

POST OFFICE HORIZON IT
INQUIRY

Post Office Horizon IT Inquiry

Report
Volume 1

HC 1119

Post Office Horizon IT Inquiry

Report

Volume 1

Presented to Parliament pursuant to Section 26 of the Inquiries Act 2005

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Contents

1.	INTRODUCTION	6
2.	RECOMMENDATIONS	18
3.	THE HUMAN IMPACT	25
	a. Introduction	25
	b. Categories of persons affected	29
	c. Case Illustrations	53
4.	FINANCIAL AND OTHER REDRESS	118
	a. Introduction	118
	b. The Horizon Shortfall Scheme - HSS	129
	c. The Overturned Conviction Scheme - OCS	208
	d. The Group Litigation Scheme - GLOS	238
	e. The Horizon Conviction Redress Scheme - HCRS	259
	f. Discrete topics relevant to all schemes	266
	g. Restorative Justice	312
5.	SUBMISSIONS ON BEHALF OF CORE PARTICIPANTS AND OTHERS	318
6.	CONCLUSIONS AND RECOMMENDATIONS RELATING TO REDRESS	327
	a. The meaning of the phrase 'Full and Fair Redress	333
	b. Has "Full and Fair Redress" been delivered to Claimants in all schemes?	341
	c. Has financial redress been delivered promptly?	399
	d. Other Issues and Recommendations	445

1. INTRODUCTION

- 1.1. Post Office Counters Limited (*"the Post Office"*) began rolling out the Horizon IT System (*"Horizon"*) to branches and Crown Offices in about September 1999.¹ By about the end of 2001/early 2002 the process was complete, since which time and to this day all Post Office branches and Crown Offices have used a version of Horizon as an integral part of their business.
- 1.2. The first version of Horizon, now usually known as *"Legacy Horizon"*, was developed for, and supplied to, the Post Office by a company

1 The phrase "the Post Office" means Post Office Limited and all predecessor and subsidiary companies as the context requires. The phrase "the Horizon IT System" and the word "Horizon" have the same meaning as attributed to the phrase *the Horizon System* in the judgment of Fraser J (as he then was) in *Alan Bates and Others v Post Office Limited (No.6: Horizon Issues)* [2019] EWHC 3408 (QB) ("Horizon Issues judgment").

known as ICL Pathway Limited.² Legacy Horizon was in use in branches and Crown Offices until 2010.

- 1.3. Prior to roll out, some employees of Fujitsu had discovered that Legacy Horizon was capable of producing data which was false. Specifically, it was known to those employees that it could produce losses or gains in branch or Crown Office accounts which were illusory rather than real. That state of affairs came about because, from time to time, Legacy Horizon would be afflicted by what have come to be known as *“bugs, errors and defects”*.

2 Henceforth, the term “Fujitsu” will be used to refer not just to ICL Pathway Limited, but also the company known as Fujitsu Services Limited, all its subsidiary and controlling companies and all its predecessor companies as the context requires. The focus of this volume of my report will necessarily be on the entities that operate in the UK and, where that is not the case in future volumes, it will be clear from the relevant context and any accompanying wording.

- 1.4. Although many of the individuals who gave evidence before me were very reluctant to accept it, I am satisfied from the evidence that I have heard that a number of senior, and not so senior, employees of the Post Office knew or, at the very least, should have known that Legacy Horizon was capable of error as described above.³ Yet, for all practical purposes, throughout the lifetime of Legacy Horizon, the Post Office maintained the fiction that its data was always accurate.⁴
- 1.5. In 2010, Legacy Horizon was replaced by the version of Horizon known as "*HNG-X*" or "*Horizon Online*". This version was also developed for and supplied to the Post Office by Fujitsu. Like its predecessor, Horizon Online was also, from time to time, afflicted by *bugs, errors and defects* which had the effect of showing gains and losses in branch and Crown Office accounts which were illusory. I am satisfied that a number of employees of Fujitsu and the Post Office knew that this was so.⁵

3 I will summarise and explain the evidence which justifies this statement in a later volume of my Report.

4 Ibid.

5 Ibid.

- 1.6. In 2017, Horizon Online was replaced by HNG-A. This version too, was developed for and supplied to the Post Office by Fujitsu. My understanding is that this version of Horizon is in current use, albeit subject to some modifications since 2017. When I commenced hearing evidence in this Inquiry my working assumption was that this version of Horizon was *“far more robust than Horizon in earlier times”* or at least *“different and more robust”*.⁶ However, as I will explain in a later volume of my Report, these assumptions may no longer be wholly justified given evidence provided to the Inquiry on behalf of Fujitsu and from postmasters who use this version of Horizon.⁷

6 Horizon Issues judgment [936]; Horizon Issues judgment [963].

7 In all volumes of my Report the word “postmaster” is used to describe the person (either actual or legal) who/which is the party to a contract with the Post Office to operate a Post Office branch. Where a postmaster has described themselves either in writing or orally as “postmistress” that term is used instead of the term postmaster.

- 1.7. Between 2000 and the autumn of 2013 the Post Office prosecuted postmasters and others who worked in branches and Crown Offices in England and Wales in reliance upon accounting data produced by Horizon. Such data was relied upon to prove that actual losses had occurred in branches or Crown Offices which could only be explained by theft, false accounting or fraud on the part of the person or persons who had been charged. In Northern Ireland and Scotland, the prosecuting authorities brought prosecutions of postmasters and others before the courts for offences of dishonesty during the same period and, indeed, for some years beyond 2013. In each, or at least most of those cases, they relied upon data from Horizon to prove that losses had actually occurred. In each such case brought against an accused within the United Kingdom, the Post Office and/or the prosecuting authorities asserted either expressly, or by implication that the data produced by Horizon was wholly reliable.
- 1.8. Over the whole period since the roll out of Legacy Horizon, the Post Office has relied upon data from Horizon to hold postmasters liable under their contracts for apparent

losses in branch. In each case in which this has occurred, the Post Office has asserted that the losses were real, as opposed to illusory and that data produced by Horizon was wholly reliable.

- 1.9. As a consequence of the activities described in the preceding two paragraphs, many hundreds of people have been convicted, wrongly, of criminal offences, and many thousands of people have been held responsible, wrongly, for losses which were illusory, as opposed to real. As later volumes of my Report will demonstrate, all of these people are properly to be regarded as victims of wholly unacceptable behaviour perpetrated by a number of individuals employed by and/or associated with the Post Office and Fujitsu from time to time and by the Post Office and Fujitsu as institutions.⁸

8 I have chosen to use the phrase “wholly unacceptable behaviour” since it is apt to describe behaviour which is worthy of condemnation. However, the phrase does not necessarily, mean that persons or the Post Office committed crimes or would be liable in civil proceedings. I am precluded by section 2 Inquiries Act 2005 from determining criminal or civil liability.

- 1.10. The impact upon those wrongly accused and prosecuted for criminal offences has been disastrous.⁹ The impact upon those held liable for losses which had not actually occurred has also been disastrous in many instances. Some of the close family members of many of these persons have also suffered considerably.
- 1.11. Almost as soon as Legacy Horizon had been rolled out, postmasters began to complain that Horizon was, on occasions, producing false data which affected branch accounts. The complaints continued throughout the life span of both Legacy Horizon and Horizon Online. As the years went by the complaints grew louder and more persistent. Members of Parliament became involved and provided substantial support to postmasters. Still the Post Office trenchantly resisted the contention that on occasions Horizon produced false data.

9 Most of the persons prosecuted were convicted of offences of dishonesty. An unknown percentage of those prosecuted were acquitted (probably somewhere in the region of 7.5%) but the impact of prosecution was invariably disastrous even for those acquitted.

- 1.12. In 2009 the organisation was formed which will forever be known by the acronym JFSA ("Justice for Subpostmasters Alliance"). By 2016, the organisation was ready for a battle in the courts with the Post Office over the reliability of Horizon and a myriad of other related disputes. There were sufficient numbers of claimants (approximately 555) to justify the making of a Group Litigation Order. The proceedings were extremely hard fought. They ended, apparently triumphantly for the claimants, after the managing Judge, the Honourable Mr Justice Fraser (as he then was), produced two substantive judgments in which the claimants' main contentions were accepted without reservation.¹⁰
- 1.13. From the moment of my appointment as Chair of this Inquiry, I was always of the view that those who had been adversely affected by Horizon should have a major role in the work of the Inquiry. That is why Core Participants who fell into that category were the first

10 *Alan Bates and Others v Post Office Limited* Judgment (No.3) (Common Issues) [2019] EWHC 606 (QB) and Horizon Issues judgment.

persons to be asked for witness statements and called to give oral evidence. That is why, too, I thought it appropriate that the recognised legal representatives of these Core Participants should have a significant role in all aspects of the Inquiry.

- 1.14. I have formed the view too, that the impact upon those affected, the *"human impact"*, should be placed at the forefront of my Report to the Minister. That is why I have decided to publish this volume of my Report as soon as it was completed rather than wait for the whole of my Report to be ready for publication.
- 1.15. It also seemed to me to be natural to combine my description of the suffering endured by so many with my assessment of, and conclusions about, the attempts by the Post Office, the Minister and the Department to provide redress to those affected which is *"full, fair and prompt"* – a phrase used and an objective so often repeated during the course of the more than five years which has now elapsed since the litigation between

Sir Alan Bates and other claimants, and the Post Office (“the Group Litigation”) was brought to an end.¹¹

1.16. As followers of the Inquiry will be aware, I held many hearings to receive oral evidence about human impact between February and May 2022. I also held discrete hearings at which I received submissions about financial redress on 6 July 2022, 13 July 2022, 8 December 2022 and 27 April 2023. I have published the following:

(i) “Chair’s Progress Update on Issues relating to Compensation” (“the Progress Update”) on 15 August 2022.¹²

11 The phrase “the Minister”, depending upon its context, means any Minister of the Department for Business and Trade and any predecessor department and any relevant Minister of HM Government and previous Governments from 1997 to the present. “Department” means the Department of Business and Trade and any predecessor department from about 1995 to the present.

12 **[INQ00002032]**.

(ii) “Chair’s Statement on Issues relating to Compensation” (“the Chair’s Statement”) on 9 January 2023.¹³

(iii) “First Interim Report: Compensation” (“the Interim Report”) on 17 July 2023.¹⁴

1.17. Those acting for postmaster Core Participants and/or their next of kin have suggested from time to time that these hearings and publications have played a part in persuading the Post Office, the Minister and the Department to refine and improve the administration of the schemes, then in being which were and still are the vehicles for delivering financial redress to those entitled to claim it. The conclusions which I reach and the recommendations which I make in Section 6 of this volume are aimed at ensuring further refinement and improvements to the schemes which now exist.

1.18. This volume is based primarily upon oral and written evidence provided to the Inquiry in response to formal requests, and

13 [INQ00002033].

14 [INQ00002027].

upon published documents which were produced primarily by the Post Office and the Department. Additionally, however, it takes account of information provided to the Inquiry which does not constitute evidence in the strict legal sense, but which nonetheless, has assisted me.

- 1.19. I have considered all evidence and information available to me up to and including 6 June 2025.

2. RECOMMENDATIONS

1. HM Government and/or the Department and where appropriate the Post Office and Fujitsu shall provide written responses to my recommendations by 10 October 2025.
2. The Minister and/or the Department in conjunction with the Post Office shall make a public announcement explaining what is meant by the phrase *“full and fair financial redress”*. Such an explanation should indicate that claimants should be awarded sums which are equivalent to those which they would receive in civil litigation brought before a judge in England and Wales, assuming that the judge hearing the civil claims awarded damages at the top end of the appropriate range of damages. The explanation should also include a statement to the effect that, if fairness demands it in a particular case, a decision maker may depart from the established legal principles which would normally govern the assessment of damages in civil litigation.
3. The Post Office, the Department and the Minister shall ensure that all decision makers in HSS, GLOS and OCS/HCRS apply

the meaning to be given to the words "*full and fair*" when assessing the amounts to be awarded to individual claimants.

4. All claimants in HSS shall be entitled to obtain legal advice funded by the Department prior to choosing between accepting the Fixed Sum Offer or seeking financial redress which is assessed. The remuneration for such advice shall be in accordance with a scale of fees commensurate with the scale which is operative in GLOS.
5. Any claimant who opt to have a claim assessed when the claim is submitted to the Post Office or the Department may decide to accept the Fixed Sum Offer at any time thereafter up to and including the date which is three calendar months following the receipt by the claimant of a first assessed offer. For the avoidance of any doubt, (1) this recommendation applies to all relevant schemes i.e. HSS, OCS/HCRS and GLOS and (2) once the time period specified in the first sentence hereof has expired, the claimant will have no right to accept the Fixed Sum Offer.
6. A suitably qualified senior lawyer shall be appointed to HSS as soon as is practicable with the aim that any such appointee will take

appropriate action to ensure that first offers to claimants (a) are "*full and fair*" (b) made to those who have submitted claims to the Post Office and which are to be assessed as soon as is reasonably practicable and (c) are made to future claimants whose claims are to be assessed within a reasonable time.

