



Department for  
Business & Trade

Guidance

# **Horizon Convictions Redress Scheme (HCRS): assessment framework**

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# Introduction

This assessment framework provides a list of losses which you might apply for but it may not include every scenario. The HCRS case workers will apply these categories to your application but each assessment will be fact-specific and depend on your individual circumstances.

## Financial damages

Financial damages, sometimes referred to as 'economic' or 'pecuniary' damages, are financial losses you suffered or additional costs you experienced due to the prosecution and conviction, or money you paid into the Horizon system to cover Horizon shortfalls.

## Non-financial damages

Non-financial damages, sometimes referred to as 'personal' or 'non-pecuniary' damages, reflect the impact the prosecution and conviction has had on your life. These damages are typically harder to quantify in monetary terms.

The assessment framework set out here is guided by a report produced by Lord Dyson, retired Supreme Court judge. Lord Dyson considered case law (the amounts awarded by judges in comparable past cases) and Post Office conviction claims, to advise on the amounts of redress a court is likely to award in such cases. Based on this, Lord Dyson identified common factors between claims which would lead to certain amounts of redress. The Department for Business and Trade (DBT) has expanded the framework provided by Lord Dyson to reflect how cases have been treated in the Horizon scandal redress schemes to reflect a broader set of possible circumstances.

The factors set out in the framework act as indicators of the likely level of redress you will be offered depending on your experience **but are not a minimum or maximum**. These examples are not the only experiences that would fall into a relevant payment level. Case advisers will consider the nature, severity, frequency, duration and other relevant matters relating to the impact of the conviction, assessing the facts and circumstances for each person as described in their application and all accompanying supporting documents or information, before making any determination.

## Legal principles

Our assessment framework is based on ordinary legal principles:

- remoteness: the principle of remoteness, which is that the loss claimed must be something that a reasonable person would expect to suffer at the time of the prosecution and conviction, will not normally apply
- causation: the prosecution and conviction must have caused the damage or loss. We have set out the 'balance of probabilities' test which will apply (<https://www.gov.uk/guidance/horizon-convictions-redress-scheme-hcrs-applying-for-financial-redress>)
- loss: this is the financial or non-financial damage you have suffered because of the prosecution and conviction
- mitigation: we will consider the extent to which you mitigated the financial loss, which is the efforts you made to avoid or minimise the loss
- quantum: this is the amount of financial redress available
- double recovery: the same loss cannot be recovered twice and the assessment of financial redress will consider if any losses overlap with others
- counterfactual scenario: in trying to put you back in the position you would have been if the Horizon harms had not happened, we need to consider what lawyers call the "counterfactual scenario". This is a hypothetical but reasonable assessment of what would have happened if you had not suffered due to Horizon, the prosecution and conviction

## Non-financial damages

### NF. 1. Personal injury

This head of loss reflects the damage you have suffered if the prosecution and conviction caused a diagnosed medical condition. Personal injuries may be physical or mental conditions.

Amounts will be awarded in line with the Judicial College Guidelines for personal injury (Judicial College Guidelines, 17th Edition.). Your solicitor will be able to access these guidelines.

This will require evidence that the personal injury was caused by the prosecution or conviction. We will ask you in the application form to set out your application and provide supporting evidence. You may be able to request documents from a previous medical practitioner (for example, your GP) which

shows a diagnosed medical condition caused by the prosecution. You might require expert medical evidence, which your solicitor can help you with.

We have set out the factors below which are set out in the Judicial College Guidelines for 'Psychiatric Damage Generally'. There may be other conditions which have been caused by the prosecution and conviction which are not general psychological conditions, for example the worsening of a physical condition. Your solicitor will be able to assist you.

The factors considered for 'Psychiatric Damage Generally' are:

- i. your ability to cope with life, education, and work
- ii. the effect on your relationships with family, friends, and those with whom you come into contact
- iii. the extent to which treatment would be successful
- iv. future vulnerability
- v. prognosis
- vi. whether medical help has been sought

<b>Categories of severity</b>	<b>Value ranges</b>
<b>Severe:</b> in these cases, the injured person will have marked problems with respect to factors (i) to (iv) above and the prognosis will be very poor.	£66,920 to £141,240
<b>Moderately severe:</b> in these cases, there will be significant problems associated with factors (i) to (iv) above, but the prognosis will be much more optimistic than in the 'Severe' band. While there are awards which support both extremes of this bracket, the majority are somewhere near the middle of the bracket. Cases of work-related stress resulting in a permanent or long-standing disability preventing a return to comparable employment would appear to come within this category.	£23,270 to £66,920
<b>Moderate:</b> while there may have been the sort of problems associated with factors (i) to (iv) above there will have been marked improvement by the date of your application for redress and the prognosis will be good. Cases of work-related stress may fall within this category if symptoms are not prolonged.	£7,150 to £23,270
<b>Less severe:</b> the level of award will take into consideration the length of the period of disability and the extent to which daily	£1,880 to £7,150

**Categories of severity****Value ranges**

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activities and sleep were affected. Cases falling short of a specific phobia or disorder such as travel anxiety when associated with minor physical symptoms may be found in the Minor Injuries chapter.

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**NF. 2. Mental distress and damage to reputation**

This type of non-financial loss category reflects the mental distress and damage to reputation that you have suffered as a result of the prosecution and conviction. This reflects mental distress above and beyond that covered by a diagnosed mental condition, which is covered by 'personal injury' (NF. 1). We recognise that the overall experience of the prosecution and conviction may have been significantly distressing, including elements which are also covered by other categories of loss later in this assessment framework. We will consider your application in the round and take into account the overall impact on your life in each category of loss.

The main factors considered when calculating the level of redress payment are:

- period of time with the conviction
- media coverage of the conviction
- loss of a position in the community
- financial distress
- relationship breakdown and other mental distress which is not recognised through a diagnosed health condition (as covered under the type of loss referred to as 'personal injury', see NF. 1)

The factors listed are examples and do not cover all situations. Each case will be unique and you do not need to demonstrate all the factors in a band to be offered that amount. The bands are indicative and do not act as a minimum or maximum; each case will be considered on its merits.

**Loss of reputation and mental distress: examples and indicative redress****£45,000 indicative redress**

- community service element of sentence was conducted in the community and caused distress
- wide coverage of conviction in local and national media

- long period of time between conviction and overturn (for example, 9 to 10 years)
- distress such as sleep disturbance, anxiety, dark thoughts, shame, humiliation, crying episodes, flashbacks, profound effects on self-confidence and self-esteem
- loss of a community position or role
- ostracised from the community and becoming isolated and lonely
- financial distress but not bankruptcy
- tension in the family or in relationships but no breakdown

### **£50,000 indicative redress**

- long period of time between conviction and overturn (for example, 9 to 15 years)
- lost an additional role in the community
- financial distress including bankruptcy, humiliation suffered due to having to borrow money to pay, for example, court ordered fines
- some relationship breakdown (for example, business partnership or marriage)
- time spent in prison and distress suffered in prison, for example, missing life events or witnessing violence
- significant distress beyond that mentioned in Band 1, such as planning towards suicide, significant sleep problems, weight gain or loss, depression, giving up hobbies, significant shock
- ostracised from friends, business partners, verbally abused or refused access to public places, family members bullied or abused

### **£60,000 indicative redress**

- particularly lengthy period between conviction and overturn (i.e. 18 years)
- multiple sets of court proceedings over several years
- severe mental distress beyond that mentioned in Band 2, such as suicide attempts or profound personality change
- breakdown of multiple relationships with children and spouse(s)
- severe distress and embarrassment arising from bankruptcy
- significantly difficult prison experience
- death of a close relative or the applicant themselves before the conviction was quashed

## **NF. 3. Exemplary damages**

Exemplary damages are a punitive damage, this is a payment that the wrongdoer (in this case, the Post Office) is ordered to pay the victim for their action. For a wrongly convicted person, the amount is £75,000.

