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[LETTER OF CLAIM TO FUJITSU]  
[THIS TYPE OF LETTER SHOULD ONLY BE SENT AFTER TAKING FULL LEGAL ADVICE]

[TO GO ON POL LETTERHEAD]

[CONTACT NAME]  
Fujitsu Services Limited  
[INSERT CONTACT'S ADDRESS]

[DATE]

Dear [NAME]

**Strictly Confidential**  
**Horizon Contract between Post Office Limited and Fujitsu Services Limited dated 28 July 1999 as amended ("the Contract")**

This is a Letter of Claim pursuant to the Practice Direction on Pre-Action Conduct. Given the urgency of the matters set out below, we request your response by no later than [INSERT DATE].

All capitalised terms in this letter have the same meaning as they have in the Contract unless defined in this letter.

#### **Background**

As you will be aware Post Office Limited (**Post Office**) has commissioned an independent inquiry into Horizon which is being conducted by Second Sight.

Second Sight's Interim Report was published on 8 July 2013 (copy enclosed). Although the Report found no evidence of system wide problems with Horizon, a number of criticisms were levied against the system and further investigations are on-going. In particular, Second Sight highlighted the following areas of concern:

- Horizon's recovery processes where there is a communication or power failure respond too slowly and provide unclear instructions to subpostmasters on how to recover from the failure.
- The system is far more complex and demanding than, for example, that found in a typical high street bank.
- Multiple transactional interfaces ('hand-offs') to systems outside of Horizon such as Lottery Scratch Cards and Bank of Ireland ATMs could cause repeated and possibly large shortfalls that take undue amounts of time to investigate and resolve.
- Hardware is unreliable leading to printer failures, screen misalignment (pressing one icon sometimes results in the system selecting an incorrect icon) and failed communications links.
- The complexity of end of Trading Period processes and the lack of a 'suspense account' option prevent disputed transactions being dealt with in a neutral manner.
- There have been at least 2 incidents where defects or 'bugs' in the Horizon software gave rise to 76 branches being affected by incorrect balances or transactions.

[This list is taken from SS's report – POL needs to carefully consider whether responsibility for these criticisms falls on Fujitsu or POL]

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It is noted that the above criticisms are a product of only an Interim Report. From our discussions with Second Sight, we know that there are a number of other potential allegations. Further details of these issues will be presented to you once received from Second Sight. **[CAN POL ADD MORE DETAIL ON THIS NOW?]**

One major area for concern is the scope and quality of Fujitsu's support to Post Office in Court proceedings. Where appropriate, Post Office commences criminal prosecutions against subpostmasters believed to have acted criminally. It also brings civil proceedings against subpostmasters who have failed to repay debts to Post Office.

Data from Horizon is integral to the success of these court actions. It is imperative that this data is, and is seen to be, reliable. Perceptions of weakness in the system or any suggestion that Post Office or Fujitsu is attempting to hide weaknesses, seriously undermines our credibility and significantly increases the complexity and costs of court proceedings.

Post Office was therefore disappointed to discover that witness evidence prepared by Fujitsu may not have been fully disclosing historic (albeit known and resolved) defects. This has led to Post Office having to review all its historic criminal prosecutions for the last 3 years (since the roll out of HNG-X) to ensure that it has not breached its duties of disclosure under the Criminal Court rules.

In a number of cases, Post Office has now been forced to stop prosecutions and notify these disclosure failures to Defence Counsel in cases where subpostmasters have already been convicted.

#### **Fujitsu's obligations**

**[DEPENDING ON THE NATURE OF THE CRITICISMS LEVIED AT FJ, WE WOULD NEED TO TIE THESE BACK TO SPECIFIC CLAUSES IN THE FJ CONTRACT THAT HAVE BEEN BREACHED. WE WOULD ADD A SECTION HERE SETTING OUT THOSE CLAUSES AND HOW THEY HAVE BEEN BREACHED]**

#### **Remedies**

Post Office is determined to ensure that Horizon is a reliable and user-friendly system in which subpostmasters have full confidence. This objective is important not only to the future of Post Office's business but also critical in mitigating the risk of litigation with subpostmasters, such litigation being both costly and damaging to Post Office's brand.

We accept that some of the allegations raised against Horizon will be unfounded. However an effective solution is one that not only addresses technical issues but also produces a system that is widely perceived as being robust and usable by subpostmasters. Without the support of subpostmasters, it will be difficult to secure a long term future for Horizon.

With this in mind, we should be grateful if Fujitsu would **[put forward a package of proposals to address the above issues and to improve Horizon in such a way as to convince subpostmasters of the system's integrity –THIS IS JUST AN EXAMPLE - WHAT DOES POL WANT FJ TO DO?]**.

If the above issues cannot be resolved satisfactorily, then POL may be unable to continue to use the Horizon system and/or may look to Fujitsu for other remedies.

In particular, Post Office has already incurred over £xxx in employee time, inquiry costs and legal support in managing the above problems. Post Office may also have to compensate any subpostmasters who were subject to unsafe or unmerited prosecutions or convictions. Post Office reserves the right to recover these costs from Fujitsu.

#### **Dispute Resolution Process**

This letter constitutes formal notice of a Dispute under Annex 2 of Schedule 2A of the Contract. Please let us know when your Subject Lead will be available to meet within the next 5 working days to discuss a

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resolution to the above issues. [IF WE ARE SENDING A LETTER OF CLAIM, POL IS REQUIRED TO FOLLOW THE DR PROCESS IN THE CONTRACT]

Yours sincerely

[NAME OF SENDER]

**Enclosures**

- 1 Second Sight Interim Report

Draft