7. The appointed person shall be given appropriate powers to ensure that these tasks can be performed and carried into effect. If it is considered necessary by the appointing authority, it should consult with the Advisory Board, Dentons, Sir Gary Hickinbottom, Sir Ross Cranston and an appropriate number of claimants' representatives (as well as its own advisors) before determining the appropriate powers.
8. In HSS the Post Office shall be obliged to make, and the Department shall be obliged to approve (when necessary) a first offer to a claimant which is no less than the sum recommended by the Independent Advisory Panel.

9. The Department following consultation with the Advisory Board, claimants' representatives and any other persons or bodies it thinks appropriate, shall give urgent consideration to whether claimants who have accepted the Fixed Sum Offer in HSS should be afforded the opportunity to appeal against their acceptance of such an offer if they are granted permission so to do. If a right of appeal with permission is introduced, the issue of permission to pursue such an appeal must be considered by a person who is wholly independent of the Department and the Post Office.
10. The Department shall issue a supplementary document/announcement clarifying the meaning and intent of the "best offer" principle in the Horizon Shortfall Scheme Appeal ("HSSA") process demonstrating how it is intended to operate in practice with appropriate examples, if thought necessary.
11. The "best offer" principle which will apply in HSSA, as explained in response to Recommendation 10, shall be equally applicable in GLOS.

12. The scheme documents governing GLOS should be amended so that a right is conferred upon claimants (exercisable by the claimants themselves or their recognised legal representatives) to make oral submissions in support of their claim at the hearing convened by an independent panel prior to that panel making a binding determination in respect of a claimant's claim or part thereof. The length of time afforded to claimants to make such oral submissions at the hearing should be no less than the time afforded to claimants for such submissions in HSSA.
13. The current Dispute Resolution Procedure in HSS should be closed once all claimants currently within the Procedure have either (a) settled their claims or (b) transferred to HSSA. No claimant who is not in the Dispute Resolution Procedure when HSSA opens should be eligible to join the Dispute Resolution Procedure.
14. During the nine-month period afforded to claimants to submit an appeal to the Department in HSSA, the Post Office shall engage in negotiations and/or mediation with any claimants who notify the Post Office of a desire to seek a negotiated or mediated settlement of their claim.

15. No claims for financial redress under HSS shall be entertained after midnight 27 November 2025.
16. The Department shall make a public announcement in which (a) it clarifies whether there will be any differences in the process for assessing financial redress, between the merged HCRS and OCS, and the process currently operating in OCS and if so, (b) it explains what those differences in the process will be.
17. As soon as is reasonably practicable, HM Government shall establish a standing public body which shall, when called upon to do so, devise, administer and deliver schemes for providing financial redress to persons who have been wronged by public bodies.
18. The Department shall devise a process for providing financial redress to close family members of those most adversely affected by Horizon. Such family members shall qualify for such redress only if they themselves, have suffered serious adverse consequences by reason of their family relationship with the person or persons directly affected by Horizon.

19. By 31 October 2025, the Department, Fujitsu and the Post Office shall publish, either separately or together, a report outlining any agreed programme of restorative justice and/or any actions taken by that date to produce such a programme. For the avoidance of any doubt, the word Fujitsu in this recommendation is intended to include both Fujitsu Services Limited and Fujitsu Limited.

3. THE HUMAN IMPACT

a. Introduction

- 3.1. It is almost impossible to ascertain, with any degree of accuracy, the number of persons who have suffered as a result of the misplaced reliance upon data produced by Horizon. I can say, however, with a degree of confidence that there are currently about 10,000 eligible claimants in the schemes providing financial redress and that number is likely to rise at least by hundreds, if not more, over the coming months.
- 3.2. The scale of the suffering endured by those claimants is extremely wide-ranging. At one end of the spectrum, there are claimants who were held liable for small amounts of money allegedly lost to the Post Office – perhaps tens or hundreds of pounds. At the other end of the spectrum, there are claimants who were wrongly convicted and imprisoned, and/or became seriously ill, and/or were declared bankrupt. There are claimants who represent persons who have died. Some of the deceased persons died of natural causes before their convictions were quashed; some have died more recently before their claims

for financial redress were determined fully; some are said to have been driven to despair and suicide.

- 3.3. In this “Human Impact” section, I will concentrate on the suffering of some of those most badly affected. The section contains two sub-sections. Under the sub-heading “Categories of persons affected” (sub-section b), I describe the most severe forms of detriment which many of those most badly affected had to endure and, in some cases, still endure. This is an attempt by me to reduce to essentials the very substantial amount of evidence and other information which has been produced for consideration at the Inquiry.¹⁵ Under the heading “Case Illustrations” (sub-section c), I provide summaries of individual cases which in my view, demonstrate vividly the various aspects of the suffering and detriment which

15 It should be noted that my summary takes account of sources of information which strictly, do not constitute evidence. I am referring here to information I obtained when the Inquiry was in its non-statutory phase, from focus group sessions and from the project “In Your Own Words”.

I describe in sub-section b. These Case Illustrations, as I call them, are drawn, mainly but not exclusively, from the evidence given by individuals (both orally and in writing) during the course of Phase 1 of the Inquiry (the Human Impact Phase).¹⁶ However, I should make it clear that whilst these Case Illustrations describe events relating to such topics as audits, investigations and prosecution processes as relayed to me by the person who is the subject of the Case Illustration, I do not, at this stage, make any factual findings about precisely what occurred in the individual cases. My focus in this section is to capture the human impact said to have been experienced following the discovery of Horizon related shortfalls.

- 3.4. It has been no easy task to choose a comparatively small number of cases which, in my view, best illustrate the wide-ranging and severe forms of suffering which so many have endured. I have received more than 200 witness statements in relation to Human

16 It should further be noted that this evidence was, for good reasons, not subject to forensic examination or challenge by the Post Office for the purpose of this Inquiry.

Impact and 74 of those who provided such statements gave oral evidence during the Phase 1 Human Impact hearings. In choosing Case Illustrations from such a volume of evidence, I have been guided by three factors, in particular.

- 3.5. First, virtually all the persons who provided evidence orally and/or in writing had suffered very significantly and many had endured a degree of hardship which was very severe by any standards. I am conscious that many of those who have provided evidence to the Inquiry about the most severe forms of hardship are now well-known public figures. It is important, in my view, that I shine a light on a significant number of individuals who are far less well known but whose suffering has been acute. Second, I have asked myself whether a particular case is both truly representative of the type of severe suffering endured by many, but, at the same time, has any unusual features which, themselves, are worth highlighting and which may be personal to the individual whose case I am describing. Third, I felt it necessary to limit the number of case illustrations to a manageable number. After much thought I have concluded that I should provide 17 Case Illustrations.

That means, inevitably, that there will be an emphasis, in numerical terms, on those persons who were prosecuted and convicted of crimes.

- 3.6. I have divided sub-section b into various generalised but self-explanatory headings.

b. Categories of persons affected

Persons who died by suicide or attempted suicide or suffered significant ill health

- 3.7. The Inquiry was made aware quite early on in its work that there may have been a causal connection between Horizon and a number of persons who had taken their own lives. This was always, and remains, an extremely sensitive issue for surviving family members. For that reason, with one exception (Mr Martin Griffiths), the circumstances surrounding the deaths of postmasters or others who had taken their own lives were not explored in any detail in the evidence hearings in any Phase of the Inquiry. However, I have no doubt that it is appropriate to begin this section with a short account of the evidence and information gathered by the Inquiry.

- 3.8. Following a formal request from the Inquiry dated 18 March 2025, the Post Office named six former postmasters whom, it is claimed by their families, took their own lives as a consequence of Horizon showing an illusory shortfall in branch accounts.¹⁷ This information was known to the Post Office largely because of data it holds under the schemes for financial redress which are the subject of Section 4 of this volume but also from reports in the media.
- 3.9. The names of those persons were not made public in evidence given to the Inquiry with two exceptions, namely Mr Michael Mann and Mr Martin Griffiths. The circumstances surrounding Mr Griffiths' death and the aftermath are considered in a Case Illustration in paragraphs 3.46 to 3.52 below.
- 3.10. Following a further formal request from the Inquiry on 27 March 2025, the Post Office specified a further seven persons who, according to their families, had taken their own lives as a consequence of Horizon showing an illusory shortfall in branch accounts.¹⁸

17 **[POL00462746].**

18 **[POL00462747].**

These persons were not postmasters but the information was known to the Post Office in relation to six of the deceased persons because of claims made for financial redress and in relation to one of the deceased persons by virtue of reports in the media.

- 3.11. I have also received evidence from at least 59 persons who contemplated suicide at various points in time and who attributed this to their experiences with Horizon and/or the Post Office. This was a common experience across both those who were and were not prosecuted. Ten of the persons who contemplated suicide attempted to take their lives, some on more than one occasion. One postmaster said:

"The impact on me of the treatment the Post Office subjected me to has been immeasurable. The mental stress was so great for me that I had a mental breakdown and turned to alcohol as I sunk further into depression. I attempted suicide on several occasions and was admitted to a mental health institution twice."

3.12. I have also received evidence from 19 persons who said they abused alcohol and attributed this to their experiences with Horizon and/or the Post Office. A number of persons said they could not sleep at night without drinking first. One postmistress said she *“went to rehab for eight months as the Post Office had turned her to drink to cope with the losses.”* I should stress that whilst I cannot make a definitive finding that there is a causal connection between the deaths of all 13 persons and Horizon, I do not rule it out as a real possibility.¹⁹ It is also possible that more than 13 persons, as indicated by the Post Office in response to the Inquiry’s requests in March 2025, died by suicide but that some deaths have not been reported to the Post Office or the Inquiry.²⁰ The evidence from persons who have contemplated or attempted suicide may provide some insight into the experiences of those who are sadly not able to provide evidence to the Inquiry today.

19 I have not been provided with the medical and other evidence which would allow conclusions to be reached. That is entirely appropriate since I am not permitted to determine civil liability.

20 **[POL00462746]** and **[POL00462747]**.

Persons who were prosecuted

- 3.13. I do not think it is easy to exaggerate the trauma which persons are likely to suffer when they are the subject of criminal investigation, prosecution, conviction and sentence. That is especially so when the persons involved have had no previous experience of these processes. I am sure that the vast majority of persons investigated and prosecuted by the Post Office will have had no such experience. Without exception, in all probability, they will have had no experience of being convicted of offences which render them liable to sentences of imprisonment. In modern times, almost invariably, many months, at best, elapses between the instigation of a criminal investigation and the conclusion of any prosecution consequent upon it. As it happens, the evidence given to this Inquiry has disclosed that in many instances this process has taken years. It is not difficult to imagine the stress and worry which would have consumed many an accused person during such a period of time.
- 3.14. During the course of the evidence adduced in Phase 1 and since, I heard a number of accounts from many different people of the

distress sometimes caused to suspected persons by the conduct of Post Office employees during the course of initial investigations and, in particular, in interviews under caution. To a degree such evidence was contested in evidence by the investigators who gave evidence before me and the issue of whether those conducting investigations behaved improperly or unlawfully was under the spotlight in Phase 4 of the Inquiry. At this stage, I simply make some observations about interviews under caution which are amply justified by my own experience as a barrister and judge and with which, I am satisfied, any lawyer with any criminal law experience, any investigator and/or any police officer would concur. Any interview under caution, even one which is conducted in the most scrupulously fair manner, is very likely to be a deeply unpleasant experience for the person under investigation. Persons who are being interviewed are in that unhappy position because they are suspected of having committed a crime. The interviewer is bound to ask probing and difficult questions – quite legitimately. A hardened criminal might cope with such an interview with a degree of equanimity; a person for whom this process is

new, will probably find it extremely difficult to cope. That is all the more likely if the accused person is not represented by an experienced solicitor who can intervene if the interviewer is behaving inappropriately, or if the accused is in fact not guilty of the alleged crime. Nearly all the persons interviewed under caution by Post Office investigators will have been in wholly unfamiliar territory and they will have found the experience to be troubling at best and harrowing at worst.

- 3.15. Once a decision to charge a person has been made, the accused will, ordinarily, require legal advice about the strength of the case brought by the prosecutor and whether the charge should be admitted or denied. Such advice can be difficult to deliver for the lawyer and extremely difficult to receive for the accused person. An accused's legal advisor is duty-bound to advise the accused upon the strength of the case presented by the prosecution and on the sentence which is likely to be imposed if the accused is convicted of the charges brought by the prosecutor. Crucially, the lawyer will need to advise on a range of potential sentencing options and, of particular importance in the

context with which I am dealing, explain that a plea to a lesser offence may have the effect of reducing, very substantially, the likelihood of an immediate custodial sentence.