## **NF. 4. Loss of liberty**

This type of non-financial loss reflects the restriction on your liberty caused by the prosecution and conviction.

Redress payments for this type of loss will depend on whether you served a prison (custodial) sentence or a sentence which did not involve prison time (non-custodial). The amounts below would typically be added on to the offer that you are receiving for other heads of loss outlined in this guidance.

The main factor we consider here is how severe the restriction on your liberty was as a result of your sentence. The bands are indicative and do not act as a minimum or maximum, each case will be considered on its merits.

### **Loss of liberty: examples and indicative redress**

#### **£5,000 indicative redress**

- suspended prison sentence with no requirement for unpaid work, electronic tag or probation

#### **£10,000 indicative redress**

- suspended prison sentence
- requirement to undertake community service, unpaid work or probation requirements

#### **£50,000 indicative redress**

- spent time in prison, for example, 2 to 3 months
- brief period in higher security prison (for example, Category B)
- additional time with an electronic tag or on probation (for example, 6 months)

#### **£55,000 indicative redress**

- spent time in prison, for example 3 to 8 months, or shorter but in a higher security prison (for example, Category A)

- additional time with an electronic tag or on probation (for example, 3 to 14 months)

#### **£60,000 indicative redress**

- spent time in prison, for example, 3 to 8 months with high restriction on liberty (for example, Category A)
- additional time with an electronic tag or on probation

#### **£65,000 indicative redress**

- spent time in prison, for example 9 to 14 months
- various categories including higher security (for example, Cat B)
- additional time with electronic tag, curfew or probation (for example, 12 months)

#### **£70,000 indicative redress**

- spent time in prison, for example, 9 to 14 months with high restriction on liberty
- additional time with an electronic tag or on probation

#### **£80,000 indicative redress**

- spent time in prison, for example, 14 months
- time in higher security (for example, Cat B)
- additional time with electronic tag (for example, 25 months)

## **NF. 5. Aggravated damages**

This type of non-financial loss reflects the nature of the prosecution, for example:

- aggressive investigations
- techniques used to prosecute
- Post Office's failure to provide disclosure

The main factors when calculating the level of payment are:

- the charges pursued
- the length of time between the conviction and the overturn

- the number of proceedings initiated against the applicant

The factors listed are examples and do not cover all situations. Each case will be unique and you may not fit all of the factors in a given band - this does not mean you will not receive an offer in that band. The bands are indicative and do not act as a minimum or maximum; each case will be considered on its merits.

## **Aggravated damages: examples and indicative redress**

### **£30,000 to £35,000 indicative redress**

Pursued for “lesser” charge, for example, false accounting and examples of “common” aggravating factors:

- no proper disclosure relevant to reliability of Horizon IT data
- Post Office failed in duty as private prosecutor to assess Horizon data
- Post Office failed to investigate discrepancies in Horizon data and pursue all reasonable lines of enquiry
- Post Office deliberately failed in its above obligations while at the same time asserting that postmasters were liable to make good any losses and would be terminated if they did not do so
- evidence of systemic prosecution failures by Post Office over many years
- Post Office knew consequences of a conviction would be severe
- Post Office’s disclosure failings directly implicated courts and damaged confidence in criminal justice system
- arrest and prosecution were preceded by a demand for repayment of all unexplained shortfalls
- postmaster guilt was effectively assumed by Post Office despite long years of unblemished service
- postmasters were excluded from running their own business purely on the basis of unexplained shortfalls
- postmasters experienced aggressive defence of the reliability of Horizon by Post Office Limited (POL) over a number of years (for example, Group Litigation Order (GLO))
- Post Office required an undertaking not to criticise Horizon in consideration for accepting a guilty plea to the offence of false accounting

### **£40,000 indicative redress**

In addition to the “common factors” listed in Band 1, there were additional aggravating factors, for example:

- applicant initially defends allegations and expressly raises reliability of Horizon (for example, in defence)

- applicant maintained their innocence throughout and POL proceeded with prosecution through to a contested trial
- initiation of confiscation proceedings by Post Office
- long period between audit and sentencing pursued for more serious offences (for example, theft)
- aggressive or intimidating conduct by POL in investigation or prosecution, for example, arrested at home when told by Post Office to attend a police station, aggressive interview techniques, search of residential property was conducted; failure to provide further disclosure when specifically asked by applicant's lawyers prior to trial
- POL continued its defence of Horizon in a subsequent appeal

### **£50,000 indicative redress**

In addition to the “common factors” in Band 1 and “additional factors” in Band 2, there was exceptionally aggressive or high-handed conduct in the prosecution, for example:

- aggressive conduct such as multiple sets of proceedings for serious charges over a period of years

## **NF. 6. Loss of congenial employment**

This type of personal loss reflects the damage you suffered by losing an employment role which you enjoyed.

The main factors under consideration are:

- the level of enjoyment in the postmaster or branch employee role and
- how many years you had until retirement, when terminated

Retirement is not necessarily the state pension age, but the age at which you planned to stop working or would have stopped working. The bands are indicative and do not act as a minimum or maximum; each case will be considered on its merits.

### **Loss of congenial employment: examples and indicative redress**

<b>Main factors</b>	<b>Indicative redress</b>
For example, regardless of years until retirement, you were planning to leave the Post Office role soon or you were able to	£1,000

Main factors	Indicative redress
secure enjoyable employment after prosecution.	
For example, 2 years until retirement. Or longer (for example, 9 to 14 years) but you were able to secure enjoyable employment after prosecution.	£8,000
For example, 5 to 8 years until retirement. Or longer (for example, 15 years) but you were able to still run part of the business after the prosecution.	£10,000
For example, 9 years until retirement. Or longer (for example, 10 to 22 years) but you were able to still run part of the business or find enjoyable employment after the prosecution.	£12,000
For example, 9 to 23 years until retirement. Or longer (for example, 35 years) but you were able to find enjoyable employment after the prosecution.	£13,000
For example, 23 to 30 years until retirement.	£14,000
For example, 30+ years until retirement.	£15,000

## Financial damages

### F. 1. Prosecution shortfalls

This type of loss covers where you may have made payments to make good Horizon shortfalls for which you were prosecuted. Other shortfalls are covered in the next section. You may have paid these shortfall amounts:

- following the audit which led to the prosecution (for example, if you believed that if the shortfall was paid, you would either avoid prosecution altogether or, if found guilty, receive a less severe sentence)
- following a criminal court order (for example, a confiscation or redress order) to pay the shortfall amounts

The amount of redress payable will be the amount you paid to settle the shortfall or to satisfy the court order, plus interest.

