to run the claim to trial and then find you cannot produce the documents you need because at that stage, both parties will have incurred significant costs and the stakes will be that much higher.

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
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