- 3.16. From the evidence I have heard, it seems very likely that many of those prosecuted were charged with offences of theft and false accounting. I have little doubt that many accused persons were advised by their lawyers to plead guilty to the offence of false accounting when charged with that offence. Setting aside, at this stage, the propriety of charging the offences of theft and false accounting as alternatives, I have no doubt that most barristers skilled in the practice of criminal law would have advised their clients that a conviction for stealing from a Post Office would, almost inevitably, carry a more severe sentence than a conviction for false accounting. They would also have advised that a conviction for theft would probably carry with it a sentence of imprisonment to be served immediately whereas a plea to false accounting which was accepted by the prosecutor would probably mean either a suspended sentence of imprisonment or a community sentence. Discussions about

these issues would inevitably result in very significant stress and worry for an accused who had never before had to consider such life-changing consequences. In essence, an accused would have known that they were engaged in a decision which might involve the difference between retaining their liberty and losing it. Those who decided to plead guilty, I heard, may have done so in the hope, or even the expectation that they would avoid an immediate sentence of imprisonment. Until sentence was passed, however, there would always be nagging doubts as to their fate.

- 3.17. I need not dwell on the suffering of those who were sentenced to immediate terms of imprisonment. Self-evidently, such persons will have suffered greatly. They will have lost their liberty for a specified period of time and they will also have lived for at least part of their sentences under circumstances which, at best, were very restrictive and, at worst, very restrictive and deeply unpleasant.²¹

21 I am here referring to having to wear an electronic tag, abiding by a curfew and/or complying with onerous reporting restrictions following their release from prison.

On occasions, life may have seemed close to unbearable.

- 3.18. Those who were convicted but did not have to serve an immediate sentence of imprisonment would have suffered all the traumatic events described above, save for imprisonment itself. Instead of immediate sentences of imprisonment, they would often have received suspended sentences and such sentences were usually imposed in addition to a community or financial penalty. A community sentence would often involve unpaid work for the community which might be carried out very publicly.
- 3.19. Following conviction and sentence there would be many adverse impacts to endure quite apart from the punishment imposed by the Court.
- 3.20. First, there might be further legal proceedings brought by the Post Office. As a prosecutor it could institute confiscation proceedings under the Proceeds of Crime Act 2002 which might end with the convicted person being ordered to pay large sums of money or face time in prison in default of payment. In many instances, the Post Office initiated such

proceedings. Alternatively, the Post Office might bring civil proceedings in which it claimed that the convicted person should pay to the Post Office a sum equal to the shortfalls alleged. Once judgment was obtained in these proceedings a failure to pay might result in bankruptcy proceedings.

3.21. Second, there would probably be much adverse publicity attendant upon conviction, sentence and any subsequent proceedings. Further, in the immediate aftermath of conviction/sentence, many of those who had not lost their liberty were subject to hostile and abusive behaviour from members of the public in the locality. For those sent to prison, such hostile and abusive behaviour probably followed release. The shame and embarrassment which was felt by the convicted, combined with local hostility, meant that many became isolated and some felt forced to move.

3.22. Third, many of those Core Participants who had been convicted and who gave evidence wrote or spoke of the psychiatric and psychological problems which dogged them throughout the Post Office's audit and investigation process, the criminal process

and thereafter. I have already described the various stages at which those who were accused and convicted would have suffered acutely from stress and worry. For many it likely became worse, with some being given clinical diagnoses and subsequently prescribed treatment. A significant number of those who were prosecuted and convicted say that they contemplated self-harm. A number say that they subjected themselves to physical harm. While I did not receive medical evidence about the individuals who have claimed to have suffered psychiatric or psychological harm (about which I make no complaint), I find it easy to accept, in general terms, that such harm was a very likely consequence of investigation, prosecution, conviction and sentence.

- 3.23. Fourth, inevitably, there were bound to have been long term impacts of a financial kind which I deal with discretely below.
- 3.24. Much publicity has surrounded the number of people who were prosecuted and convicted of offences in which data from Horizon played at least a part. Nonetheless, on the evidence available to me I find it difficult to be precise about the actual number. However, it seems

to me to be likely that approximately 1,000 persons were prosecuted and convicted throughout the United Kingdom during the period with which the Inquiry is concerned based on Horizon evidence.

- 3.25. It might be thought that very few people who were prosecuted by the Post Office (or by the Prosecuting Authority in Northern Ireland and Scotland) relying upon data from Horizon were acquitted. That would not be correct. I have received evidence which suggests that there were somewhere between 50 and 60 people who were prosecuted, but who were not convicted. It is at least possible that there may have been more.²² Many of

22 This figure is derived from the evidence given as to the numbers of claimants in HSS, OCS and GLOS who were prosecuted but acquitted. It is by no means clear that all the persons who were acquitted of criminal charges in England and Wales have made claims to these schemes so the number of claimants may not reflect the actual numbers of acquitted persons in England and Wales. I am aware that there were acquitted people in Northern Ireland and Scotland. The numbers in context are likely to have been small.

those persons would have been acquitted upon the direction of the presiding judge, but some were acquitted after a trial. However, the fact that persons who were prosecuted were not convicted did not prevent them from suffering many of the adverse impacts which I have already described. Of course, they did not suffer conviction and sentence. They did, however, suffer all the stresses and worries associated with the processes of an investigation and prosecution.

Often, they were the subject of very significant adverse publicity and censure in their community prior to their acquittal. Furthermore, upon acquittal, the attendant publicity was usually far less prominent than that which would usually arise following a conviction. Many of those acquitted still found themselves ostracised in their local community, especially if the branch which they operated or worked at closed either temporarily or permanently. Notwithstanding that they were ultimately acquitted, some persons who were prosecuted contemplated self-harm although that was a much smaller number than those who contemplated self-harm after being convicted. Inevitably, there were adverse financial consequences.

Persons who were suspended and/or terminated or who resigned

Postmasters

- 3.26. During the period with which the Inquiry is concerned, thousands of postmasters were suspended on account of apparent shortfalls in their branches. I cannot say how many such persons there were, but it is safe to assume that they numbered considerably more than the number of postmasters who were made the subject of criminal proceedings. A very significant number of those who were suspended had their contracts terminated thereafter. That was certainly, and inevitably, the course which was followed in respect of all those postmasters who were prosecuted. However, as the evidence demonstrated, suspension and termination occurred on many occasions even though no criminal proceedings followed. I am also aware of several postmasters who, having experienced persistent shortfalls, made payments to the Post Office but, thereafter, resigned due to the increased financial pressure which such payments caused.

- 3.27. For those who were suspended but, ultimately reinstated, the usual course was for them to accept liability for the shortfalls for which the Post Office claimed had occurred at their branch. No doubt, on occasions, shortfalls did occur by reason of error on the part of a postmaster or the staff at the branch. However, in very many instances, as the Post Office and Fujitsu now openly acknowledge, the shortfalls for which postmasters were held liable were illusory. Put bluntly, in very many cases liability was imposed upon postmasters for losses which simply did not exist.
- 3.28. At best, for these postmasters, the payments made to the Post Office for losses which did not exist imposed a strain on the financial viability of postmasters' businesses; in some instances, however, it led to a chain of events which resulted in postmasters losing their businesses whether by termination of their contract or resignation.
- 3.29. When suspension was followed by the termination of a postmaster's contract, many of the adverse impacts already described for those who were prosecuted came into play. Many postmasters suffered heightened

distress and worry over their loss of business and/or income, and/or the impact upon their family. If their branches closed (as sometimes occurred), they became the object of local hostility and adverse local publicity. For members of the public, perhaps not surprisingly, the very fact of a postmaster having a contract terminated carried with it an implication that they had acted wrongfully and/or dishonestly.

Employees and family members

- 3.30. I am aware from the evidence that a number of persons who worked with Horizon over time were employees of the Post Office – most usually working at Crown Offices under contracts of employment. If such employees were suspected of wrongdoing on the basis of Horizon data, they would be subject to a disciplinary process under the terms of their contract of employment which could lead to suspension or dismissal. This disciplinary process was not subject to detailed scrutiny at the Inquiry but no doubt, employees who were suspended or dismissed on the basis of data from Horizon would probably suffer financial hardship and reputational damage. I am also aware that on

occasions the Post Office prosecuted their own employees – see the Case Illustration of Ms Tracey Felstead, below.

- 3.31. Sometimes, persons were employed to work in Post Office branches by the postmasters themselves. When Horizon shortfalls manifested themselves, they might be suspected of wrongdoing and be the subject of disciplinary processes instigated by the postmaster. Those processes could lead to suspension and dismissal. I heard of cases in which the Post Office insisted that such employees should be suspended - often when it was also suspending the postmaster whose branch was under investigation. Upon suspension or termination of employment such employees would very likely suffer financial loss and reputational damage.
- 3.32. Finally, I should mention the family members of postmasters. They often worked at branches in an informal arrangement with the postmaster. If shortfalls occurred, they might have also been suspected of wrongdoing by Post Office investigators or even by the postmasters. The suspension or termination of the postmaster by the Post Office could easily result, in effect, in suspension,

termination, reputational damage and, in some instances, direct financial loss to the family member concerned.

Persons who suffered adverse financial consequences

- 3.33. For those who were convicted of theft, confiscation proceedings would often ensue. As I have said, in those proceedings the Post Office would seek an order that the convicted person should pay a specified sum to the Post Office and, in default, serve a sentence of imprisonment. Such orders were made in a number of cases and in some the convicted person would be ordered to pay substantial sums of money. Some individuals were also ordered by the Court to pay the Post Office compensation and/or contribute to their legal costs.
- 3.34. Those convicted of false accounting did not, as a matter of course, face confiscation proceedings. That said, some did, and in a number of instances, postmasters were ordered to pay substantial sums or face terms of imprisonment.

- 3.35. In a number of cases, it was obvious that a convicted postmaster did not have the means to pay the sums apparently owed to the Post Office. Many of those were declared bankrupt as a consequence of bankruptcy proceedings brought against them by the Post Office or by other creditors. A smaller number took the option of an Insolvency Voluntary Arrangement ("IVA").
- 3.36. This is not the occasion for a full description of the potential consequences of bankruptcy or an IVA. It suffices that I say that for many the bankruptcy has been long lasting and complicated (and, therefore, extremely stressful) and is still having an impact many years after a bankruptcy order was first made. Furthermore, as I will explain when dealing with the schemes for financial redress below, bankruptcy has proved to be a complicating factor in a number of the claims brought by claimants.
- 3.37. In a number of instances, postmasters have lost their homes, businesses and/or investments, many times sold at an undervalue. That was often the case if they were subject to confiscation orders or declared bankrupt, but it was often the price that they paid

to avoid bankruptcy or very substantial financial distress. Some remortgaged properties to raise funds to cover their Horizon related debt.

- 3.38. Many postmasters told me that they had taken on branches, often combined with small shops, with a view to their business seeing them through to retirement. Convictions for dishonesty, of course, impacted very substantially on these plans and the convicted person's ability to find gainful employment. I heard evidence from many convicted Core Participants who had struggled to find employment following conviction. Some also referred to having lost qualifications and accreditations following their convictions which made returning to former or other gainful employment difficult. As such, any employment they may have found may have been beneath their skills and qualification, less well paid and/or less stimulating. They were less likely to enjoy benefits that they had hoped would be long-lasting. In fact, rather than enjoy a retirement free of worry, I heard evidence of postmasters dipping into pension funds and/or living on the state pension following their retirement.

3.39. Beyond this, I am also aware of various other types of financial loss experienced by postmasters as a result of the Horizon related shortfalls. Some spoke of having to use inherited money (either their own or money inherited by family members) or borrow money from family and/or friends to pay back the shortfalls. Others mentioned having debts with HMRC for unpaid VAT or being unable to obtain insurance or having insurance premiums increased following conviction. For some, in acts of desperation relating to their financial struggles, it meant selling objects of sentimental value such as family heirlooms and jewellery.

Impacts on those who have made claims for financial redress

3.40. The Inquiry has heard from a number of postmasters who continue to describe the negative impacts stemming from the compensation process. In some cases this has been referred to in submissions by their legal representatives. Postmasters have described significant delays in receiving compensation, frustration from a lack of information throughout the process, and settling for less

than they believe amounts to full and fair financial redress. Some elderly postmasters have expressed concerns that they will have limited time to obtain any benefit from the redress they may eventually receive. I also recognise that for some postmasters the application process may compound the harm for which they seek redress – e.g. by exacerbating mental health problems. The observations I make here, of course, must be read in the detailed context which is provided in Sections 4 and 6 which follow.

Impacts on the immediate family

- 3.41. In the written and oral evidence of those who were prosecuted or otherwise affected adversely by Horizon, there are genuinely moving accounts of the impact this had upon their immediate family. Wives, husbands, children and parents endured very significant suffering in the form of distress, worry and disruption (to home life, in employment and in education). In a number of cases, relationships with spouses and partners broke down and ended in divorce or separation. Many individuals also spoke of the adverse impact visited upon their children. On many occasions immediate family members were

forced to endure vitriolic abuse from persons within their local or cultural community.