DBT will ask the Post Office and His Majesty's Courts and Tribunals Service (HMCTS) to check its records for court-ordered prosecution-related shortfall payments received from you.

DBT will reimburse you for any court penalties you paid at the time of your conviction as part of your redress payment. You do not need to seek reimbursement of these penalties through HMCTS.

There may be cases where Post Office or HMCTS no longer hold information about the amount which was paid to settle the prosecution shortfall. In these cases, we may need to ask you for information you hold on the amount you paid, such as:

- court documents relating to confiscation and/or compensation orders, including repayment
- any sentencing reports or submissions referring to repayment
- bank/credit card statements/cheque stubs showing payment or loan documents as applicable
- correspondence with Post Office or HMCTS regarding payment

Interest is payable from the date the loss was incurred. DBT will pay you any interest owing on the amount recovered.

There may be cases where payment to make good the Horizon shortfall was financed by debt. If this applies to you then you may be compensated for your costs of debt financing instead in accordance with category F. 13. You will not be able to claim redress for this debt financing under both this category and category F. 13 because you cannot be compensated for the same loss twice.

## **F. 2. Pre-prosecution shortfalls**

This type of loss covers the payments you may have made in respect of any "Horizon Shortfalls" prior to your prosecution.

"Horizon Shortfalls" means a shortfall recorded in the Horizon system compared to the stock or cash at your branch. The Horizon system means any version of the computer system known as Horizon (and sometimes referred to as Legacy Horizon, Horizon Online or HNG-X) used by the Post Office, other than the version referred to as HNG-A. The Horizon pilot system began to be rolled out in Post Office branches on 23 September 1996. The HNG-A system was rolled out in all branches by 31 December 2018. You may have made good these shortfalls by paying money into the branch or Post Office may have made deductions from your wages. Post Office may also have taken some of the profits from your branch to settle a Horizon Shortfall.

The amount of redress payable will be the amount of money you paid to cover Horizon Shortfalls prior to your audit and prosecution.

A Horizon Shortfall will be presumed where there is both:

- evidence that the shortfall existed and was paid
- no evidence that the shortfall was caused by something else other than the Horizon system

We will ask you in the application form to set out your claim in as much detail as possible. You should provide any supporting evidence that is available, for example:

- bank statements/credit cards/cheque stubs showing direct payment of shortfalls to the Post Office Limited
- documentary evidence of any loans (including from family/friends) allegedly taken out to pay shortfalls (including interest or fees paid)
- if shortfalls were paid out of the retail business, evidence of the losses suffered by the retail business (for example, trade accounts)
- correspondence with the Post Office Limited regarding any shortfalls and repayment of shortfalls (including authorisation of any deductions from your wages)

Where required, DBT will ask Post Office, so you don't have to, to search its historical branch records for the information it holds about shortfalls which were recorded in the Horizon system and any payments made during your tenure in the branch to cover these shortfalls. In these searches, if there is no cause found for a shortfall, it is assumed to be a Horizon shortfall and any payments made by you to cover the shortfall will be re-paid.

Interest will generally be payable on any redress offered from the date the loss was incurred (the date you made the relevant payment). If the date of loss cannot be established then DBT will calculate interest from the mid-point of your time in post.

There may be cases where payment to make good the pre-prosecution shortfall was financed by debt. If this applies to you then you may be compensated for your costs of debt financing instead in accordance with category F. 13. You will not be able to claim redress for this debt financing under both this category and category F. 13 because you cannot be compensated for the same loss twice.

### **F. 3. Loss of earnings and stigma damages**

This type of loss covers any loss of earnings or earning capacity you may have suffered due to your conviction.

The application form will ask you to set out what your plan was if it weren't for the prosecution, for example, that you would have stayed in the role in Post Office until retirement. Where there is no evidence to suggest that you would have left the Post Office in any event, it will be assumed that you would have continued in post or would have been able to secure alternative employment earning the same amount until the date your conviction was overturned or, if earlier, your retirement age. This is known as "pre-overturn loss of earnings/stigma damages" and will generally be calculated from the date of your suspension or termination to the date of conviction overturn, or date you would have retired, whichever is earlier.

After the conviction has been overturned, it may take time for you to re-enter the employment market or continue earning at a comparable level to before the conviction. As a result, you might also be able to recover "post-overturn loss of earnings/stigma damages". These will generally be calculated from the date of conviction overturn until a date in the future which depends on your personal circumstances (see below section 'time period').

The amount of redress payable will be the loss you suffered. This usually will be the difference between what you were earning before the prosecution and conviction and what you have earned since. Adjustments will be made for tax, National Insurance and inflation. A case example is set out below:

### Pre-overturn loss of earnings

General approach:

("Base figures": pre-conviction earnings (net of tax and National Insurance) and adjusted for inflation multiplied by years between suspension and overturn) minus (Actual post-conviction earnings (net of tax and National Insurance) in years between suspension and overturn) plus compound interest.

### Case example

Role	Postmaster
Post Office or Post Office + Retail business	Post Office + Retail
Post Office gross income	£35,000 per annum
Retail sales income	£45,000 per annum
Business costs	£50,000 per annum
Business pre-tax profit	£30,000 per annum
Number of business owners / partners	1

<b>Role</b>	<b>Postmaster</b>
Applicant base pre-tax income ("base figures")	£25,356
Shortfalls to be added back	£1,300
Other costs to be added back	£860
Adjusted applicant base pre-tax income	£27,516
Year of suspension	2010
Year of overturn or date of state pension age [whichever is sooner]	2024
Number of years for loss of earnings calculation	14
Counterfactual earnings over the claim period	14 x £27,516 = £385,224
Add CPI inflation to counterfactual earnings over the claim period	£385,224 x 2% = £7,704 pa x 14 = £107,863
Deduction for counterfactual National Insurance and income tax over the claim period	(£385,224 + £107,863 = 493,087 x 30% = £147,926)
Net of tax and national insurance counterfactual earnings over the claim period	£385,224 + £107,863 - £147,926 = £345,161
Deduct actual earnings received over the claim period	(£75,698)
Pre-overturn loss of earnings over the claim period	£345,161 - £75,698 = £269,463
Compensatory interest to be added from the date of suspension to the date of the offer + 30 days.	£269,463 x 3.45% = £9,296 pa x 14 years = £130,144
Total offer for pre-overturn loss of earnings including compensatory interest.	£269,463 + £130,144 = £399,607.

### **Base figures**

Generally, the base figure to be used when calculating any redress will be based upon the income received by you in the full tax year before your suspension/termination. Adjustments may need to be made to the base figure, for example:

- payments you made in respect of Horizon shortfalls which reduced your profits may need to be added back into the base figures
- other sums that may have reduced from the retail profits such as business loan repayments may need to be added back in
- any dividends received through the Royal Mail Colleague Share Plan, which will need to be deducted from the Post Office remuneration base figure

The primary source DBT will use to ascertain your income at the relevant time will be HMRC records, any available tax returns and trade accounts. Use the [HMRC request form \(https://www.gov.uk/guidance/horizon-convictions-redress-scheme-hcrs-request-your-tax-records\)](https://www.gov.uk/guidance/horizon-convictions-redress-scheme-hcrs-request-your-tax-records) to request this evidence from HMRC. You should request this evidence from HMRC and submit the return to DBT with your claim form, for most cases this will provide all the relevant evidence for this claim.

