



Paul Dann
09/11/2006 13:28

To: Martyn Mitchell/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Castleton - Marine Drive URGENT URGENT URGENT

Martyn

For Info

Former Agents Debt Team Leader
1st Floor West , No 1 Future Walk, West Bars, CHESTERFIELD, S49 1PF
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Marie Cockett
09/11/2006 12:25

To: Paul Dann/e/POSTOFFICE@POSTOFFICE, Andrew
Winn/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Castleton - Marine Drive URGENT URGENT URGENT

Both

Re;Marine Drive

Marie

Branch Accounting & Control Manager
Post Office Ltd
Finance

First Floor East Block, 1 Future Walk, West Bars, CHESTERFIELD, S49 1PF

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----- Forwarded by Marie Cockett/e/POSTOFFICE on 09/11/2006 12:25 -----

Mandy Talbot
09/11/2006 10:40

To: Marie Cockett/e/POSTOFFICE@POSTOFFICE, John D
Cole/e/POSTOFFICE@POSTOFFICE, Keith K
Baines/e/POSTOFFICE@POSTOFFICE, David X
Smith/e/POSTOFFICE@POSTOFFICE, Richard W
Barker/e/POSTOFFICE@POSTOFFICE, Rod
Ismay/e/POSTOFFICE@POSTOFFICE
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Subject: Castleton - Marine Drive URGENT URGENT URGENT

I have received some very good news about this case but now need the business to make an urgent decision upon its future conduct.

Our original claim against Castleton was in the region of 25K and he then entered a defence and counter claim for 250K but of more concern brought the whole validity of the HORIZON system into question. As a result we have expended a lot of legal costs to ensure that the defence to those allegations is as perfect as possible.

On Friday Castleton's solicitors amended their defence/ counterclaim to reduce their counter claim to 11K.

Last night our barrister received a compromise offer from Castleton's solicitors probably brought on by the fact that they are obliged to serve their statements on Friday together with their accountants report. We suspect that their accountants report has not supported their claim.

The bare offer is as follows

1. they offer the sum of £22,350 in settlement of our claim
2. our costs on the standard basis
3. they want us to agree to pay rent or get the temp to pay rent for the continued occupancy of Marine Drive
4. they want us to pay the wages of the assistant employed there
5. they want a letter from us stating that proceedings were issued purely to recover a debt and that there was no allegation of dishonesty

We can respond in a number of ways.

Firstly I think that we can all agree that their demand at 3 and 4 cannot be accepted because rent and wages are a matter for Castleton to resolve with the current interim postmaster or possibly the previous interim postmaster as I understand that there have been more than one of them.

Secondly as we have never pleaded that Castleton was dishonest there is no problem with us agreeing to this demand. We believe that he is seeking to go back to work in the city and as such a statement from us could be very valuable to him.

Thirdly the offer is defective in that it does not mention interest at all which we are entitled to on the debt

Fourthly no offer has been made to give a declaration to the effect that he withdraws all his allegations about the HORIZON system

Fifthly as we made a Part 36 offer to him in January of 2006 stating that if he would pay our full claim we would not seek our costs which he rejected, he is now obliged to pay our costs on the indemnity not the standard basis since that date. If costs are awarded on the standard basis then traditionally the successful party would recover between 60 -65% of the costs expended. Any dispute is resolved in favour of the paying party. Costs on the indemnity basis means one recovers almost all of ones costs and any dispute is resolved in favour of the receiving party. So there is quite a difference between the two.

Sixthly the reason given for not paying the full amount of the claim is spurious as we have demonstrated to them on a number of occasion that there is no basis for their allegation that the accounts were £3,509.18 short on week 49.

Seventhly the position in respect of costs is not as clear cut as it appears at first because the Courts have an ability to cap the amount of costs awarded so as to make them proportionate to the size of the claim. However they have to take a number of factors into consideration not merely the size of the claim but the conduct of the parties, ours has been impeccable, the importance of the issues to the parties, proportionality of the costs incurred to the size of the claim has however been emphasised in a recent Court of Appeal decision. Therefore there is a risk that by rejecting an offer of standard costs that the

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Court could decide to cap the costs at say 60K and then award only 60% of that. Costs to date including the work in progress and the work which the accountants have done together with Counsel's fees come to approximately 140K.

However the trial is still a little while off and I think that we should aim for Castleton agreeing for judgement to be entered against him in the full amount plus an agreement that he will consent to the payment of a fixed sum in respect of costs. As a trade off we can offer the letter confirming that there was no dishonesty and agree that we will not seek interest at an indemnity level. The benefit of having a judgement against him in the full amount is that we will be able to use this to demonstrate to the network that despite his allegations about HORIZON we were able to recover the full amount from him. It will be of tremendous use in convincing other postmasters to think twice about their allegations.

Even if such a counter offer is rejected we still have time to negotiate but as we move nearer to the trial date more costs are incurred daily so it is very important that we reach a decision and communicate it to our external solicitor this morning if possible.

Please may I hear from you by e-mail or telephone as soon as possible

Regards

Mandy Talbot
Dispute Resolution
Company Secretary's Office
Royal Mail Legal Services
148 Old Street
London EC1V 9HQ

Postline: Phone: Fax: Mobile:
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