

IN THE MATTER OF THE INQUIRIES ACT 2005
AND IN THE MATTER OF THE INQUIRY RULES 2006

THE POST OFFICE HORIZON IT INQUIRY

**WRITTEN SUBMISSIONS ON BEHALF OF
THE DEPARTMENT FOR BUSINESS AND TRADE**

HSS APPEALS PROCESS

Introduction

1. These written submissions are provided on behalf of the Department for Business and Trade (“DBT”) in response to the Chair’s invitation dated 2 May 2025. They set out the developments that have taken place in relation to the new HSS Appeals (“HSSA”) process.

Creation of the HSS Appeals process

2. DBT has taken seriously the criticisms of the Post Office-run HSS scheme, as raised by postmasters and their representatives and summarised by the Chair in his Progress Update on Issues relating to Compensation¹ and his First Interim Report: Compensation.²
3. In response to these criticisms, Ministers accepted the Horizon Compensation Advisory Board’s proposal that DBT should create an independent appeals process. The Secretary of State for Business and Trade, Rt Hon. Jonathan Reynolds MP, announced on 9

¹ https://www.postofficehorizoninquiry.org.uk/sites/default/files/2022-08/Progress%20Update%20on%20Issues%20relating%20to%20Compensation%20-%20The%20Post%20Office%20Horizon%20IT%20Inquiry%20-%2015%20August%202022_0.pdf

² <https://www.postofficehorizoninquiry.org.uk/sites/default/files/2023-07/Interim%20Report%20on%20Compensation%20-%2017%20July%202023.pdf>

September 2024 that the Government would introduce this new appeals mechanism, to be delivered by DBT.³

4. Following a period of engagement with postmasters' legal representatives, postmaster organisations, and the Advisory Board on the design of the appeals process, on 8 April 2025 the Minister for Services, Small Businesses and Exports, Gareth Thomas MP, made a statement to Parliament announcing the launch of the new HSSA.⁴ The process opened to applications from eligible postmasters within the HSS Dispute Resolution Process ("DRP") on 28 April 2025, and to all eligible postmasters on 9 May 2025. DBT set this scheme up at pace, working with Post Office and procuring independent contractors to deliver the new process. Links to the relevant documents can be found here: <https://www.gov.uk/government/collections/horizon-shortfall-scheme-appeals-hssa-process>.
5. Post Office's commitments under the GLO settlement deed mean that the DRP must remain open and cases cannot be compulsorily transferred into the new process. DBT wrote to eligible postmasters within the DRP on 28 April 2025 to invite them to transfer to the HSSA. On 9 May 2025, Post Office circulated (via postmasters' organisations) an invitation to other eligible postmasters to enter the process.

Eligibility

6. The HSSA process is open to postmasters who:
 - have settled a claim in the HSS without entering the DRP;
 - have rejected an initial HSS offer without entering the DRP;
 - have settled a claim in the DRP before the mediation stage without legal advice funded by the Post Office, other than for reasonable allowances to consider an offer; or

³ <https://hansard.parliament.uk/commons/2024-09-09/debates/855A696A-7CC7-4FDE-ACBD-871C8D7309D0/PostOfficeHorizonRedress#contribution-F9ACFF4A-1728-4BB3-8DEB-77A0F2194658>

⁴ <https://hansard.parliament.uk/commons/2025-04-08/debates/A7A5D9EC-5F40-4069-8238-2FBF01284C8E/HorizonRedressAndPostOfficeUpdate>. This followed a statement updating Parliament on 30 January 2025: <https://questions-statements.parliament.uk/written-statements/detail/2025-01-30/hcws399>

- are within the DRP – with or without legal advice – but have not requested a mediation meeting.
7. Initially, it was proposed that postmasters would be required to submit new information to enter the HSSA process, but this was removed from the eligibility criteria in light of stakeholder representations, including from postmasters and Members of both Houses.
 8. Some stakeholders requested that those who have accepted the £75,000 Fixed Sum Offer should also be eligible for the HSSA. However, as the Secretary of State explained when giving evidence in Phase 7 of the Inquiry, DBT decided against this, because “*that would result in insufficient capacity in that scheme to deal with the kinds of cases we're most interested in making sure have again had that full, speedy and effective redress.*”⁵ This position has been made clear in all communications to postmasters at the point when they are considering whether to accept the £75,000 fixed sum offer and DBT has asked Post Office to ensure that no pressure is exerted on Postmasters to accept the Fixed Sum Offer.