### **Adjustments**

The base figures will be adjusted to be net of any tax and National Insurance contributions you would have paid.

### **Inflation**

We will apply inflation to your earnings (both Post Office remuneration and retail profits) in line with the Consumer Prices Index (CPI). For branch assistants or managers, inflation will be applied using the Office for National Statistics Weekly Earnings Growth data (Wholesaling, Retailing, Hotels and Restaurant sector).

You may have also lost employment outside of the Post Office due to the prosecution and conviction. Inflation will be applied to other employment income in line with the Office for National Statistics Weekly Earnings Growth data.

### **Actual earnings**

Your actual earnings since the prosecution and conviction will be deducted from your pre-conviction earnings to calculate the amount you lost because of your conviction. Any state benefits that you have received as part of your actual earnings may also need to be taken into account. To calculate future actual earnings, it may be necessary to use estimated figures.

### **Time period**

The calculation for pre-overturn loss of earnings will generally be from the date of suspension or termination to the date of overturn or date you would have retired, whichever is earlier.

The application for post-overturn loss of earnings will depend on your specific circumstances generally based on your ability to re-gain your pre-conviction

earning capacity. This application will generally be assessed on evidence that your earning capacity has suffered and you will not be able to return to the same rate of earning in the future. The calculation for post-overturn loss of earnings will generally begin at the date of overturn. The length of time for redress to be calculated will then depend on the facts of each case. You will be asked to provide as much detail as possible in the claim form and we will consider alongside your claim for personal damages which provides further context to the impact of the conviction on your life. Relevant factors when assessing this period may include:

- how close you are to retirement age
- your employability which will involve considering factors such as:
  - employment history
  - current age
  - your qualifications
  - the impact of the conviction on work experience and career opportunities
  - the fact that opportunities may have been available to you at a younger age but are no longer available to you now
  - the difficulties faced in general by people of a higher age in changing or starting a new career
  - personal injury
  - ongoing stigma
  - likelihood of you starting a new business
  - whether there has been an irretrievable loss of a one-off opportunity within the workplace, for example, where you worked for a family business before the prosecution and that opportunity is no longer available
  - what steps you have taken with regard to your employment/career prospects
  - what steps you might reasonably be expected to take in the future in view of your overturned conviction and redress received

## **Other circumstances and non-standard approach to evidence**

### **Evidence**

There may be exceptional circumstances where you are not able to provide the HMRC information to support your application, for example because the records have been lost. In these cases, we ask you to submit your request to HMRC and their response to us with your application, confirming records cannot be provided. Alternative evidence we will accept in these circumstances only will be:

- bank statements, if self-employed post-termination
- evidence of state benefits received, if relevant, for example, a letter from local authority
- if a postmaster, then documentary evidence of Post Office remuneration (for example, a contract, payslips, P60 or bank statements)
- if a branch assistant, then documentary evidence of earnings (for example, a contract, payslips or bank statements)
- if claiming for lost retail profits, then evidence of the profit which the retail business was producing, for example, trading accounts

These documents should be provided for the time period: 3 years prior to suspension until current date.

### **Non-standard claims**

We expect the approach set out above to be the general approach to loss of earnings claims but there may be non-standard claims. For example, you may put a claim forward that you would not have stayed in the same role or you may put forward a loss of opportunity claim (for example, for career progression). In such non-standard claims, we may require other evidence than the HMRC return. Further information can be found in category F. 8.

### **Alternative approach**

In some circumstances, it may not be possible to bring an application for redress on the above basis, for example if the calculation results in no loss suffered or if there is insufficient evidence to assess the application. If you were a postmaster, then you may still be entitled to redress because Post Office wrongfully terminated your contract. DBT may decide to make an offer of 26 months of Post Office remuneration. This payment will cover both the loss of earnings claim and the loss of capital value in the business.

Interest will be payable:

- for the pre-overtake period, from the date of suspension or termination (depending on when your remuneration from the Post Office ceased to the date your conviction was overturned)
- for the post-overtake period, from the date the conviction was overturned to the current date
- no interest is payable on losses to be incurred in the future

## **F. 4. Loss of capital value of the business**

This type of loss covers the loss suffered if you were forced to sell or close a retail business which you operated alongside the Post Office because of the financial difficulties caused by the prosecution. You may also be able to make an application for redress where you continued to run the business, but its value decreased because of the prosecution. For example, because of the prosecution and conviction, you:

- sold the business at an undervalue at the time due to urgent financial hardship
- sold the business at the time due to urgent financial hardship or other circumstances caused by the prosecution and conviction (for example, without the Post Office the retail business was not viable) but you otherwise would have retained the business until today
- sold the business but its value was lowered due to the absence of a Post Office
- closed the business because it was running at a loss due to lack of custom, for example because the Post Office closed, because of reputational damage or because you had to serve a custodial sentence

The redress payable will depend on your application:

- either that you sold the business at an undervalue at a historic point in time and, if it were not for the prosecution and conviction, you would have sold it for a higher value at a historic point in time. In which case the amount payable would generally be the difference between the actual alleged value at the historic time and the amount you sold it for (subject to adjustments as below) (The “historical valuation”). You should note that if your application is that you would have closed the business at a historical point in time, then there would not be a claim for lost earnings for the business following its closure. This is an example of a “counterfactual scenario”.
- or that you wouldn’t have sold (or lost) the business if it weren’t for the prosecution and you would have retained the asset until today – in which case the amount payable would generally be the difference between the value today and the amount you sold it for (subject to adjustments as below) (The “current date valuation”).

### **How the value of the business will be calculated**

Particularly for the historical valuation, indicators of the market value at the time may be available, for example open market valuations or offers made by third parties at the time.

If indicators of market value are not available, the value of the following will need to be determined:

- the intangible asset (goodwill) capital value
- the fixed asset capital value (the business premises, if owned freehold)

The key evidence to be provided is documentary evidence showing:

- acquisition documents which show ownership, purchase price and costs
- sale documents which show the sale price including any open market valuations
- trading accounts from the start of tenure to the date the business was sold or lost
- valuation documents showing the alleged value of the business, including the premises, depending on your claim:
- historical valuation – open market valuations and/or offers made by third parties are indicators of market value
- current day valuation – sale prices of comparable businesses from online sources may be sufficient
- documents showing if the business property was owned by the business/you on a freehold or leasehold basis

If a business loan or mortgage was secured against the business, you will need to provide agreements and statements. If the loan was paid from the proceeds of the sale then it will be deducted from the redress amount as the loan would have been paid in the scenario that the prosecution and conviction did not happen.

If the property was repossessed, you will need to provide any repossession documents relating to the business property such as letters of demand, statements, court documents in repossession proceedings, Land Registry title documents.

Deductions would include:

- any investment growth/interest earned on the proceeds of sale
- capital gains tax

The amount of interest payable will depend on the type of calculation; if your application for redress is based on the historical valuation then interest is payable from the date of the sale based on that valuation. If your application for redress is based on a loss of value in property by reference to a current day valuation then no interest will be payable.