3.42. In the most egregious cases, family members themselves, suffered psychiatric illnesses or psychological problems and very significant financial losses. Some family members provided their own witness statements to the Inquiry which described the catalogue of misfortunes which befell them and their postmaster relations. In some cases, family members (usually spouses) were subject to investigation. Elderly parents provided financial support from their savings to their children in an attempt to relieve them from the financial strain of debts allegedly due to the Post Office. Some of those convicted spoke of their immense regret that parents had not lived to see their convictions being quashed.

3.43. I should record explicitly that some of the family members who provided witness statements and who gave oral evidence were the spouses of postmasters who had died. A small number of wrongly convicted postmasters died before their convictions were quashed on appeal. I pay tribute to the fortitude and determination of their

spouses and other near relatives for striving (sometimes over many years) to ensure that the wrongful convictions of their loved ones were quashed.

- 3.44. A number of postmasters (some of whom being Core Participants) have died since the commencement of the Inquiry. Of that number there has been a significant percentage who died without having received the *full and fair* financial redress to which they were entitled. Without exception, the surviving spouse or a near relative of a Core Participant who has died has taken on the status of Core Participant and has closely engaged with the work of the Inquiry. My heartfelt thanks are due to them for their participation.
- 3.45. In summary, for a number of close family members of very many postmasters, their suffering has been acute.

c. Case Illustrations

Martin Griffiths (Deceased)

- 3.46. Mr Martin Griffiths and his wife bought Hope Farm Road post office in Ellesmere Port in 1995. The branch was situated in a shop

from which Mrs Griffiths sold gift cards and stationery with the help of her mother-in-law. Mr Griffiths was the postmaster, and he was responsible for the running of the post office.

- 3.47. For years, Mr Griffiths had no problem with using Horizon or with balancing the branch accounts. However, problems with balancing began in, or about 2009 when more and more shortfalls became apparent. This may have coincided with the advent of Horizon Online. During the course of the following four years or thereabouts Mr Griffiths sought assistance from the Helpdesk without success. His family maintain that he was made to feel that he was the only person who was having balancing problems, a complaint made repeatedly by a large number of postmasters who contacted the Helpdesk. On at least two occasions Mr Griffiths was interviewed about the losses which were said to have occurred and on one occasion in 2011, he was suspended without pay. In July 2013, he was given notice of termination of his contract as a postmaster.
- 3.48. From about 2009 onwards Mr Griffiths' mental health deteriorated. He became very depressed – so much so that he would not

respond when his sister tried to convince him that there were others who were complaining of unexplained shortfalls and told him about JFSA and Sir Alan Bates. By 2012/2013 the shortfalls alleged to have occurred may have totalled as much as £102,000.

- 3.49. On 2 May 2013 a robbery occurred at the Post Office which resulted in a net loss to the Post Office of £38,504.96, which was reduced to £15,845 after some of the money was recovered. Mr Griffiths was injured during the robbery; he was present in the branch when it occurred. The Post Office Investigator advised the Post Office that Mr Griffiths was partly to blame for the loss sustained by the Post Office and that he should be held responsible for part of the loss.
- 3.50. On 23 September 2013, approximately one month before Mr Griffiths' notice of termination was due to expire, he deliberately walked in front of a moving bus. He was taken to hospital suffering from multiple injuries and attempts were made to save his life including providing him with life support. However, on 11 October 2013, Mr Griffiths died in hospital aged 59.

- 3.51. By the date of his death Mr Griffiths had made very substantial repayments to the Post Office for alleged shortfalls. His parents contributed all their savings of about £62,000 and the balance owing was paid from the savings and income of Mr and Mrs Griffiths.
- 3.52. Mr Griffiths' death was and remains devastating for his wife, children and other close family.

Harjinder Butoy

- 3.53. In January 2004, Mr Harjinder Butoy bought the Forest Side Post Office branch in Sutton-in-Ashfield, Nottinghamshire. He financed the purchase with a redundancy payment and a loan from his brother. Mr Butoy ran the branch from a building in which he also operated an off-licence and a newsagent, and he and his family lived on the first floor of the premises.
- 3.54. On 24 April 2007, Mr Butoy's branch was audited. It had been the subject of an audit one week previously and Mr Butoy had been told that "*everything was fine*" or words to that effect. Following the audit on 24 April 2007 he was told that there was a shortfall. The

Post Office was to allege, ultimately, that the shortfall was in excess of £200,000.

- 3.55. Shortly after the completion of the audit, Mr Butoy was suspended, arrested by a police officer and taken to a police station. He was interviewed under caution by Post Office investigators. At the interview, Mr Butoy was represented by a duty solicitor. In due course, Mr Butoy was charged with a number of counts of theft. He first appeared at court (the Magistrates' Court) on 10 October 2007. At or around the same date, Mr Butoy's contract with the Post Office was terminated.
- 3.56. On 25 April 2008, Mr Butoy attended the Crown Court, where he pleaded not guilty to all the charges laid against him. In September that year, Mr Butoy was tried on an indictment containing 11 counts which cumulatively alleged that he had stolen approximately £206,000 from the Post Office. On 25 September 2008 he was convicted of 10 of those counts and sentenced, in total, to 39 months' imprisonment. Mr Butoy recalls that he was offered some kind of plea bargain (the details of which are unclear) but, since he believed that he had done nothing wrong, he refused the same. Mr Butoy served

approximately 14 months of his sentence before being released subject to an electronic tag and curfew.²³ His recollection is that he wore his tag and was subject to a curfew for a period of about five months.

- 3.57. Following Mr Butoy's convictions, the Post Office sought a confiscation order under the Proceeds of Crime Act 2002. He was made the subject of a confiscation order in the sum of £61,294.34. By the time the order was made, the Post Office had already seized £51,000 belonging to Mr Butoy, so that the balance payable was £10,000. The sum was paid by Mr Butoy's father, since by this time, Mr Butoy did not have the means to pay himself.

23 Under the sentencing provisions in force throughout the relevant period a person sentenced to a term of imprisonment was liable to serve a proportion of the term imposed prior to release on conditions. In the Case Illustrations I have chosen, each person sentenced to immediate imprisonment was liable to serve half the term imposed, although in most instances, they were released subject to electronic tagging and curfew before the halfway point of their sentence.

His generosity removed the possibility that Mr Butoy would have to serve a term of imprisonment in default of payment.

- 3.58. From the commencement of the investigation to the completion of the criminal process about 21 months elapsed.
- 3.59. While Mr Butoy was serving his sentence of imprisonment, he received demands for unpaid Income Tax and VAT. He was unable to pay the same and, in consequence, he was declared bankrupt. Ten years were to elapse before Mr Butoy was discharged from his bankruptcy.
- 3.60. In the immediate aftermath of his conviction, Mr Butoy was remanded into custody. His sentencing followed about six weeks later. On the same day that he was remanded into custody he closed his business, and his wife left their family home and moved to Derbyshire to live with his parents.²⁴ At the time, Mr and Mrs Butoy had three very young

24 Although Mr Butoy had been suspended as a postmaster and, subsequently, his contract with the Post Office was terminated he had continued to run the off-licence and newsagent.

children. No doubt, the combination of her husband being imprisoned and her caring for three children imposed very considerable stresses and strains upon her.

- 3.61. Mr Butoy's convictions resulted in widespread and damning publicity. The convictions were reported upon in the local newspaper. News reports also featured in at least one national newspaper, The Daily Telegraph, and there were also reports in the Punjab Times.
- 3.62. Following his sentencing, the premises which Mr Butoy had bought in which to live and run his business were sold at a substantial loss. Mr Butoy told me that the loan which he arranged with his brother to acquire the premises has never been repaid. He has never been able to find employment since his release from prison. But for the huge assistance from his family members, he, his wife and children would have suffered devastating financial hardship.
- 3.63. According to Mr Butoy, over many years, and especially when he was imprisoned, he has suffered from mental health problems. Whilst no independent evidence from a medical practitioner has been sought in

respect of this or any other Case Illustration, it seems to me to be very likely that such consequences would follow a lengthy period of imprisonment, the loss of a business and a home, and in effect, financial ruin with many years of bankruptcy.

- 3.64. All of Mr Butoy's convictions were quashed by the Court of Appeal (Criminal Division) on 23 April 2021.

Jacqueline McDonald

- 3.65. Mrs Jacqueline McDonald was born and brought up in the north of England. However, as a young adult she emigrated to the United States of America, where she met her husband. For a period of about 21 years, Mr and Mrs McDonald lived and worked in the United States and raised three children.
- 3.66. In 2005, the family moved to England. On 7 December 2006, Mrs McDonald became the postmistress of a post office at Broughton, which is a village near Banbury in Oxfordshire. The family lived in a flat above the post office. In 2007, Mrs McDonald expanded and refurbished the premises and the business.

- 3.67. On 1 October 2008, Mrs McDonald's Line Manager came to the post office, claiming that Horizon was showing that the branch was holding approximately £50,000 in excess cash. When Mrs McDonald denied all knowledge of the excess cash, auditors attended and Mrs McDonald was suspended. Following the audit, she was asked to pay to the Post Office a sum in excess of £93,000 but she did not have the means to pay.
- 3.68. In 2009, Mrs McDonald was charged with a number of offences of false accounting and theft. At a plea and case management hearing on 2 June 2009 she pleaded not guilty to all the counts on the indictment. Subsequently, she pleaded guilty to six counts of false accounting. At some stage (probably after her pleas to false accounting) Mrs McDonald was advised by the barrister who was appointed to represent her that she should plead guilty to the allegations of theft in order to minimise the sentence which would be imposed upon her. Mrs McDonald accepted that advice and she admitted the counts of theft on 8 November 2010. On 21 January 2011, she was sentenced to a total term of 18 months' imprisonment.

- 3.69. A striking feature of Mrs McDonald's case is the number of calls which she made to the Helpdesk about transaction and balancing problems. In the period immediately before the audit which resulted in her suspension there were 256 such calls. Mrs McDonald has always maintained that, despite the number of calls, she received no meaningful assistance from the Helpdesk in particular, and the Post Office in general.
- 3.70. As is obvious from the narrative which I have just laid out, the criminal process took approximately two years to unfold. There was a very long time between charge and sentence; after sentence, proceedings under the Proceeds of Crime Act 2002 ensued. A confiscation order in the sum of £99,759.60 was made against Mrs McDonald although, in the event, the confiscation proceedings had little financial impact since by then, she had declared herself bankrupt.
- 3.71. As I have explained at footnote 23 above, Mrs McDonald was liable to serve half her sentence i.e. nine months. As it happens, she was released after serving four-and-a-half months, although she was fitted with an electronic tag and was made subject to

a curfew. She wore her tag and remained subject to the curfew until nine months had elapsed from the date of her sentence. Notwithstanding that Mrs McDonald served most of her sentence in an open prison, the experience of serving an initial period of her sentence in closed conditions was very stressful. Her son turned 21 and her daughter turned 18 while she was still a serving prisoner.

Mrs McDonald had anticipated seeing her daughter on her 18th birthday since at that time she was serving her sentence at an open prison. That prospect was dashed when she was transferred to a different (and closed) prison so as to make it easier to produce her at court for confiscation proceedings. She had no contact with her daughter on her 18th birthday.

- 3.72. Mrs McDonald signed her witness statement as a Core Participant on 14 January 2022. At that point in time, she had not been discharged from bankruptcy. That means that Mrs McDonald had been in bankruptcy for approximately 10 years.

- 3.73. Mr McDonald was also made bankrupt. In effect, he was the victim of the accumulated financial woes to which the family was subjected once the Post Office claimed that Mrs McDonald was in debt to them to the tune of £93,000. Mrs McDonald lost her business, her home and the prospect that she would remain as a postmistress until retirement.
- 3.74. Mrs McDonald maintains that she has suffered very significant psychiatric and psychological impacts as a result of her prosecution and conviction. She has also, no doubt suffered grievously from the death of her daughter which occurred in the year that followed her release from prison.
- 3.75. Mr and Mrs McDonald and their surviving children have returned to live in the United States of America. Travel to and from the United States was often extremely stressful for Mrs McDonald while she remained convicted by reason of the entry requirements into the United States. Apart from her daughter-in-law, her husband and her children, no one in the United States knows of her history with the Post Office.

- 3.76. Mrs McDonald's relationship with her parents and sibling became very strained when she was first investigated and charged. They have never properly recovered.
- 3.77. Mrs McDonald's conviction was quashed on 23 April 2021 by the Court of Appeal (Criminal Division).

