

Our Ref: 285543.001/NMH  
Please ask for: Neil Hudgell  
Email address: [\[GRO\]@hudgellsolicitors.co.uk](mailto:[GRO]@hudgellsolicitors.co.uk)  
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**Hudgell**  
SOLICITORS

Sir Wyn Williams  
The Chairman of the Post Office Horizon IT Inquiry

**BY EMAIL ONLY: [POSecretariat@postofficehorizoninquiry.org.uk](mailto:POSecretariat@postofficehorizoninquiry.org.uk)**

Dear Sir

In his email of 16 December 2022, the Chair seeks our views “on the key issues affecting compensation payments (both Interim and Final) for those applicants under IVA or bankruptcy orders across the various schemes”.

In the Overturned Convictions cases, outstanding issues concerning three clients have happily now been resolved, subject to contract. It is expected these matters will be fully concluded during January.

In the Historical Shortfall Scheme (HSS) a number of issues continue to affect payments to applicants under IVA or bankruptcy orders.

The first and most obvious issue is one of delay. We represent 13 clients in this category, the first having received an offer on 20 October 2022 and the most recent on 15 December 2022. It is apparent that some applicants that fall into this category have still not received offers, some 29 months after the scheme closed.

Remaining applications should be processed expeditiously.

The other very significant issue with offers being made to this category of applicant is that they are not “full and fair” and do not adequately reflect the true loss to the applicant.

Offers as they are formulated do not adhere to the guiding principles of the HSS scheme.

It is accepted that insolvency raises very complicated issues, and that this note can only speak in very general terms.

However, it seems commonly agreed that the starting point for compensation is that the claimant needs to be put back in the financial position in which they would have been absent the wrongful actions of POL. Many claimants were made bankrupt in circumstances in which, had it not been for the wrongful actions of POL they would have avoided bankruptcy.

Offers as they are framed presently do not achieve that aim, and most worryingly no attempt has been made when evaluating claims to undertake that exercise. Nor has any sort of assessment been carried out to ascertain whether the actions of Post Office Limited (POL) were causative of the bankruptcy in the first place.

Offers that have been made are broken down in to two parts:

- Property claims which vest in the Official Receiver/Trustee in Bankruptcy and
- Personal claims which vest in the Applicant.

We refer to Hudgell Solicitors written submissions to the Inquiry dated 1st December 2022 to evidence how that works in practice.

An extract from which reads;

18. *Offers in those cases have now begun to be made but, regrettably and as predicted, most of the damages under the terms of such settlement are being paid for the benefit of the Official Receiver. The Official Receiver is receiving first call on any compensation relating to financial losses. We have attached two examples as Appendix B by way of illustration. First, in Case 4, the HSS panel decided on an award of £259,359.00. The applicant has now been offered £8,000.00 of that award and the Official Receiver is to receive £251,359.00. The applicant had run a successful business as a SPM for 20 years. His business was ruined and he suffered with poor mental health after the shortfalls he experienced. The £8,000 is intended to compensate him for his distress. The rest is for the Official Receiver. Second, in Case 5, out of an award of £24,999.32, the applicant has been offered £4,500.00 whilst the Official Receiver is to receive £20,400.32. The Official Receiver has no authority other than to settle the debts of the bankrupts in full. With compensatory interest applying, the likelihood is that any award for financial losses will very often be completely swallowed up when those debts are paid. The issues surrounding bankruptcy are often complex and frequently require specialist legal assistance. Compensation is intended to put the Claimant in the position they would have been in if they had not been adversely affected by the unreliability of Horizon. As matters currently appear to Hudgell Solicitors, the HSS takes no account of whether the root cause of bankruptcy was or may have been shortfalls generated by Horizon software. The Claimant is left to take this up with the Official Receiver on their own.*
19. *We respectfully suggested that the Inquiry may wish to raise questions as to how real fairness can be achieved for bankrupt applicants*

Inevitably, each and every claim will have to pass through the Dispute Resolution Process to address this key issue. In turn, that will inevitably lead to further months of delay, a position to avoided where at all possible.

As it stands, it is presently for the applicant to engage professional advisors, and for those advisors to seek authority from POL prior to commencing this complex and time consuming work.

It is incumbent on POL to take a proactive approach in assisting this process and ensuring these claims are resolved quickly and on a full and fair basis.

With that in mind a useful next step that POL could take is to acknowledge that compensation as it is currently being assessed does not deliver "full and fair" compensation and identify how it can work together with applicants representatives and insolvency practitioners to bring about such a position quickly and effectively.

We are available to assist further if required.

Yours faithfully

A handwritten signature in cursive script, appearing to read "Hugh M. Watros". The signature is written in black ink and is positioned below the text "Yours faithfully".

**HUDGELL SOLICITORS**