## **F. 5. Loss of asset: residential home**

This type of loss covers where, as a result of your prosecution and conviction, your residential home was repossessed or you were forced to sell your residential home at an undervalue/or the asset would have been retained and would have a higher value at a later date.

The redress payable will depend on your application:

- either that you sold the property at an undervalue at the time – in which case the amount payable would generally be the difference between the alleged actual value at the time and the amount you sold it for (subject to adjustments as below). (The “historical valuation”)
- or that you wouldn’t have sold (or lost) the property if it weren’t for the prosecution and conviction and you would have retained the asset until today – in which case the amount payable would generally be the difference between the value today and the amount you sold it for (subject to adjustments as below). (The “current day valuation”)

The application form will ask you to explain why you sold the property at the time, how it related to the prosecution, and what the proceeds were used for. In order to calculate the redress payment, you will need to provide documentary evidence showing:

- the purchase price and any costs (for example, Stamp Duty Land Tax or conveyancing fees)
- mortgage agreement and statements
- the sale price (alternatively, DBT can search HM Land Registry on your behalf)

## **How the value of the property is calculated**

### **Historical valuation**

If your application for redress is based on you selling at an undervalue at the time and you are applying for the actual value at the time, you will need to provide evidence of the claimed actual value, such as:

- valuation reports from the time
- comparable property sales at the time

### **Current day valuation**

If your application for redress is based on you retaining the property until today, our primary approach for assessing the current value of the property will be to use the Nationwide House Prices Index. You do not need to provide evidence for this as we will search on your behalf.

After the sale of the property, you may have needed to rent at a higher price than the interest on mortgage repayments. If this is the case, redress would be payable for the difference between the interest payments and the rental costs. You will need to provide documentary evidence of rent paid, for example:

- tenancy agreements or

- bank statements

If you lost the property due to repossession, you should provide repossession documents such as:

- letters of demand
- statements
- court documents in repossession proceedings

If this was part of a bankruptcy process, you should request these documents from your trustee in bankruptcy.

If you had loans secured against the property, you should provide evidence of these, such as:

- business loan agreements or statements

If you were paying for a loan and interest secured against the property, which was paid through the sale or repossession of the house, the value of the loan and interest repayments will be deducted from the sale proceeds as this loan would have been paid in the event you were not prosecuted.

Any further sums which need to be taken into account to calculate the redress offer will be considered in each individual case.

### **Case examples**

Example 1: Hypothetical example of a sale of the property following prosecution due to the applicant's loss of income.

1. Evidence of house purchase in March 2005 for a price of £200,000 financed by way of repayment mortgage of £160,000.
2. A sale of the property took place in 2012 where the house was sold for £250,000.
3. In the time between suspension in 2010 and sale in 2012, the applicant had managed to continue paying their mortgage out of their savings but these had run out. There were therefore no mortgage arrears as at the date of sale.
4. Once the outstanding mortgage of £100,000 had been redeemed, the applicant received £150,000 sale proceeds.
5. Applicant did not purchase a further property but rather has lived in rental accommodation since this date.
6. Value of house as at current date (based on Nationwide House Prices Index) = £500,000.
7. Total rental accommodation costs of applicant since 2012 (as evidenced by supporting documents) = £96,000.

8. Total interest on mortgage repayments which would have been payable in the counterfactual scenario = £35,000.

Calculation of net loss to an applicant:

<b>Current value of house</b>	<b>£500,000</b>
Less: net sale proceeds	£150,000
Less: outstanding mortgage to be paid on counterfactual	£100,000
Less: interest on mortgage repayments in counterfactual scenario	£35,000
Add: rent paid since 2011 in actual scenario	£96,000
<b>Net loss</b>	<b>£311,000</b>

Example 2: Hypothetical counterfactual of a house repossession in 2011 which was caused by mortgage arrears after an applicant was unable to meet their mortgage payments due to their termination and subsequent prosecution.

1. Evidence of house purchase in March 2005 for a price of £200,000 financed by way of repayment mortgage of £160,000.
2. On the evidence, the applicant fell into arrears on their mortgage repayments immediately after their suspension in 2010 and a repossession of the home due to mortgage arrears took place in 2011 by the residential mortgage bank. The property was sold by the residential mortgage bank in 2011 for £225,000 (evidenced by reference to HM Land Registry). The outstanding mortgage (including arrears) as at this date = £120,000. Once this had been redeemed together with payment of the bank's costs of £5,000, the applicant received net sale proceeds of £100,000.
3. Applicant did not purchase further property but rather has lived in rental accommodation since this date.
4. Value of house as at current date (based on Nationwide House Prices Index) = £500,000.
5. Total interest on mortgage repayments which would have been payable in the counterfactual scenario = £40,000.
6. Total rental accommodation costs of applicant since 2011 (as evidenced by supporting documents) = £100,000.

**Calculation of net loss to an applicant**

<b>Current value of house</b>	<b>£500,000</b>
Less: net sale proceeds	£100,000
Less: outstanding mortgage as at date of repossession	£120,000
Less: interest on mortgage repayments in counterfactual scenario	£40,000
Add: rent paid since 2011 in actual scenario	£100,000
<b>Net loss</b>	<b>£340,000</b>

The amount of interest payable will depend on the type of calculation; if the assessment is based on the historical valuation then interest is payable from the date of the sale based on that valuation. If the assessment is based on a loss of value in property by reference to a current day valuation then no interest will be payable.

## **F. 6. Loss of asset: other residential property**

The type of loss covers where because of financial difficulties caused by the prosecution you were forced to sell another residential property (not your main home) at an undervalue and/or the property would have been retained and would have a higher value at a later date.

The redress payable will depend on your application:

- either that you sold the property at an undervalue at the time – in which case the amount payable would generally be the difference between the actual value at the time and the amount you sold it for (subject to adjustments as below)
- or that you wouldn't have sold (or lost) the property if it weren't for the prosecution and you would have retained the asset until today – in which case the amount payable would generally be the difference between the value today and the amount you sold it for (subject to adjustments as below)

The approach to assessing redress for other residential property (not your main home) will be broadly the same as that outlined under the “Loss of Asset: residential home” category of loss (see category number F. 5). If you were renting out the other property to bring a profit, you may also be able to apply for any loss of rental income from that residential property. Applications for this type of loss will be dealt with under the “Loss of Rental Profits” category of loss (category number F. 12).

In the application form, you will be asked to provide evidence that the prosecution led to the disposal of your residential property, as well as evidence of the value of the loss suffered as a result. In order to calculate the redress payment, you will need to provide documentary evidence showing:

- the purchase price and any costs (for example, Stamp Duty Land Tax or conveyancing costs)
- mortgage agreement and statements
- the sale price (alternatively, DBT can search HM Land Registry on your behalf)

## **How the value of the property is calculated**

### **Historical valuation**

If your application is based on you selling the property at an undervalue at the time and you are applying for the actual value at the time, you will need to provide evidence of the claimed actual value, such as:

- valuation reports from the time
- comparable property sales at the time

If this evidence is not available, it may be appropriate to use the Nationwide House Prices Index.

