

Message

From: Parsons, Andrew [GRO]
Sent: 06/03/2014 18:19:19
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CC: Parmenter, Claire [GRO]
Subject: M001 - Initial Thoughts [BD-4A.FID25886824]

All

Please find attached my initial thoughts on the SS Report into M001.

In general:

- There is a lack of evidence and reasoned justification as per the 2 previous reports.
- SS appear to have placed no weight on the fact that this matter has already be tested by the Courts which found Horizon to be reliable.
- The cross-references to other cases is inappropriate when the matters raised in those other cases are unproven.

In relation to their specific conclusions (section 4):

- 4.2 – the allegation that POL can remotely change a branch's accounts without the SPMR's consent:
 - SS fail to state that they have seen no evidence at all that POL can remotely alter a branch's accounts.
 - The only "evidence" is an oblique reference to the "client ledgering and settlement system" – there is no explanation of how this system interacts with the branch's accounts. In any event, my guess is that this system interacts with clients such as BOI and DWP rather than branch systems (Angela – do you know the answer to this?)
- 4.4 & 4.9 – allegation that there are one-sided transactions:
 - This is the comms issue dressed up in a different way. It is correct to say that a comms failure mid-transaction could cause a one-sided transaction.
 - However, SS fail to explain that there is a recovery process that allows SPMRs to correct discrepancies.
- 4.5 – scratchcards:
 - It is fair to say that the POL process for activating scratchcards improved when the process became automated in 2010.
 - However, SS fail to make clear that the historic problems were because the process was manually operated by the SPMRs and SPMRs were making manual errors when activating scratchcards.
- 4.12 – problems with support:
 - The conclusion that the Applicant was unsupported is completely un-evidenced.
- 4.14 – Limitations in the audit trail
 - SS overlook that the SPMRs are required to keep and have access to hardcopy records in addition to Horizon records
- 4.16 – End of trading issues
 - I don't understand the relevance of the sentence "The failure to treat the disputed transactions in a neutral manner was probably a factor in the decision by Post Office to almost immediately commence civil asset recovery action".
- 4.20 – POL's unjustified proceedings against Castleton
 - Overlooks the fact that Castleton sued Post Office which forced Post Office to defend the proceedings
 - SS have no expertise to offer a view on this matter and it is out of scope (it is not an Horizon issue).

My overarching view is that the lack of any facts/evidence being cited to defend POL makes me fear that SS are now inherently biased against POL.

Kind regards
Andy

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for and on behalf of Bond Dickinson LLP

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