

04 November 2022

Ciara Lawrence **Lead official:**
GRO

POST OFFICE HORIZON SCANDAL: APPLYING A BENEFITS DISREGARD FOR ALL POST OFFICE COMPENSATION SCHEMES

Issue

1. There are multiple compensation schemes for postmasters related to Post Office and the Horizon scandal. Postmasters receiving compensation may lose their eligibility to claim means-tested benefits due to capital limit rules.

Recommendation

2. You agree that we should pursue a full benefits disregard for recipients of compensation across all schemes.
3. You agree that the attached letter should be sent to the Minister for Employment to emphasise the importance of moving quickly to deliver this legislation given the hardship faced by postmasters and the current economic climate.

Background

4. The Post Office Horizon IT scandal saw hundreds of postmasters prosecuted by the Post Office between 2000-2014. A Group Litigation Order brought by 555 postmasters was settled in December 2019. Since that point, 83 related convictions have been quashed and 2,400 postmasters have made claims for Horizon-related shortfalls. There are various compensation streams being run for those affected by Post Office and Horizon.
5. We have been working with DWP to set up a benefits disregard for Post Office and Horizon-related compensation schemes. Applying a disregard would mean that receiving compensation would not affect claimant's eligibility for DWP-administered means-tested benefits and pension credits. This would be consistent with the approach taken for the Windrush and Infected Blood compensation schemes.
6. Ordinarily, having capital over £16,000 would render a claimant ineligible to receive means-tested working age benefits and would also reduce pension credit entitlement. Many postmasters will get compensation above this amount and would therefore have any means-tested benefits or pension credits significantly reduced.
7. Applying a disregard would mean that compensation would not affect a claimant's eligibility to apply for these means-tested benefits and pension credits.

Considerations

8. Applying a benefits disregard would require secondary legislation. The disregard would not apply retrospectively, but once the legislation comes in, claimants (including those whose compensation predates the legislation) will be eligible to claim for DWP means-

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tested benefits and pension credits from that point onwards. This means that the many claimants who have already received compensation which takes them over the £16,000 capital limit or who will do so before the legislation comes into force will lose their benefits eligibility until the legislation is in place.

9. DWP's preference, which we support, is to design legislation that captures all Post Office and Horizon-related compensation schemes, including schemes which have not been announced publicly yet. The same treatment would therefore be applied to all postmasters receiving compensation from the moment the legislation is in place, ensuring fair treatment and parity across the schemes.
10. We recommend extending the disregard for next of kin where the claimant is deceased, so that inherited compensation would not affect the individual's own benefits eligibility. This is in line with benefits treatment for the Windrush and Infected Blood schemes.
11. As this disregard would only apply to DWP-administered benefits, we will work with DLUHC to mirror this disregard across council tax support schemes. The legislation to put the disregard in place would need to be replicated in Northern Ireland, but we understand that this is usual practice and should not hold up the process.
12. As many postmasters have already received compensation and therefore may currently be ineligible for benefits, we should progress this work as quickly as possible. Passing legislation of this type usually takes 6-12 months. We are, however, keen to expedite the process given the financial hardship many claimants are facing. Given the current economic climate and the high level of scrutiny Government is facing on treatment of postmasters, we would recommend that you write to the Minister for Employment to encourage him to pass this legislation as quickly as possible, and have included a draft letter as Annex A.

Presentation and handling

13. Message: this is part of Government's work to ensure fair compensation for the postmasters whose lives were so badly affected by the Horizon scandal. It sits alongside our desire to find out just what went wrong, through Sir Wyn Williams's statutory inquiry.
14. We expect that announcing a benefits disregard will be positively received by postmasters and should also reassure parliamentarians campaigning on this issue that we are taking pro-active steps to avoid inadvertently reducing claimants' benefits and pension credit eligibility through compensation lump sums, although there is likely to be pressure to get the legislation in place as quickly as possible. We will prepare lines on this.
15. Applying a disregard would be in line with equivalent disregards for the Infected Blood and Windrush schemes. If we do not apply a similar disregard here, we will be open to criticism for not taking steps to ease the financial burden on claimants.
16. We will work with DWP and Post Office to schedule the announcement, which we hope to make in Parliament ahead of the next Horizon Inquiry Compensation hearing on 8 December.

Annexes

17. Annex A: Draft letter to the Minister for Employment (copied below).

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Guy Opperman MP, Minister for Employment,
Department for Work and Pensions



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Your ref: [[YOUR_REF]] delete if none given

November 2022

Dear Guy,

BENEFITS DISREGARD FOR POST OFFICE COMPENSATION SCHEMES

I am writing to seek your support for granting a benefits disregard for postmasters who are recipients of Post Office and Horizon-related compensation, in line with the disregards which are already in place for the Windrush Scheme and Infected Blood Scheme.

I understand that you are due to receive advice on this matter from your officials and would encourage you to grant this disregard in full.

As I am sure you are aware, it is impossible to ignore the negative impact that the Horizon scandal and the related court proceedings have had on affected postmasters' lives: on their livelihoods, their financial situations, their reputations and, for some, their physical and mental health. To date, 83 postmasters have already had their Horizon-related convictions overturned. Post Office has also been making progress at pace on the Historical Shortfall Scheme, with 2,125 claimants (90% of eligible claims) under the scheme having now received offers. Government also announced additional compensation this year for postmasters who brought the High Court litigation against the Post Office, which was settled in 2019 after many years of legal proceedings, given these postmasters were left financially worse off than their peers.

The impact that the Horizon scandal has had on the lives of affected postmasters and their families cannot be overstated. The affected postmasters are extremely vulnerable and have suffered what is described as the "biggest miscarriage of justice" in British legal history, resulting in significant financial hardship, including bankruptcy for some. A benefits disregard would ensure compassionate and fair treatment of postmasters and provide additional comfort to those who are struggling with financial hardship.

Compensation cannot take away the suffering that affected postmasters have experienced. But we are determined to ensure that each eligible person gets what is due to them. We must now ensure that outstanding issues around benefits do not prolong the impacts of the Horizon dispute on these postmasters by affecting their eligibility to apply for benefits as needed. If we do not act, many postmasters may end up losing benefits as a result of receiving compensation. This is why I would be grateful if you could consider deploying any tools at your disposal to expedite the passing of the necessary legislation, which will allow postmasters to access benefits and pension credits, as needed, as soon as possible.

I hope that you agree this approach to be appropriate and in our shared interest. I look forward to working with you on this important matter.

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Yours sincerely,

**Kevin Hollinrake MP,
Parliamentary Under Secretary of State**

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