### **Current day valuation**

If your application is based on you retaining the property until today, our primary approach for assessing the current value of the property will be to use the Nationwide House Prices Index. You do not need to provide evidence for this as we will search on your behalf.

Deductions will be made for the maintenance and upkeep of the property, which you would have spent in the scenario that you retained the property as a second home. Our general approach will be that it is reasonable to have spent 1% of the property value per year on maintenance and upkeep, unless you provide evidence to support a different figure.

If you lost the property due to repossession, you should provide repossession documents such as:

- letters of demand
- statements
- court documents in repossession proceedings

If this was part of a bankruptcy process, you should request these documents from your trustee in bankruptcy.

If you had loans secured against the property, you should provide evidence of these, such as:

- business loan agreements or statements

If you were paying for a loan and interest secured against the property, which was paid through the sale or repossession of the house, the value of the loan and interest repayments will be deducted from the sale proceeds as this loan would have been paid in the event you were not prosecuted.

Any further sums which need to be taken into account to calculate the redress offer will be considered in each individual case.

Any further sums which need to be taken into account to calculate the redress offer will be considered in each individual case.

### **Case example**

Hypothetical example of an investment property sold by an applicant because they required funds to pay sums they had been ordered to pay in the prosecution to Post Office and to continue to cover their own living costs following termination and subsequent prosecution.

1. Evidence of a property purchase in October 2005 for a price of £180,000. The purchase was made with an £80,000 deposit together with a buy-to-let interest only mortgage in the sum of £100,000.
2. The property was let out to tenants at a rental value which covered the mortgage, letting costs and costs of upkeep of the property. The rental profit following payment of these sums was £500 per month.
3. The applicant sold the property in May 2013, having put it on the market in February 2013 following the applicant's conviction in January 2013. The property was put on the market for £220,000 and the estate agent had recommended the sale price to be £235,000. The applicant accepted an offer of £210,000 on the property in March 2013 after a number of viewings had taken place.
4. As the mortgage was interest only, the capital sum of £100,000 was outstanding at the point of sale and was redeemed from the sale proceeds. The net sale proceeds retained by the applicant were £110,000.
5. Value of the property as at the current date is £300,000 (per Nationwide House Prices Index).
6. No evidence that the investment property was to be retained for a fixed period only.

Calculation of net loss to applicant:

<b>Current value of house</b>	<b>£300,000</b>
Less: net sale proceeds	£110,000
Less: outstanding mortgage to be paid on counterfactual	£100,000
Net loss	£90,000

## F. 7. Loss of asset: personal property

This type of loss covers where because of financial difficulties caused by the prosecution you were forced to sell personal property (for example, jewellery or a car) at an undervalue and/or the property would have been retained and would have a higher value at a later date, a claim for consequential loss may be available.

The redress payable will depend on your application:

- either that you sold the property at an undervalue at the time – in which case the amount payable would generally be the difference between the actual value at the time and the amount you sold it for (subject to adjustments as below). (The “historical valuation”)
- or that you wouldn’t have sold the property if it weren’t for the prosecution and you would have retained the asset until today – in which case the amount payable would generally be the difference between the value today and the amount you sold it for (subject to adjustments as below). (The “current day valuation”)

In the application form, you will be asked to provide evidence that the prosecution led to the disposal of your personal property, as well as evidence of the value of the loss suffered as a result. In order to calculate the redress payment, you will need to provide documentary evidence showing:

- evidence of acquisition cost or value
- evidence of sale price
- evidence of market valuation at current time/time of sale/time of hypothetical sale

Approximate but sufficiently accurate valuations may be available using comparisons derived from online sources, either historical or by way of current comparator sale prices. For complex valuations, you may require an expert valuation.

Any sale proceeds will be taken into account when calculating the amount lost. Any further sums which need to be taken into account to calculate the redress offer will be considered in each individual case.

### Case examples

Example 1: Hypothetical scenario of applicant's car sold at a reduced 'fire sale' price in order to raise funds to pay an order relating to an alleged shortfall.

1. The applicant states that they purchased a second-hand car in July 2010 which they estimate was for a price of £30,000, paid in cash.
2. The applicant was suspended and prosecuted in 2011. On the evidence, the applicant was ordered to pay a significant sum to POL in respect of an alleged shortfall of £67,000.
3. The car was sold for £22,000 in 2011 to webuyanycar.com. The applicant has supplied an invoice evidencing this. The applicant states that the car was sold at short notice in order to raise funds towards paying the order made in the prosecution in respect of the alleged shortfall.
4. The applicant states that they would have been able to obtain a sale price for the car of £27,000 if they had not had to use the fastest route available to them for selling it. No evidence is supplied to support this.
5. An online valuation is undertaken but this only shows the current value of the car as £10,000. Online evidence of estimated depreciation on cars year on year is also obtained. A calculation using estimated depreciation rates estimates the value of the car in 2011 as approximately £25,000.

Calculation of net loss to the applicant using online valuation sources:

<b>Estimated value of the car at the time of a hypothetical counterfactual sale in around 2011:</b>	<b>£25,000</b>
Less: price received for the car when sold:	£22,000
Net loss based on online valuation sources:	£3,000

The amount of interest payable will depend on the type of calculation; if your application is based on the historical valuation then interest is payable from the date of the sale based on that valuation. If your application is based on the current day valuation then no interest will be payable.

## F. 8. Loss of opportunity

This type of loss covers where the prosecution caused you to lose an opportunity to pursue a course of action which could have resulted in financial gain.

For example:

- purchasing a property
- opening a new branch
- developing a plot of land
- securing a promotion at the Post Office branch where you worked
- securing more lucrative employment

The application for a loss of opportunity might be within your application for any of the other types of loss rather than a standalone claim, for example you may state that you missed the opportunity for promotion within your loss of earnings application.

For these applications you will need to show that (1) you were aware of a specific opportunity or course of action at the time, (2) that you intended to pursue that opportunity or course of action, and (3) that you were prevented from doing so because of the prosecution.

Your application should be accompanied by evidence. What evidence is required will depend on the nature of the specific opportunity said to have been lost, but this may include:

- evidence that the investment opportunity was being actively considered and likely to be pursued (for example, correspondence with banks concerning financial arrangements)
- evidence that the inability to invest or pursue the opportunity was caused by the prosecution rather than other intervening events
- evidence of what your financial position would have been if you hadn't been prosecuted and the opportunity had been realised
- expected costs and timeframe for the investment or opportunity
- evidence of progress (if any) on the investment

We will assess your application by forming a view on the likelihood of success. For example, if you claim £50k for a lost investment and upon review of the evidence it is determined that there would have been a 20% likelihood of a successful investment outcome, you may be offered £10k. Each case will depend on the specific circumstances and supporting evidence.

Interest will depend on the specific type of loss claimed.

## F. 9. Claims in respect of pensions

You may be able to apply for redress for pension rights and/or investments that you lost (or lost the opportunity to accrue) as a result of the prosecution.

Your pension contributions are generally not payable as these would have been paid from your earnings, which are covered by the Loss of Earnings category of loss, see F. 3. You may however be able to apply for redress for the increased value of a pension fund which you lost due to the prosecution, for example:

- if you were paying into a pension scheme but were unable to continue contributing to that scheme due to financial hardship caused by the prosecution
- if you were intending to join a pension scheme and can show that you would likely have joined and contributed to a pension scheme but were unable to do so because of financial difficulties caused by the prosecution
- you had a pension which you were forced to “cash in” early due to financial difficulties caused by the prosecution

Redress will be paid if you can show that the prosecution caused you to incur an overall loss in the value of a pension fund.

