

CIRCULATION: NATIONAL EXECUTIVE COUNCIL FOR AGENDA DISCUSSION PC NW 06 01

GT/LW PC NW 06 01

29 September 2009

**CIRCULATION: NATIONAL EXECUTIVE COUNCIL**

Dear Executive Officer

**RE: LEE CASTLETON - HORIZON**

Please see the email below from ex Subpostmaster, Lee Castleton, which has already been forwarded to you. Both myself and my predecessor have in the past investigated the issue and corresponded with Mr Castleton regarding his belief that the system was not robust and failsafe. This issue has now been placed on the agenda for discussion at our forthcoming Executive Council meeting.

Yours sincerely

**GEORGE THOMSON**  
General Secretary

Encl.

Dear Bhavna

I am writing to you as you are an Executive Council member of the NFSP.

My name is Lee Castleton and I live in Bridlington East Yorkshire. I used to own a Sub Post Office until I had a problem in 2004. I do not wish to burden you with my own personal story in this letter but I am more than willing, if you wish, to go into great detail at a later date. I have been asked to ask you if you feel any responsibility for the safety of your members that you were elected to represent?

I am part of a growing group of Postmasters who are both serving and ex-serving and we have all suffered problems with the Horizon system. Our goal is to publicize the belief that the Post Office Horizon accounts system is flawed, and that the way in which this problem is dealt with is systematically heavy handed and is effectively swept under the carpet, the public in our opinion should be allowed to hear all sides and decide for themselves. We have evidence of Horizon not performing properly and we have evidence from IT technical experts who support our claims.

We as a group are actively looking for opportunities to publicize the problems that we feel are not being dealt with by the Post Office and are being ignored by the NFSP. We have had numerous amounts of column inches with various magazines and of course the BBC have now shown the Taro 9 program on BBC Wales. Again as a group we are now embarking into mainstream media coverage with BBC Watchdog preparing a program along with various radio shows asking for interviews. At least one MP is to approach the Government and ask them to launch an enquiry.

This is of course very good for our group and the publicity is good for our cause. Clearly you as a senior person within the NFSP will be asked for comment on this issue.

It should be of up most concern to you as a senior official that Horizon can go wrong at the very least your Union should be holding its own enquiry to establish the facts, Postmasters are being sent to prison, being given criminal records, and are being made bankrupt.

I have been asked to write to yourself and ask you what are you doing with respect to this problem and what are you doing as a group at the NFSP to protect and educate your membership. I quote from your website.

Help in difficult times

Our Branch Secretaries provide practical advice and emotional support, and are able to represent members if they encounter contractual issues or difficulties.

Read more about how the NFSP can help in difficult times...

We hope that this is a question you wish to answer, and prove with actions that you are facing up to this problem and are doing all you can to protect your members, you do have a personal duty of care to your members. I look forward to hearing from you.

Yours Sincerely

Lee Castleton

- POL were so confident that their policy was going to be very successful that any subpostmaster requesting a quote for their own insurance would receive £50 cash back (however they would not get paid for selling to themselves). They were planning to be very aggressive with their marketing and believed the product would make serious inroads into the market.
- NC to find out how any information declared in an application was disseminated (if at all) within POL. ACTION
- There was some dissent regarding the exclusivity deal, however subpostmasters could still buy their insurance from whoever they chose and many who were using HLI (who had also made an offer to the Federation) could continue to do so.
- There followed considerable and sometimes heated discussion on the subject.
- Copies of the policy document to be circulated to the Executive Council. ACTION
- NC to find out if the 4% and 2% were paid based on the gross premium. ACTION
- DAVID MILNER proposed *"That the offer by Post Office Limited to contribute £80,000 to the Federation's income for supporting Post Office Limited's business insurance be accepted."* The motion was seconded and won at vote. DECISION
- Concerns were again expressed in relation to subpostmasters FAD codes not being captured and therefore not getting paid for policies they had sold.

(g) **Lee Castleton - Horizon**

- Historic case. Lee Castleton had never been a member of the Federation and had only attempted to join after he had got into trouble and was therefore rejected.
- General Secretary had received the documents relating to Horizon security that was used by POL in court cases, but it could not be shared with the Executive Council.
- Lee Castleton had taken POL to court, his expert witness was very flawed, hence the case was lost and the court awarded full costs to POL of approx. £300,000.
- Press had got involved over the past few weeks.
- Clarified that the Federation had to be very careful. Our job was to protect subpostmasters. It was important not to create a situation where hares were sent running by encouraging members to believe Horizon had faults.
- If POL customers believed the system was error ridden they would be reluctant to do business at a time when the contracts were desperately needed by the network.
- Over 37,000 subpostmasters and clerks had used the system since it's implementation. Billions of transactions had taken place. It was easy to blame Horizon when a shortage occurred.



- The simple fact was that Lee Castleton did not have a case. Both the current and the previous General Secretary had made that clear to him on numerous occasions after investigating the circumstances, however the case was yet again doing the rounds of the Executive Council.
- There followed considerable discussion on the subject.
- Though a couple of Executive Officers had some minor misgivings regarding Horizon, the vast majority were happy that it was accurate.
- Lee Castleton had wanted the Federation to back his court action that would have run into six figures. Stressed again he had never been a member and as such, it was requested that Executive Officers did not respond to his correspondence.
- If there had been systematic problems with Horizon over many years the Federation would have taken action as a whole. All the cases investigated in depth so far had proven the error was on the part of the subpostmaster or their staff.
- The General Secretary gave an undertaking that in cases where a member believed the problem was Horizon, he would raise the case with POL at the highest level. Executive Officers to notify such cases to Shoreham.

**ACTION****(h) Other Negotiating Committee Matters****(i) AEI Programme**

- Some members would have received letter saying they would be surveyed but were not guaranteed a kiosk.
- Initially 750 kiosks to be rolled out. All Crown Offices and W H Smith post office branches would have one. Remainder to be distributed throughout the network.
- If offices had DVLA check and send there was a good chance they would be offered a kiosk but not a guarantee. Also required a good spread geographically.
- Kiosk had large footprint at 1.7m wide and required 1.3m of floor space. Also required a Horizon terminal immediately adjacent to it or in front of it. It had a 1.5m turning circle to allow disabled access, which was proving to be a problem.
- If the Passport Agency came on board there would be a further roll out up to 2,200 kiosks and, as Crowns and W H Smith already had theirs, the roll out would all be to post offices.
- NC had approached POL with a few issues based on the retail space taken up by the kiosk, the length of time for the transaction, and made the point that the proposed payment should take those issues into account.
- The NC believed volume would build with possible work to be attracted from the Immigration Service and local councils.