Janine Powell

- 3.78. Ms Janine Powell became a counter assistant at the Cowley Moor Post Office, near Tiverton, Devon in 2005/2006. Shortly thereafter, Ms Powell became the postmistress at that branch. Although this was something she had not anticipated when becoming a counter assistant, she was confident that she could succeed as a postmistress.
- 3.79. In the months that followed, Ms Powell was faced with a number of shortfalls. In early 2007, she was suspended pending an investigation into an allegation that she had stolen £74,000 or thereabouts from the branch. Thereafter, her contract with the Post Office was terminated.
- 3.80. For reasons which are unclear on the evidence before me, criminal proceedings against Ms Powell were not instituted until

2008. Ms Powell was charged with theft, and her case was committed to the Crown Court. Following a trial, Ms Powell was convicted and, thereafter, she was sentenced to a term of 18 months' imprisonment.

- 3.81. In fact, Ms Powell was released from prison after approximately five months after which she was subject to an electronic tag and curfew for a further period.
- 3.82. According to Ms Powell, prior to her trial, she was offered the opportunity of pleading guilty to charges of false accounting. She was advised by the barrister who represented her to take this opportunity, since that would diminish the chances of her being sentenced to an immediate term of imprisonment.
- 3.83. Ms Powell decided against pleading guilty to false accounting; she simply could not accept that she had done anything wrong. However, this decision was a very difficult one for her to take. She was and is the mother of three children and, at the material time, two of her children lived at home with her.
- 3.84. Upon her conviction, alternative living arrangements had to be made for the two children who lived with Ms Powell. Her eldest

son took up residence with other young people in the locality. Her daughter, then aged 10, went to live with a friend of Ms Powell. This proved to be a traumatic episode for the daughter. It involved separation from her mother, a change of school and deep-seated unhappiness in her new home.

3.85. According to Ms Powell her daughter has suffered from depression and a condition known as Emotionally Unstable Personality Disorder. With the same caveat as I have noted in respect of all medical evidence, I have no reason to doubt what Ms Powell has set out in her witness statement. It is not difficult to believe that the separation of Ms Powell from her daughter in such traumatic circumstances together with the associated upheaval could have precipitated mental illness. Fortunately, Ms Powell's daughter condition began to improve, at least to an extent, once she and her mother had moved from the southwest of England to Durham.

3.86. Following her conviction and sentence, Ms Powell found it extremely difficult to obtain worthwhile employment. In her witness statement, she frankly describes how for some job applications she disclosed the fact of her

conviction, whereas for others she did not. The applications for worthwhile posts which disclosed her conviction were unsuccessful. There were a few occasions when Ms Powell obtained worthwhile employment, having not disclosed her conviction. Invariably however, within a comparatively short time her conviction was discovered and her employment terminated.

- 3.87. Ms Powell's conviction was quashed by the Court of Appeal (Criminal Division) on 22 November 2021. Since that time her relationship with all three of her children has become much less strained.

Damian Owen

- 3.88. Mr Damian Owen was born and brought up in North Wales. When he was a teenager, his mother became a postmistress. Mr Owen was fully familiar with the running of a post office by the time that he became the Branch Manager at Glanadda Post Office near Bangor in North Wales.
- 3.89. As a Branch Manager, Mr Owen had no contractual relationship with the Post Office. He was employed to manage the branch

by the postmaster who was contracted to the Post Office. For all practical purposes however, it was Mr Owen who ran the post office from day to day.

- 3.90. In August 2010, an audit was carried out at the branch. Mr Owen maintains that this audit occurred no more than a few weeks after Horizon Online had been installed. At installation, the system had been tested, and the account had balanced. Nonetheless, the audit revealed, apparently, that there was a shortfall of approximately £25,000.
- 3.91. Immediately following the audit, Mr Owen ceased to work at the branch. Over a year later, police officers and Post Office investigators arrived at Mr Owen's home. A search was carried out but nothing of significance was found. Mr Owen was arrested and taken to a local police station where he was interviewed under caution by Post Office investigators.
- 3.92. Mr Owen was charged with stealing £25,000, or thereabouts, from the Post Office. He pleaded not guilty, and a trial ensued. The jury returned a verdict of guilty. Mr Owen maintains that there was adverse media reporting during the trial in the Liverpool

Daily Post – a newspaper which has significant circulation in North Wales. At a hearing on 23 December 2011, Mr Owen was sentenced to eight months imprisonment. He served approximately three months of that term and was then released, wearing an electronic tag which he wore for approximately one month. One of the most upsetting features of Mr Owen's imprisonment was that he was absent for one of his children's first birthday.

- 3.93. Much to his surprise, Mr Owen was not the subject of confiscation proceedings. As I understand it, the Post Office took no steps to recover from him the amount he had allegedly stolen. It may be, although this is an educated guess, that the Post Office pursued a contractual remedy against the postmaster.
- 3.94. Shortly after the audit had been carried out in August 2010, Mr Owen had married his long-term partner. At the time of the audit and his subsequent arrest, they had two young children. However, following his conviction, Mr Owen and his wife became estranged and they separated. Mrs Owen and the children moved away from North Wales to the Midlands with the consequence that Mr Owen's contact with his children

substantially diminished. It was only when Mr Owen, himself, decided to leave North Wales and move to live nearer his children that regular contact was restored.

- 3.95. In his evidence Mr Owen described how he suffered with significant psychiatric and psychological problems during the course of his imprisonment. He estimated that he lost approximately four stones in weight during his incarceration. He maintained that his prosecution and conviction resulted in long-term psychiatric and psychological effects which included a major depressive disorder, a lack of self-confidence and a lack self-esteem.
- 3.96. Mr Owen's conviction was quashed by the Court of Appeal (Criminal Division) on 23 April 2021. Until that time, he had found it extremely difficult to obtain employment and he was forced to take menial low-paid jobs.

Tracy Felstead

- 3.97. Ms Tracy Felstead was employed by the Post Office as a counter clerk in a Crown Office in Camberwell Green, London. At the material time, she was 19 years old and her employment with the Post Office was her "*first job*".

- 3.98. In 2001, Ms Felstead was investigated over an apparent loss at her place of work of £11,503.28. There followed criminal proceedings in which Ms Felstead was charged with stealing that sum and two offences of false accounting. In her oral evidence at the Inquiry, Ms Felstead told me that, in consequence, she attempted to take her own life on two separate occasions. Following one of those occasions, she was admitted to a secure psychiatric unit at hospital where she was given psychotherapy treatment and medication.
- 3.99. Ms Felstead contested the charges. Following a trial at the Crown Court at Kingston upon Thames, she was convicted of theft. Prior to sentence, Ms Felstead's family raised the sum of £11,500 in order that she might repay to the Post Office a sum equivalent to that which she had allegedly stolen. The hope was that by paying to the Post Office that sum she would avoid an immediate custodial sentence. That was not to be. On 20 June 2002, Ms Felstead was sentenced to a period of six months at a young offender institution.
- 3.100. Notwithstanding that her sentence was to be served at a young offender institution, Ms Felstead was imprisoned at HMP

Holloway – a prison for adult women. While she was waiting to be transferred to a suitable young offender institution, Ms Felstead was deployed to serve meals to prisoners. On an occasion which, no doubt, will be forever seared on her mind, she opened a cell door to find a that a prisoner had hanged herself and was dead. Ms Felstead maintains – and I have no difficulty in accepting – that her experiences at Holloway Prison will live with her forever.

- 3.101. My understanding is that Ms Felstead was never transferred to a young offender institution. Rather, prior to the halfway point of her sentence she was released on curfew and subject to an electronic tag.
- 3.102. Following her release from Holloway prison and after the birth of her son, Ms Felstead, her partner and their very young child, moved out of the area in which she had been living to avoid hostile behaviour towards them.
- 3.103. Over the years before her conviction was quashed, Ms Felstead obtained employment from time to time but many job opportunities were lost to her by reason of her conviction. When she did obtain employment, she would,

habitually, ensure that there was another person present if she was required to “*cash up*” on a till.

- 3.104. In 2013, the Post Office opened a mediation scheme for persons who claimed that they had been wrongly held accountable for shortfalls due to Horizon with a view to them receiving some kind of redress. As will become apparent in a later volume of my Report there was a good deal of discussion as to whether postmasters or others who had been convicted should be eligible to participate. Ms Felstead’s recollection is that she was denied the chance to participate in the scheme. This was “*a further set back*” for her.
- 3.105. By the time that Ms Felstead gave evidence to the Inquiry, approximately 20 years had passed since her wrongful conviction. Ms Felstead maintains that during the whole of this period she has suffered very significant mental and physical illnesses. Given that which I have described above I do not find that assertion surprising.

3.106. Ms Felstead's conviction was quashed on 23 April 2021 by the Court of Appeal (Criminal Division).

Siema Kamran and Kamran Ashraf

3.107. Mrs Siema Kamran was married to Mr Kamran Ashraf in 1998. They had met when Mr Ashraf was working for Mrs Kamran's father.

3.108. They decided to operate a business; they found and purchased a Post Office branch and newsagent store situated in Hampstead Heath. The purchase price payable was £135,000. That was financed by Mrs Kamran selling her flat and her father providing additional funds. In November 2001, Mrs Kamran became the postmistress of the branch.

3.109. Shortly after acquiring the business, Mrs Kamran became pregnant. Her pregnancy had complications, and she was unable to work to any substantial degree. Accordingly, it was Mr Ashraf, assisted by staff, who ran the Post Office and the shop on a daily basis.

3.110. From the outset, he had to contend with a number of shortfalls. They occurred very frequently. Sometimes the shortfalls were

comparatively small; on other occasions, they were many hundreds. On one occasion, there was a shortfall of £2,429.90 that increased without explanation to £3,482.13.

- 3.111. On 2 September 2003, an audit was undertaken at the branch. Mrs Kamran was told that there was a shortfall of approximately £25,000. Investigators arrived and the shop premises were searched, as was the matrimonial home. Mrs Kamran was suspended from her position as postmistress and in December 2003, her contract with the Post Office was terminated.
- 3.112. It seems that the Post Office must have instituted criminal proceedings against both Mrs Kamran and her husband. However, they were advised by a solicitor to whom they had been referred by the NFSP²⁵ that one of them should plead guilty to the charges which had been brought against them. According to Mrs Kamran, the solicitor also advised that the person pleading guilty should expect no more than *"a slap on the wrist"*.

25 NFSP is the acronym for National Federation of Sub-Postmasters.

- 3.113. Mr Ashraf insisted that it was he who should take the blame. No doubt part of the motivation was the fact that his wife was pregnant. In January 2004, Mr Ashraf pleaded guilty to (I presume) theft of approximately £25,000. The plea was tendered at the Magistrates' Court; however, Mr Ashraf was committed for sentence to the Crown Court. In February 2004, he was sentenced to a term of nine months' imprisonment and ordered to pay compensation in the sum of £25,000. Mr Ashraf was released from prison earlier than the mid-point of his sentence; he was released subject to an electronic tag and curfew.
- 3.114. Mr Ashraf's imprisonment came as a great shock to Mrs Kamran. Initially, he was held at HMP Wandsworth. On her one visit to her husband at that prison, Mrs Kamran was very concerned about his physical and mental state. In due course, he was moved to HMP Ford which was an open prison. Conditions within prison became easier, but visiting for Mrs Kamran was much more difficult, given the distance between her home and HMP Ford.

- 3.115. Mr Ashraf had no means with which to pay the sum of £25,000 which he had been ordered to pay by way of compensation. In consequence, the Post Office sought payment from Mrs Kamran, no doubt relying upon their contractual rights. Demands against her were first made while Mr Ashraf was still in prison. It continued after his release. In an attempt to save her home, (which ultimately proved fruitless) Mrs Kamran entered an IVA which, in effect, halted the Post Office's attempts to recover any money from her.
- 3.116. Mrs Kamran claims to have incurred very substantial losses, including the loss of her business and her home.
- 3.117. According to Mrs Kamran, both Mr Ashraf and she have suffered from significant psychiatric and psychological problems. In her statement, she asserts that Mr Ashraf has suffered from the well-recognised psychiatric disorder known as Post Traumatic Stress Disorder ("PTSD"). She maintains that she has suffered, substantially, from a depressive illness which, on occasions, has led her to endure suicidal thoughts. Her depression persists.

- 3.118. The marriage between Mrs Kamran and Mr Ashraf still subsists, but Mrs Kamran describes it as *"broken"*. Although she has contemplated divorce, she *"would never leave [him]"*.
- 3.119. In the immediate aftermath of Mr Ashraf's conviction there was significant adverse publicity. In her community, Mrs Kamran was known as a daughter who had married for love, but, following her husband's conviction, she had to face comments such as *"this is what happens when you find your own"*.
- 3.120. Mr Ashraf's conviction for theft was quashed at the Southwark Crown Court on 11 December 2020.