The types of evidence you should provide with your claim include:

- other employer contributory pension scheme documents, such as membership documents, investment reports and annual statements, before and after your termination and prosecution
- private pension scheme documents such as membership documents, investment reports and annual statements, before and after your termination and prosecution
- wage and salary slips and tax documents, taken from before and after your termination and prosecution, which contain information such as deductions from salary and matching employer contributions paid to a pension scheme
- any other documentary evidence of a pension scheme participation and contributions such as correspondence with a financial advisor, or a pensions and investment advisor
- any documents showing your entitlement to auto-enrolment in a mandatory workplace pension scheme and details of any opt-out
- documents showing your intention to join and contribute to a pension scheme, such as retirement planning documents

Expert evidence may be needed to help assess the value of these claims to ascertain the likely value of a pension fund today.

Whether interest is paid on any redress award will be decided in each individual case.

This category of loss does not cover cases involving Post Office Limited employees (for example, Crown Office employees) who may have been eligible to participate in a Royal Mail pension scheme. These cases should be highlighted to your solicitor and discussed with DBT.

## **F. 10. Bankruptcy or insolvency related losses**

This type of loss covers losses suffered if you underwent bankruptcy or insolvency proceedings which were caused by the prosecution proceedings against you. This category of loss focuses on individual bankruptcies, but losses relating to corporate insolvencies may also be recoverable.

You will be asked in the application form to provide evidence that you were bankrupt/declared insolvent (as appropriate), the value of the loss you are applying for, and that the bankruptcy/insolvency was due to the prosecution (rather than other intervening events/general financial hardship/other factors).

The types of documents you should provide with your application, if possible, include the following:

- copy of bankruptcy petition and Order
- details of any fees and costs incurred by you in relation to the bankruptcy process
- documents evidencing other debts which you would have been expected to pay if you had not been declared bankrupt
- trustee in bankruptcy records/correspondence
- bankruptcy discharge certificate (where available)
- statement of affairs
- individual voluntary arrangement (IVA) supervisor/report and account to creditors
- full summary of debts in IVA
- details of the fee incurred by you when making a “DRO” (Debt Relief Order) application

If you were made bankrupt as a result of the prosecution, you may be able to apply for redress for:

- diminution in value of your estate or assets because of the insolvency
- other consequential pecuniary losses, for example, if you suffered a financial loss as a result of harm to your credit and reputation
- general (non-financial) damages. For example, where your credit and reputation has been harmed as a result of the insolvency
- costs or expenses incurred

- the statutory interest payable to your creditors

Some of the losses you suffered as a result of the bankruptcy/insolvency may in substance be the same as those covered by other categories of loss in this document. These applications will be assessed primarily in line with the relevant framework governing assessment of the relevant loss. For example, an application for loss of property will be assessed under categories F. 5 and F. 6.

Deductions will be made from the amount of redress payable for any debts that you would have had to pay if you had not been declared bankrupt/insolvent.

The amount of interest payable will depend upon the type of loss being assessed but typically it will be payable from the date the relevant loss was incurred.

## **F. 11. Out of pocket expenses**

This type of loss covers various “out of pocket expenses” that have been incurred because of the prosecution.

There is no exhaustive list of the type of expenses you can apply for, some examples include:

- prosecution costs (your own costs and any costs paid to the Post Office)
- travel expenses (for example, to court for the original trial)
- time spent campaigning for justice (including travel costs)
- accountant fees for assisting you prepare your tax return in the tax year that the redress is paid. (This should be proportionate in view of the tax exempt status of the redress)
- miscellaneous increased costs due to criminal conviction (for example relating to insurance premiums if they were increased as a result of your conviction)
- legal costs of a transaction which was aborted as a direct result of the fact the Post Office Limited held a restraint order over your property

The application form will ask you to set out how the prosecution caused you to incur the relevant cost. We understand you may not hold documentary evidence from the time. You should provide in the application form as much information as you can on why the cost was incurred, how much it was, and how you paid it. Below sets out examples of evidence which may be available.

### **Costs relating to the original criminal prosecution**

- court orders regarding orders for costs and/or receipts of any costs payments made through the court system
- letter or other records (bank/credit card statements/cheque stubs) showing payment made to the Post Office Limited
- invoices from solicitors. You should ask your former solicitor for copies of these if you haven't retained these
- other records (bank/credit card statements/cheque stubs) showing payment made to solicitors
- correspondence from the Legal Services Commission regarding contributions to Legal Aid sought and paid. You should enquire with the Legal Aid Agency (which replaced the Legal Services Commission in April 2013) if no other evidence is available

### **Travel/parking costs**

- details of journeys made (locations, frequency, purpose) and any other evidence where available.

### **Increase in insurance premiums (other consequential increased costs)**

- confirmation by letter or email from the insurance company of the increased premium payable as a result of the conviction
- if this is unavailable, copies of insurance renewal documents showing the premium before your conviction and after your conviction (or the length of time the premium remained higher due to your conviction)
- details of any other quotes obtained by you at the point of renewal
- if the increased costs relate to other consequential increased costs, correspondence with the relevant body should be provided, including details as to how long the increased costs continued for following your conviction

### **Accountant's fees**

- a quote provided by an accountant for providing the assistance you think is needed

Interest will be payable from the date the out-of-pocket expense was incurred. Interest will not be payable on any future costs, such as the cost of accountant's fees.

## **F. 12. Loss of investment income: rental profits**

This loss covers the loss of investment income through rental profits from a property that you owned and rented out. For example, the prosecution caused you to stop renting out your property and lost the investment income you would have otherwise continued to receive, for example:

- you lived at the Post Office and retail business premises but were forced to move into your rental property following the loss of your business
- you were forced to sell your rental property due to financial difficulties following prosecution and conviction and the need to access the equity held in the rental property for immediate use

Generally, the redress payable will be the amount of profit you would have continued to earn if the prosecution had not happened and you continued to rent out the property.

Examples of evidence you may wish to provide to support your application include:

- tax returns providing details showing the income received by you at the relevant time
- evidence of ownership of the property
- mortgage documentation including mortgage statements
- tenancy agreements showing rent paid and the cessation of the relevant tenancy
- accounts if prepared or bank statements
- management company statements
- letting agent statements
- other expenses documentation (for example, invoices showing routine maintenance of property as payable by you as the landlord)

You will need to provide valuation documents indicating the rental value of the property. You may wish to provide expert evidence to support your claim, or instead it may be possible to obtain evidence of historical rental prices from websites such as Zoopla, Rightmove or local property websites, or the Office for National Statistics Index for Private Housing Rental Prices.

Regarding any application for future loss of rental profits, the general approach will be that once you have received your financial redress, you will have been placed in the position you would have been in had the prosecution not happened. For example, in theory, you will be able to invest in a new buy-to-let property. DBT accepts that it may take time after the date you receive your financial redress for you to, for example, purchase a new buy-to-let property. For this reason, redress for loss of rental of profits may include an amount for this transition period.