Funding for reasonable legal costs

9. DBT is encouraging postmasters to access legal support throughout the entire HSSA process, and will provide funding for reasonable legal costs in line with a published tariff.⁶
10. This tariff was designed and agreed with postmasters’ legal advisors, and includes an allowance to support postmasters with their decision of whether to remain in the DRP or to transfer to the HSSA process.

Assessment Process

11. The Guidance and Principles for the process have been published,⁷ following engagement with postmasters’ legal representatives, postmaster organisations, and the Advisory Board.

⁵ Transcript, 11 November 2024, page 25, line 19. The Inquiry has also been provided with extensive evidence concerning the reasons the Department decided to introduce Fixed Sum Offers.

⁶ <https://www.gov.uk/government/publications/horizon-shortfall-scheme-appeals-hssa-tariff-of-reasonable-legal-costs/horizon-shortfall-scheme-appeals-hssa-tariff-of-reasonable-legal-costs>

⁷ <https://www.gov.uk/guidance/horizon-shortfall-scheme-appeals-process-guidance-and-principles>

They set out the underlying principles governing the assessment of any appeals and provide guidance in relation to such appeals.

12. DBT aims to determine cases more quickly in the HSSA process than claims in the DRP, setting a public target to issue an offer in 90% of cases within 40 working days of submission of a substantially complete appeal (or a full response to any request for further information). DBT will make a fresh assessment of each case, but in no event will a postmaster receive a lower settlement than their initial HSS offer.
13. DBT is also working with the Post Office to facilitate the disclosure of the original HSS claim and assessment to ensure that postmasters do not need to repeat information already provided to the Post Office. This should make the HSSA process as simple and easy as possible for postmasters, and should speed up the pace of redress. If the postmaster disputes the offer made through the HSSA process, DBT will engage in settlement discussions to attempt to resolve the disagreement. The postmaster may then make a request to refer this to an independent panel before making an application to refer their case to an independent reviewer, similar to the role carried out by Sir Ross Cranston on the GLO scheme. Cases where DBT has decided not to make a fresh offer will be automatically referred to the panel. The panel will be appointed depending on the nature of the claim, and may include legal, accounting, medical and retail experts. Postmasters will have the option to make an oral statement to the panel.
14. In keeping with the other redress schemes run by DBT, no income tax, capital gains tax, National Insurance contributions, corporation tax, or inheritance tax will be payable by any party in respect of any payment through the HSSA process.⁸ Interest applied to claims will not be subject to any tax deductions.
15. The new HSSA process is intended to ensure that eligible postmasters can be assured of:
 - a simple and easy application process;
 - fair redress;
 - which is decided independently of the Post Office;
 - with support for the costs of legal advice; and

⁸The Horizon Shortfall Scheme Appeals (Tax Exemptions and Relief) Regulations 2025

- resolved with the minimum of further delay.

Progress

16. DBT has written to all eligible postmasters within the DRP, and it continues to advertise that the HSSA process is now open, including through postings on its social media platforms on 12 May 2025. The Department has already received several applications from both postmasters in the Post Office's DRP process who have chosen to move over to the HSSA process, and also those who have not entered the DRP but wish to dispute their HSS offer.
17. It is hoped that these written submissions will be useful to the Inquiry. The Department will continue to work with postmaster representatives on implementing the scheme and will publish monthly data on progress.

14 May 2025