Parmod Kalia and Mahesh Kumar Kalia

- 3.121. Mr Parmod Kalia was the postmaster of a Post Office branch between 1990 and 2001. On 17 December 2001, at Bromley Magistrates' Court, Mr Kalia pleaded guilty to a charge of theft of £22,202.01 from the Post Office. He was committed for sentence to the Crown Court and, on 8 March 2002, Mr Kalia was sentenced to a term of six months' imprisonment.

- 3.122. On 14 May 2021, Mr Kalia's conviction was quashed at the Southwark Crown Court. At paragraph 4.165 - 4.168 below, I explain some of the difficulties which he has faced in his quest to obtain appropriate financial redress in relation to his wrongful conviction.
- 3.123. At the time that Mr Kalia was subject to investigation and prosecution by the Post Office, he was living with his wife and family. He had four children; two boys and two girls. Mr Kalia's eldest son ran his own business; Mr Kalia supported the remainder of his family from the income he earned at the Post Office and the retail store within which it was situated.
- 3.124. At the time of his conviction, Mr Kalia's second son, Mr Mahesh Kumar Kalia, was 17 years old. He was studying for his A-Level examinations. His two younger sisters were also at school.
- 3.125. The investigation and subsequent prosecution of Mr Kalia inevitably meant the loss of the Post Office. When Mr Kalia was imprisoned, Mrs Kalia and her two sons ran the shop in order to provide the family with an income. This impacted substantially on

Mahesh's academic studies. He had hoped to pursue a career as a pharmacist but found it impossible to combine his academic studies and provide appropriate assistance in the shop for his mother. The result was that Mr M Kalia gave up his ambition of qualifying as a pharmacist although, in due course, he attended university and obtained a degree in Business Studies. Mr Kalia also described in detail, within his written statement, the cultural impact that the events had on his family.

- 3.126. In the witness statement which Mr M Kalia has provided to the Inquiry, he says that his family was "*dysfunctional*" for at least 10 or 12 years following his father's conviction. His brother chose to move away from the area. One of his sisters lived away from the family during her late teens and early 20s. The relationship between his father and mother became "*toxic and turbulent*" with the consequence that they separated.
- 3.127. According to Mr M Kalia, he and his father were essentially estranged for about 17 years. Since Mr M Kalia has appreciated that his father was wrongly convicted, their relationship has begun to mend, however, to

use his words *"Between the ages of 17 and 35, I did not have a relationship with my dad. We will never get back this time"*.

Sami Sabet

- 3.128. Mr Sami Sabet was born in Cairo, Egypt. In 1970, he came to the United Kingdom with his family and shortly thereafter he began his pursuit of academic qualifications. He first obtained an Honours Degree in Electronics Engineering from the University of Sheffield. Thereafter, he obtained a Masters Degree in Business Administration from the University of Middlesex. Employment followed in the commercial sector, both in the United Kingdom and in many other countries.
- 3.129. In 2003, Mr Sabet settled in the United Kingdom. He decided to leave *"the rat race"* and purchase a Post Office and newsagent. He first purchased the West Beach Post Office in Shoreham-by-Sea; this was followed by the purchase of a branch at the East Beach and finally a third branch at Mill Lane. All three branches were either in or in close proximity to Shoreham-by-Sea. The three branches were purchased by Mr Sabet using his own

funds and by borrowing the sum of £100,000. Mr Sabet was the postmaster for all three branches.

- 3.130. The first of the branches was purchased in 2004. East Beach and Mill Lane were purchased in 2005.
- 3.131. Mr Sabet first noticed shortfalls in 2006. He says that he contacted the Helpdesk and spoke to regional managers about his problems. On 17 March 2008, auditors visited two of his branches, namely East Beach and Mill Lane. Following the audit, his home was searched, and Mr Sabet was interrogated, accused of dishonesty and suspended. In due course his contract with the Post Office was terminated and criminal proceedings were brought against him.
- 3.132. On 26 June 2009, in the Crown Court at Lewes, Mr Sabet pleaded guilty to two counts of fraud. His pleas were tendered on the advice of his lawyers and with a view to reducing the prospects of an immediate sentence of imprisonment. Count 1 related to an alleged shortfall at Mill Lane in the sum of £26,797.78. Count 2 related to an alleged shortfall at East

Beach in the sum of £23,821.39. On 7 August 2009, Mr Sabet was sentenced in respect of each count to 12 months' imprisonment suspended for two years with a requirement that he carry out 180 hours of unpaid work.

- 3.133. It is not entirely clear how much money Mr Sabet has paid to the Post Office since the shortfalls began. In his oral evidence he estimated that he had paid a total of about £67,000 in respect of alleged shortfalls. However, Mr Sabet had borrowed significantly in order to purchase the three post offices so that overall he has faced very large debts. He told me that he was forced to sell his home and that he been the subject of a number of County Court judgments. In order to survive, both he and his wife have been forced to borrow money from their respective families. For some time, he was able to obtain only comparatively menial employment which he found humiliating given the career which he left behind in order to become a postmaster. However, I note that, to his credit, Mr Sabet trained as a teacher and was able to obtain and hold down a teaching post until ill-health intervened.

- 3.134. Following his conviction Mr Sabet was the object of hostile publicity and adverse treatment from people in his locality. He has been shunned in the street; a friend's partner told his wife to leave him. Even following the quashing of his convictions, some of his neighbours still regard him as a criminal.
- 3.135. According to Mr Sabet his personality changed following his conviction. His wife maintains that he is aggressive. His siblings describe him as having changed markedly. He has suffered from depression, anxiety and panic attacks. He suffered from a heart attack in 2017 which Mr Sabet attributes to the long-term stress from which he has suffered.
- 3.136. Mr Sabet's convictions were quashed on 19 July 2021 by the Court of Appeal (Criminal Division).

Christopher Trousdale

- 3.137. Until ill health intervened in or about 2001, Mr Christopher Trousdale's grandfather had been the postmaster of a Post Office branch in Lealholm, a small rural village in the north-east of England. By that time members of the family had provided over 150 years' service to the Post Office in one form or another.

- 3.138. In July 2002 an opportunity arose for Mr Trousdale to become the postmaster at Lealholm. At this point in time, Mr Trousdale was 19 years old. Undeterred by his comparative youth, he applied for the post of postmaster and was successful in his application. He was assisted in running his business by his then girlfriend (now his wife) and his mother.
- 3.139. Over time during 2003, shortfalls became more and more prevalent at the branch. On 16 September 2003, an audit took place by which time Mr Trousdale knew and expected that the auditors would discover shortfalls. To use his words, he was *"hopeful that they would be able to correct the system errors"*.
- 3.140. The auditors discovered a shortfall of £7,846.34. Post Office investigators arrived at the branch and Mr Trousdale was interviewed at his home, which was across the road from the Post Office. On the same day, he was suspended, and the keys were taken off him. His mother covered the branch and later took over. In his witness statement and oral evidence, Mr Trousdale was fiercely critical of the conduct of the investigators, particularly during the course of the interview at his home.

- 3.141. A second interview took place on 16 October 2003 at the Police Station in Whitby. By this time, Mr Trousdale was taking medication for his mental state. He did not then and he does not now consider that he was mentally fit to be interviewed. Nonetheless, the interview took place.
- 3.142. In due course, Mr Trousdale was charged with three offences of false accounting. On advice, he pleaded guilty to those charges and was sentenced at the Magistrates' Court to a Community Order and a Probation Order, and directed to pay either a fine and/or prosecution costs in the total sum of £800.
- 3.143. Mr Trousdale maintains that he paid £7,800 or thereabouts to the Post Office in respect of shortfalls. He did not pay that sum from his own resources. His parents loaned him the sum of £15,000 which they, themselves, raised by remortgaging their home. That loan was used to settle all Mr Trousdale's debts.
- 3.144. At some stage (either during the investigation/prosecution process or following his conviction) Mr Trousdale consulted a psychiatrist. He was diagnosed with PTSD and anxiety. He says that a number of years went by before his mental health had improved

sufficiently to enter a normal workplace. I understand that Mr Trousdale now works in a business with his father and he maintains that even now he would find it difficult to sustain working at a place which was not part of the family run business.

3.145. Mr Trousdale had intended to marry his partner shortly after taking on the Post Office branch. In fact, their marriage did not take place until many years thereafter due to the upheaval caused by his conviction and loss of the Post Office.

3.146. A particularly sad consequence of his conviction for Mr Trousdale, was that his relationship with his grandfather broke down. In his witness statement, Mr Trousdale described the breakdown thus:

"My Grandfather, who had always worked for the Post Office, could not accept my conviction. Our relationship broke down and we hardly spoke before he died. I would try to keep it civil for the sake of my mum. My grandfather never learnt that my conviction had been wrong. This was heart-breaking as we were always so close before all of this. This is one of the most damaging things from my point of view."

- 3.147. When he was appointed the postmaster at Lealholm, Mr Trousdale was told that he was the second youngest postmaster in the United Kingdom. He felt a great deal of pride at his achievement. However, the events surrounding the accumulation of shortfalls and the subsequent conviction have been ruinous in his view.
- 3.148. Mr Trousdale's conviction was quashed at the Southwark Crown Court on 11 December 2020.

Susan Sinclair

- 3.149. Ms Susan Sinclair became a Core Participant on 17 November 2023, after Phase 1 of the Inquiry had concluded, and she has not made a witness statement to the Inquiry about the impact on her of the events I described below. I would like to record, however, that her recognised legal representative has participated in a number of phases of the Inquiry and I have been able to piece together the following information about Ms Sinclair based upon documents disclosed to the Inquiry.

- 3.150. Ms Sinclair lived in the United States of America before moving to Scotland in May 1998.
- 3.151. In February 2001, Ms Sinclair began working as a counter clerk at a Post Office at Ellon, a town in Aberdeenshire. Within months, Ms Sinclair had become the postmistress of a Post Office branch at Stuartfield, a village nearby.
- 3.152. Over the following 18 months or so, shortfalls occurred in Ms Sinclair's branch accounts. In February 2003, the branch was audited and an apparent shortfall of £10,700 was discovered. That same day Ms Sinclair was interviewed by Post Office investigators. She was suspended and "*locked out*" of the Post Office.
- 3.153. Later that same month, Ms Sinclair was interviewed for a second time. In due course, she was prosecuted under Scottish law for the offence of embezzlement.
- 3.154. By the time of the audit in 2003, Ms Sinclair was in a relationship with a local man, but that relationship ended following her suspension. Following her suspension, Ms Sinclair moved

to the north of England, and, after a time, she moved to Wales, where she met her current partner.

- 3.155. Ms Sinclair's trial for embezzlement began in the first week of April 2004. In that week, she also discovered that she was pregnant. She contested the charge(s) against her with vigour, but she was convicted by a Sheriff (a Scottish judge) and sentenced to a term of probation and directed to undertake unpaid work for the community. Ms Sinclair undertook her unpaid work during and after her pregnancy in a charity shop in the north of England.
- 3.156. Ms Sinclair paid approximately £10,700 to the Post Office. Part of that sum was paid by the man with whom she was living at the time of her suspension. The remainder was paid with funds provided by her father.
- 3.157. Following her suspension, Ms Sinclair had been the subject of much local hostility and significant adverse publicity. Upon her conviction, she was the subject of further adverse publicity.

3.158. In September 2023, the High Court of Justiciary quashed her conviction for embezzlement. Ms Sinclair was the first person in Scotland to have her conviction quashed following a trial in which data from Horizon formed part of the prosecution case.

Robert Thomson

3.159. Mr Robert Thomson was the postmaster at Cambus Post Office near Alloa in Scotland between 25 November 1999 and 25 March 2004. The branch was situated within a small convenience store which was also operated by Mr Thomson.

3.160. From the time that he began using Horizon, Mr Thomson had problems with balancing and apparent shortfalls.

3.161. In March 2004, auditors attended his branch. The audit demonstrated a shortfall of approximately £7,000 although the evidence as to the precise amount is unclear. On the same day, a Post Office employee describing himself as Mr Thomson's Contracts Manager arrived at the branch and informed Mr Thomson that the branch would close pending further investigation.

- 3.162. Approximately two weeks later, Mr Thomson was interviewed under caution at his home. He maintains that at the close of the interview (when no recording of what was being said was taking place), one of the Post Office interviewers advised him to resign as a postmaster. Although I have no means of checking what was said to Mr Thomson following the interview under caution, the plain fact is that shortly after the interview had taken place, Mr Thomson resigned as the postmaster at the branch.
- 3.163. For a period of approximately four months after the closure of the Post Office, Mr Thomson tried to operate the convenience store. In his words, however, *"the retail business quickly failed without the Post Office being open"* and so Mr Thomson felt that he had no option but to close the shop.
- 3.164. In due course, criminal proceedings were instituted against Mr Thomson. They were initiated by the Procurator Fiscal, although the investigative work and the gathering of evidence was undertaken by Post Office employees. Mr Thomson was charged under Scottish law with embezzlement.