Deductions may be made from any redress offered to account for items such as:

- any sale proceeds from the sale of a previous rental property
- any investment growth or interest earned on the proceeds from the sale of your home
- any outstanding mortgage where, for example, part of the rent received on the property was being used to pay for a mortgage
- letting related costs

Any redress will be paid net of tax. You are not expected to undertake this tax calculation when submitting your claim.

Interest will be payable from the date the loss was incurred.

## **F. 13. Cost of debt financing/financing related penalties**

This type of loss covers penalties or general/increased costs of financing, due to the prosecution.

For example:

- you were forced to incur overdraft penalties/charges and/or had to seek credit at short notice with high interest rates to pay for your defence in the criminal proceedings
- you were forced to borrow additional money to pay for your defence in the criminal proceedings
- the prosecution put you in a desperate financial position which harmed your credit score, and you could only borrow money at high interest rates
- repaying the sums demanded under confiscatory or redress orders meant that you were unable to make credit card or loan repayments on time and then suffered further charges or penalties as a result
- you have incurred several sources of debt and not all of them can be said to have been caused by your prosecution. The different sources of debt may have different interest rates, penalties or charges. Assessing this type of claim may be more complicated than in other circumstances

Any redress awarded will aim to put you in the position you would have been in if you had not been forced to borrow or default on obligations due to the prosecution. Only the cost/penalties of any loan will be recoverable, the loan sum itself will be assessed under the relevant category framework, to avoid double recovery. For example, if a loan was taken out to pay for any shortfall paid to the Post Office Limited, the loan amount will be assessed under category numbers F. 1 and F. 2 and the cost of the interest on that loan would be assessed under this category.

In the application form, you will be asked to explain the purpose of the financing, following your prosecution. In order to calculate the loss, the types of evidence you should provide with your claim could be include:

- loan agreements which show the term of the loan, applicable interest rates and fees
- loan repayment statements
- for any re-mortgages, documents evidencing the mortgage before and after your conviction
- bank/credit card statements showing applicable rates of interest and any fees

Interest is generally payable and the appropriate start date for accrual of interest will be considered in each case.

### Case examples

Example 1: Hypothetical scenario of an applicant taking out a personal loan in order to finance the sum claimed by POL in respect of the shortfall which was the subject of the prosecution.

1. The applicant was prosecuted in March 2012 and was ordered by the court to repay POL £14,000 on account of the shortfall identified at audit.
2. The applicant did not have £14,000 in savings and had no regular income following suspension/termination/prosecution.
3. The applicant attempted to obtain a loan for £14,000 from their usual bank but were declined on the basis of lack of affordability, despite having a good credit score. The applicant was able to obtain a loan in this sum from another lender. The interest rate was 8% over a 5-year term and repayments were due monthly. The interest rate was a higher rate than that which would have been offered by the applicant's own bank.
4. In 2012, the applicant had intermittent employment only, and therefore missed several repayments. They were charged £25 per missed repayment and in total missed 3 repayments over the course of 2012.
5. After this point, the applicant was able to make regular repayments and fulfil their obligations on the loan, eventually repaying it in full.
6. The total interest on the loan which was payable = £1,120.

### Calculation of net loss to an applicant

<b>Interest on the loan</b>	<b>£1,120</b>
Repayment fees (3 x £25)	£75
<b>Total loss</b>	<b>£1,195</b>

Example 2: The same circumstances as outlined in example 1 apart from:

1. The applicant struggled to secure alternative employment for a number of years after their prosecution.
2. In 2012-2013, the applicant had intermittent employment only, and therefore missed several repayments. They were charged £25 per missed repayment and only made 5 repayments over the course of 2012. The bank then issued the applicant with a default notice.
3. The position was resolved in 2013 when the applicant was able to repay the missed repayments and from thereon was able to continue to service the loan.
4. However, the default notice negatively impacted the applicant's credit score.
5. The total interest on the personal loan which was payable = £1,350. Note this is higher than in example 1 due to the increased missed repayments.
6. In 2016, the applicant applied to purchase a car at a price of £8,000 via finance. As a result of their poor credit score, the applicant incurred an interest rate of 7% (the rate which would have otherwise been available to the applicant was 4%).
7. The total interest on the car financing which was payable = £560. The interest that the applicant would have paid had it not been for the poor credit score was £320.

### Calculation of net loss to an applicant

Interest on the personal loan	<b>£1,350</b>
Repayment fees (7 x £25)	£175
Interest that the applicant paid on the car	£560
Less: Interest that the applicant would have paid on a lower interest rate on car financing	£320
Net loss	<b>£1,765</b>

## F. 14. Loss related to Royal Mail Colleague Share Plan

This loss relates to stakeholder dividends which were paid via the Royal Mail Colleague Share Plan. These payments were paid to postmasters who held a contract with the Post Office – branch managers and assistants were not eligible. You will be eligible to apply for redress if you were a member of the Royal Mail Colleague Share Plan or would have been eligible to join the Royal

Mail Colleague Share Plan but for the fact that you were removed from post on or before 30 June 2011. The application will be for the loss of dividends and/or cash bonuses that you would likely have received but for the prosecution.

The actual dividends paid per eligible individual are set out in the table below.

<b>Date</b>	<b>Dividend paid</b>	<b>Multiplier for part-time workers</b>
30 May 2008	£800	Hours/42
29 May 2009	£400	Hours/46
28 May 2010	£400	Hours/46
30 June 2011	£600	Hours/46

If you had continued to be a full-time postmaster for the full qualifying year before the dates in that table, you would have received the full amount of dividend (hence the maximum claim is £2,200 before adjustments). The dividends were pro-rated for full months in tenure in the qualifying year and pro-rated for part-time postmasters. The dividends were paid via payroll and so tax and National Insurance Contributions were deducted. The redress payment will pay you the actual amount you would have received if the prosecution and conviction did not happen, so:

- the payments you qualify for based on the dates you would have been in role
- pro-rated for partial tenure in qualifying years and pro-rated for part-time employment (if relevant)
- tax and national insurance contributions deducted

You do not need to provide any evidence to support this claim. DBT will confirm your eligibility for the scheme and that you did not opt out with the Post Office.

Interest will be paid on any redress offered from the date any payment would have been made to you if you had still been in post.

## **F. 15. Special damages or personal injury**

This type of loss covers financial losses for personal injury suffered as a result of the prosecution. A personal injury includes a diagnosed psychiatric injury and distress related physical injury – the impact of this on your life is covered in your

claim for non-financial damages, but you may have also suffered financial damages due to your personal injury, for example:

- costs paid for medical treatment or any medical treatments that you expect to pay for in the future
- incidental expenses, such as travel expenses to medical appointments

Your application for these losses will be linked to your claim for personal damages for personal injury (see category NF. 1), where you will be asked to provide evidence to support your application for personal injury. If that is established, you should provide as much detail as possible in the claim form about the financial losses you suffered, and provide supporting evidence such as:

- a receipt or invoice from a medical provider
- a quote or estimate if claiming for future treatments

Interest will depend on the losses applied for. Interest is generally paid for past losses from the date the loss was incurred but is not payable for future losses, such as medical expenses in the future.