- 3.165. Mr Thomson's instinct had always been to contest the charges. On the day that his case was set down for trial, Mr Thomson was persuaded by his lawyer to plead guilty to the charges (although the sum appears to have been reduced to £5,000) brought against him. The hope was that pleas of guilty, even at this very late stage, would persuade the court that a custodial sentence was unnecessary.
- 3.166. Mr Thomson avoided a sentence of imprisonment. He was ordered to undertake 180 hours of unpaid work for the community. He was also ordered to pay compensation in the sum of £5,000. Assuming that figure to be correct Mr Thomson was directed by the court to pay the same at the rate of £100 per month. In fact, so he says, Mr Thomson paid off the sum owing within one year.
- 3.167. Following his conviction, there was significant adverse publicity in the local media. He was "*branded a thief*". Mr Thomson lived in a small rural community and the whole community knew of his conviction. This impacted not just upon Mr Thomson and his wife. Mr Thomson's children were teased and bullied at school (at the material time, they were 13 and 10 respectively). Mr Thomson's mother

could not understand what had happened. She became reclusive and depressed. She was *"so embarrassed and ashamed"*.

- 3.168. Mr Thomson's mother died in 2014. Mr Thomson has always thought that her deterioration in health in the years leading up to her death had been brought about by the fact of and the events surrounding his conviction.
- 3.169. Mr Thomson had always provided the main financial support for the family. The loss of the Post Office and his subsequent conviction brought very significant financial pressure on the family. Mr Thomson suffered from depression and consulted his GP. At some point in time, which is not specified in his witness statement, Mr Thomson began to develop suicidal thoughts. On one occasion, he walked to a local bridge with the intention of jumping to his death.
- 3.170. When Mr Thomson made his witness statement to the Inquiry on 12 January 2022, he remained convicted of the offence of embezzlement. On 24 January 2024, Mr Thomson's conviction was quashed unopposed, on appeal by the High Court of Justiciary.

Maureen McKelvey

- 3.171. Ms Maureen McKelvey was the postmistress of a branch in Clanabogan, Omagh in Northern Ireland. The branch was situated within a store selling general goods. Ms McKelvey was in post between 1990 and 21 August 2002.
- 3.172. When Ms McKelvey took over the branch, she borrowed £120,000 from her bank so that she could expand her business. She purchased an adjoining building, thereby enlarging the space available for the Post Office and her general store.
- 3.173. This was very much a project. Very sadly, Ms McKelvey's daughter had died some time shortly before her acquisition of the Post Office. It was hoped that developing and running a successful business would play some part in assuaging Ms McKelvey's grief.
- 3.174. From the time that Horizon was first installed at her branch, Ms McKelvey had balancing problems. She was one of the first users of Horizon in Northern Ireland and, from the outset, she was afflicted by shortfalls. She had shortfalls most weeks and each one was reported to the Post Office. Like many other persons who gave evidence before me,

Ms McKelvey maintains that she was told by Post Office employees that she was the only person who was experiencing problems, although “[she] didn’t believe them for one minute”.

- 3.175. In August 2002, an audit of Ms McKelvey’s branch was undertaken which apparently demonstrated a significant shortfall. She was immediately suspended and accused of stealing thousands of pounds. Her contract with the Post Office was terminated on 21 August 2002.
- 3.176. There seems to have been very significant delays between Ms McKelvey’s contract being terminated and the conclusion of the criminal proceedings which followed. A file of evidence relating to her case was not produced to the prosecuting authority in Northern Ireland until January 2004. Ms McKelvey’s trial did not conclude until September 2006. That means that a period of four years went by between the audit and contract termination in August 2002, and the trial in September 2006. I cannot readily understand how such delays could have occurred on the evidence available to me although on any view they must have created great stress and worry for

Ms McKelvey. It was also in the period between January 2004 and the commencement of her trial that Ms McKelvey underwent a major operation to repair what she describes as "*a ruptured thyroid*". Not surprisingly Ms McKelvey attributes this episode to the very considerable stress and worry from which she was suffering at the time.

- 3.177. Ms McKelvey's trial lasted for some days. Ms McKelvey was able to prove by incontrovertible evidence that she had not been at the branch when one of the alleged thefts had taken place. She believes that this fatally undermined the whole of the case brought against her. Whether or not that is the case, the jury empanelled to try Ms McKelvey acquitted her of all the charges which were brought against her.
- 3.178. Ms McKelvey had hoped to make a statement to the press on the day that she was acquitted. She maintains, however, that when she left court she was "intercepted" by Post Office employees who escorted her to her car and warned her against speaking to the press.

- 3.179. Approximately two years before the audit which triggered the chain of events which I have described, Ms McKelvey's husband died. She was left caring for three young children. Following the audit and the termination of her contract, Ms McKelvey was faced with caring for her children on much reduced income. She tried to keep her retail business afloat, but that became more and more difficult as time went by. By the time she was acquitted of all the charges which she had faced, her financial position was such that her business was a lost cause. In the end, the business and premises were sold, but at a loss.
- 3.180. Ms McKelvey's financial difficulties were emphasised to me in oral submissions made by Mr Sam Stein KC. It was suggested that she had been reliant upon family members to provide significant financial support and that she had either been made bankrupt or, alternatively, that she had entered into an IVA. He was at pains to point out that she was facing a real struggle to obtain the *full and fair* financial redress to which, in her view, she was entitled.
- 3.181. While Ms McKelvey did not refer to bankruptcy or an IVA in her witness statement, she did maintain that for many years she relied

upon her brothers and sisters for financial and emotional support. She also described how, when her eldest son started to work, he contributed substantially to the family finances. In summary, according to Ms McKelvey, she survived financially over very many years only with the very considerable assistance of her immediate family.

Susan Hazzleton

- 3.182. Ms Susan Hazzleton became the postmistress of the Post Office at Little Waltham, near Chelmsford, on 1 March 1995. The branch was situated in a shop from which Ms Hazzleton sold a variety of convenience goods.
- 3.183. Following the introduction of Horizon to the branch, Ms Hazzleton began to suffer from shortfalls. In late 2000, Horizon apparently revealed a shortfall of £6,000 (subsequently reduced to £4,300). The Post Office made a demand of Ms Hazzleton that she should pay the same and, reluctantly, Ms Hazzleton agreed, although she maintains that her agreement to pay that sum was subject to the proviso that a full audit of her system was undertaken in order to investigate how the alleged shortfall had occurred.

- 3.184. In or around March 2001, an audit team from the Post Office arrived at the branch unannounced. Apparently, no shortfalls were discovered, but Ms Hazzleton was told that there had been a problem relating to Pension Vouchers *"and Horizon"*. Post Office investigators questioned Ms Hazzleton in her home. She estimates that the questioning lasted for approximately four hours, and she described it as intimidating. The investigators also conducted a search of her home and seized items, including financial records, bank statements and her computer.
- 3.185. Ms Hazzleton was suspended on 30 March 2001. She does not recall receiving a notice terminating her contract but, in effect, her contract was terminated on the day that she was suspended.
- 3.186. Sometime thereafter, Post Office investigators and police officers attended Ms Hazzleton's home. It is not entirely clear whether she was formally arrested or simply agreed to attend the local police station. She does recall that it was necessary for her to make arrangements for her children to be picked up from school – she was not permitted to collect the children and then attend at the police station.

- 3.187. Ms Hazzleton was at the police station for many hours, during which period she was kept in a cell and, thereafter, interviewed under caution. She was repeatedly accused of fraudulently submitting pension and allowance vouchers to the value of £300.
- 3.188. In due course, however, Ms Hazzleton was charged with stealing a total of £6,012. At the Crown Court, Ms Hazzleton faced 17 counts of theft totalling that amount. She steadfastly maintained that she had done nothing wrong and pleaded not guilty to each count.
- 3.189. The prosecution of Ms Hazzleton never made it to a trial. According to Ms Hazzleton, the proceedings were subject to unnecessary and unexplained delays. By September 2002, i.e. 18 months after Ms Hazzleton's suspension, the Post Office were still unprepared for a trial. Accordingly, and in the face of pressure from the Court, the criminal proceedings were terminated. In her witness statement, Ms Hazzleton suggests that the Post Office withdrew the proceedings. Newspaper reporting at the time suggested that the Post Office offered no evidence against Ms Hazzleton at a hearing before a judge

sitting in Chelmsford Crown Court, and that he entered verdicts of not guilty in respect of each of the counts laid against her.

- 3.190. Sometime after the criminal proceedings had come to an end, Ms Hazzleton received a Letter of Demand from the Post Office claiming that she owed the Post Office £1,800. Upon the advice of her solicitor, Ms Hazzleton refuted the claim and in August 2004 she received a letter from the Post Office informing her that it no longer intended to pursue the claim.
- 3.191. At the time of the criminal proceedings, Ms Hazzleton was the subject of adverse publicity in the local newspaper. Her friends told her that she was *"the talk of the village"*. Her young children were taunted at school; for example, they were often told that *"your mum's been stealing"* and *"It's your mum's fault we don't have a Post Office"*.
- 3.192. Ms Hazzleton lost her business. She had to convert her repayment mortgage into an interest only mortgage so as to be able to afford repayments. When she made her witness statement on 12 January 2022, she was still making mortgage repayments and she estimated that the duration of her mortgage had been extended by approximately 10 years.

3.193. Even so, when she gave oral evidence to the Inquiry, she explained that it would be necessary for her to sell her home since she was in no position to repay the capital sum owing on the mortgage.

3.194. Ms Hazzleton was one of the claimants in the Group Litigation and as such, she did not satisfy the eligibility criteria so as to enable her to make a claim for compensation under the Horizon Shortfall Scheme. Further, she was not entitled to an interim payment under the Overturned Convictions Scheme. Put shortly, when Ms Hazzleton gave evidence in Phase 1 there was a real prospect that the only compensation which she would receive was the amount she recovered in the Group Litigation. This was no more than a modest sum – hence her need to sell her home. Very fortunately, the Minister’s announcement on 22 March 2022, to the effect that claimants in the Group Litigation would receive additional financial redress, was, apparently, made just in time so as to enable Ms Hazzleton to take appropriate steps to preserve her home. Her recognised legal representative has recently confirmed to the Inquiry that although the Group Litigation Order Scheme was not

launched until about one year after the Minister's announcement, interim payments made available under Group Litigation Order Scheme were used to pay off mortgage payments which had accrued due.

Geoffrey Pound

- 3.195. Mr Geoffrey Pound was the postmaster at Lynmouth Post Office in Devon from July 2005 to December 2007. He lived with his family above the Post Office and his wife worked in the retail shop on the premises.
- 3.196. Mr Pound contacted the Helpdesk, on average, two to three times a week because of issues with transactions. On more than one occasion he was told that the discrepancies would resolve themselves, and on other occasions he was told to "*make them good*". He says the Helpdesk never mentioned that other postmasters were having similar problems with unexplained discrepancies.
- 3.197. Mr Pound's Post Office was subject to an unannounced audit in December 2007. The auditor found a shortfall of approximately £3,000. Mr Pound was already aware of this shortfall and had reported this to the Helpdesk.

He did not have the money to 'make it good'. Mr Pound was subsequently suspended after a phone call with an investigator in which he explained he could not afford to balance the shortfall.

- 3.198. There was no investigation after Mr Pound's suspension and no civil or criminal proceedings were brought against him. Mr Pound's contract was later terminated by the Post Office without notice.
- 3.199. Mr Pound's circumstances are an example of the disproportionately harsh consequences endured by some postmasters who were held responsible for relatively 'small' shortfalls. Mr Pound and his family suffered significant financial impacts. He felt compelled to enter an IVA. After he was suspended, he had no income to keep the shop open and could not pay his mortgage. The shop was repossessed, and he ultimately lost his business, his home, and his investment property. Mr Pound and his family were made homeless.
- 3.200. Mr Pound and his family were excluded from the community. He was ignored by many and on one occasion a local shop owner who was hosing down the entire street, cleaned

everywhere except for outside Mr Pound's shop. It was clear to him from this event that his family were no longer welcome.

- 3.201. Mr Pound became increasingly depressed, and he tried to take his life. He was subsequently admitted to a mental health hospital where he stayed for a month before being placed on antidepressant medication for the following three years. Mr Pound's daughter was only six when the family became homeless, and he was admitted to hospital.
- 3.202. Mr Pound told the Inquiry in March 2022 that he continues to struggle financially. He is on a state pension, with a small pension from work he had done before he took on the Post Office. He lives in isolated social housing and can no longer afford to keep a car, having to instead rely on the limited public transport available in a rural town. His wife uses a wheelchair, and it is increasingly difficult for him to push the wheelchair two miles to get to the bus stop.
- 3.203. Talking about the impacts continuing for postmasters today, Mr Pound said *"... the victims need help just to live a basic life."*

Deirdre Connolly

- 3.204. Ms Deirdre Connolly became the postmistress at the Killeter branch in Northern Ireland in March 2006 and remained there until June 2010 when her contract was terminated by the Post Office.
- 3.205. Ms Connolly would contact the Helpdesk about two or three times a week. She said that the Helpdesk did not help her. She found that some of the Helpdesk staff could not understand her accent. She had tried her best to work through the manuals, but Horizon was difficult to use.
- 3.206. In 2009 Ms Connolly took on two rural outreach sites, one in Aughabrack and one in Ardstraw. She was aware that those previously running these sites had been made aware by Police of the risk of 'tiger kidnappings' given the cash that was held on premises. Nonetheless, despite the logistical difficulties of having to take her computer and a case full of money to both rural areas every time, coupled with the security risk of having a personal alarm device given by the Post Office which was not always functioning well given the poor network signal, she took

on this role alongside running her own Post Office full time. She said Horizon did not work well at either of the sites and wondered if the significant shortfall that resulted in the suspension of her contract could have been caused by the transactions handled at Ardstraw. She recalled there being difficulties with the system due to the poor line.

3.207. In June 2010, an unannounced audit of Ms Connolly's post office took place. She recalls in her written statement that when she arrived that morning, she saw a strange car parked on the road, but did not want to get out until someone else came in, because of fear of being robbed given the risk. The auditor from the Post Office told her that he had found a discrepancy. From then she was suspended and not allowed back into the Post Office. She recalls that the screen showed a shortfall of £16,592, but she had no opportunity to see his calculations or go into the Post Office to check. £1,000 was taken off the money owed because the auditor found that amount in cash in a safe in the Post Office.

3.208. Ms Connolly later received a letter from the Post Office asking her to pay £15,592, followed by a letter from a fraud investigator

at the Post Office inviting her to a meeting at Royal Mail Belfast. Ms Connolly attended the meeting and was accused of stealing the money and giving it to the paramilitaries. This allegation terrified Ms Connolly.

- 3.209. She and her husband asked their families for money to pay the Post Office. They received a total of about £14,000 from their family. She said, *"The shame of [this] still burns."*
- 3.210. Ms Connolly said she paid the money to the Post Office under threat to their lives. She said, *"it was like having money extorted from you with menace"*.
- 3.211. The local community stopped coming to her shop as the story about the audit had spread. She was branded a thief in her own town and felt she could not lift her head in public from the shame.
- 3.212. Ms Connolly said that her darkest day was the day that she received a letter from the Post Office stating that it would not bring criminal proceedings against her. She had not considered that this would be a possibility. She said she was on the brink of taking her life that day.

3.213. MsConnolly developed epilepsy in 2013 which she attributes to the stresses of the situation she found herself in. She began having panic attacks and was treated for anxiety and depression. She said her children have also been affected. She and her husband were made bankrupt in February 2013. They were forced to sell the shop and the premises at a loss.

3.214. She said:

"As a result of the Post Office action against me, I went from being a hardworking, respected, confident person, to being a recluse not wanting to see anyone or talk to anyone."

Millie Castleton

3.215. The civil proceedings brought by the Post Office against Mr Lee Castleton have been the subject of much justified publicity. In summary, in 2007 the Post Office obtained a judgment against Mr Castleton following a contested hearing in the High Court in London. Mr Castleton was ordered to pay to the Post Office the sum of £25,858.95 plus interest. He was also directed to pay their legal costs which were subsequently agreed

by Mr Castleton in the sum of £270,995.78 plus interest. By the time an application for a charging order was made against Mr Castleton, the judgement debt, in total, stood at £309,807.94.

- 3.216. Mr Castleton has recently let it be known that he intends to take legal proceedings against the Post Office and Fujitsu in which he will allege, so I believe, that the judgment against him, made at the request of the Post Office, was obtained by fraud. The proceedings against Mr Castleton were the subject of a civil case study as part of Phase 4 and will be subject to further examination in a later volume of my Report. For present purposes, I would like to make it crystal clear that nothing which I say in the paragraphs below about the trauma suffered by Ms Millie Castleton, should be taken as being any kind of indication by me about the merits of Mr Castleton's proposed proceedings against the Post Office and Fujitsu. I wish to use Ms Castleton's evidence purely as a prime example of the sort of impact that a close family member of a postmaster may have experienced as a result of the events relating to Horizon.

- 3.217. Ms Castleton is Mr Castleton's daughter. She has personally written a witness statement for the Inquiry to describe the impact upon her (and to a degree her mother) of the events which unfolded between the Post Office and her father. It is a very moving account of Ms Castleton's childhood and teenage years and her struggles as a young adult. The statement should be read in full for a complete understanding of the trauma which Ms Castleton has endured.
- 3.218. Ms Castleton was aged eight when she became aware that the Post Office was alleging that her father was liable for shortfalls at his branch. In her words, she became aware of the "*confusion, frustration and anxiety that was leeching into my home*". Mr Castleton's contract as a postmaster was terminated and the civil proceedings followed. Her family were branded as "*thieves and liars*". Mr Castleton worked away from home while Mrs Castleton tried to run the newsagent business which, initially, had been run in conjunction with the Post Office branch. Mr Castleton's absences from home to facilitate his work soon began to impinge upon the relationship between father and daughter.

- 3.219. When Ms Castleton moved school (I assume to go to a secondary school) she became the target of bullying. In her first week she was asked *"Didn't your Dad steal loads of money or something?"*. It was not long before Ms Castleton was the victim of assaults and hurtful verbal taunts. School became a place of loneliness and misery. Meanwhile, Mrs Castleton developed epilepsy. Ms Castleton provided her with as much assistance as possible especially when her father was away at work. She often slept with her so that she would always be on hand if Mrs Castleton suffered a seizure.
- 3.220. At or about the age of 17, Ms Castleton's mental health began to suffer significantly. She began to experience feelings such as *"self-loathing, depression and feeling like a burden to [her] family"*. Despite these setbacks, she did sufficiently well academically to obtain a place at university.
- 3.221. At, or about that time, however, Ms Castleton developed an eating disorder and was diagnosed with anorexia. Although she was able to take up her place at university and complete her first year, by the beginning of her second year Ms Castleton was too unwell

to resume her studies. She was forced by illness to “take a year out”. Her eating disorder, inevitably impacted upon other aspects of her health and at one point during her “year out” Ms Castleton was admitted to hospital with heart related illness.

- 3.222. I can think of no better way to end this section of this volume of my Report than to quote from the penultimate paragraph of Ms Castleton’s witness statement. It is a vivid and compelling summary of the trauma from which she has suffered and from which she continues to suffer.

“I fought. I tried. I am better for it. Not perfect but better, part of me will always feel a little broken-up. I still feel a burning fear of spending larger sums of money or doing something purely for myself. That nagging voice in my head still says ugly things sometimes. It still tells me that my past and my family’s struggle will define me, that it will be a branding on my skin forever. Broken, thief or liar. Even now as I go into my career I still find it so incredibly hard to trust anyone, even subconsciously.

I sabotage myself by not asking for help with anything. Asking for equipment, advice or resources feels terrifying. Like I'm unworthy or be thought poorly of. I'm trying hard to break this cycle but I'm 26 and am very conscious that I may never be able to fully commit to natural trust. But my family is still fighting. I'm still fighting, as are many hundreds involved in the Post Office trial."

4. FINANCIAL AND OTHER REDRESS

a. Introduction

- 4.1. Until 3 June 2025 there were four schemes in being under which claimants could seek financial redress as a consequence of being affected by Horizon.²⁶ They were (i) the Horizon Shortfall Scheme (“HSS”); (ii) a process/scheme under which redress is provided to those persons whose Horizon-related convictions have been quashed by the courts known as the Overturned Convictions Scheme

26 As a matter of fact, there are seven schemes in being under which postmasters can claim financial redress for losses. However, the four schemes identified in this paragraph and considered in this volume of my Report are those which allow postmasters to claim for losses specifically caused by Horizon and/or the use of data from Horizon. The other three schemes are the Suspension Remuneration Review, the Post Office Process Review and the Stamp Compensation Scheme which are not necessarily related to losses caused by Horizon.

("OCS"); (iii) a scheme to provide additional financial redress for the claimants in the Group Litigation, known as the Group Litigation Order Scheme ("GLOS"); and, (iv) a scheme to provide financial redress for those whose convictions have been quashed under the provisions of the Post Office (Horizon System) Offences Act 2024 and the Post Office (Horizon System Offences (Scotland)) Act 2024, known as the Horizon Conviction Redress Scheme ("HCRS").²⁷ Each of these schemes came into existence at different times and they are aimed at different groups of people who have been adversely affected by Horizon and its use by the Post Office.

27 Over time, OCS has morphed into a remediation scheme. The process/scheme has been described variously. I use the word "scheme" throughout this volume of my Report even though, more accurately at given moments in time, the word "process" should be used. In the Interim Report this scheme was known as the Overturned Historic Convictions Scheme but the word Historic is no longer used in connection with the scheme.

- 4.2. As from 3 June 2025 OCS and HCRS have been merged. Accordingly, although much of this section is concerned with the schemes as they existed prior to 3 June 2025, I have also considered the merged scheme to the extent that is possible at the time of writing.
- 4.3. The first scheme to come into existence was HSS (at inception known as the “Historical Shortfall Scheme” as opposed to the “Horizon Shortfall Scheme”). The roots of this scheme are to be found in the Settlement Deed which signalled the end of the Group Litigation.²⁸ The parties to the litigation recognised that there were postmasters and former postmasters who were not claimants in the litigation but who had been held liable by the Post Office for losses (usually referred to as shortfalls) in branch accounts which were illusory, not real. The object of HSS was and always has been, to reimburse such postmasters for the sums they were forced or volunteered (no doubt very reluctantly) to pay to the Post Office in respect of such shortfalls and further, to compensate them for any consequential

28 **[POL00006304]** at [7/9.4] to [7/9.5] and Schedule 6 at [46].

losses which they had suffered, and/or which they continue to suffer. This scheme was launched in May 2020.

- 4.4. The Settlement Deed also anticipated that those of the claimants who had been convicted of offences in criminal proceedings in which data from Horizon formed part of the case of the prosecution might, in due course, have their convictions quashed. Accordingly, it contained provisions whereby those convicted claimants would have the right to bring claims for malicious prosecution in the event that their convictions were quashed.²⁹
- 4.5. On 11 December 2020, the Crown Court at Southwark quashed the convictions of six persons who had been prosecuted for and convicted of offences of dishonesty before Magistrates Courts in England. On 23 April 2021, the Court of Appeal (Criminal Division) quashed the convictions of 39 persons who had been convicted of offences of dishonesty as a consequence of prosecutions brought against them by the Post Office in Crown Courts throughout England and Wales. The convictions of all these people were dependent

upon data produced by Horizon.³⁰ On 22 July 2021, the Minister made an announcement to Parliament, indicating that the government would fund interim compensation of up to £100,000 for each postmaster whose Horizon-related convictions were overturned.³¹ This announcement was the beginning of the scheme (OCS) by which convicted postmasters (and other convicted users of Horizon) could obtain financial redress.

- 4.6. In all relevant respects (other than to preserve claims for malicious prosecution in defined circumstances) the settlement of the Group Litigation was expressed to be in full and final satisfaction of all claims and counterclaims brought by the parties. On the face of it, therefore, the ending of the Group Litigation brought an end to the claims for financial redress to which those claimants who had no claim for malicious prosecution were entitled. However, it soon became apparent that those claimants' share of the settlement sum payable by the Post Office under the

30 See *Hamilton and others v Post Office Limited* [2021] EWCA Crim 577.

31 **[RLIT0000625]** at [3].

Deed of Settlement was far less than was necessary to provide them with appropriate compensatory payments. Indeed, almost immediately following the settlement, it was recognised that the amounts received by individual Claimants were but a fraction of the losses which they had sustained. Accordingly, JFSA as an organisation, Sir Alan Bates and other members of JFSA began a campaign to seek to persuade Ministers and/or the Post Office that further compensation should be payable to the claimants in the Group Litigation who had no claims for malicious prosecution. This campaign gathered pace after the announcement and launch of HSS.

- 4.7. The campaign succeeded. On 22 March 2022, the Minister announced that *“the Chancellor will make additional funding available to give those in the GLO Group compensation similar to that which is available to their non-GLO peers”*.³² GLOS was on its way although it was a further year before the scheme was actually launched and claimants under the scheme were able to submit claims to those administering it.

4.8. Following the success of Ms Josephine Hamilton and others in the Court of Appeal, a number of persons who had been convicted of offences of dishonesty in prosecutions brought against them by the Post Office appealed against their convictions. Most of the appeals were considered by the Court of Appeal (Criminal Division) and a much smaller number were heard at the Southwark Crown Court on appeal from various Magistrates' Courts. A very significant number of the appeals were successful. However, the number of persons bringing appeals before the courts was a small proportion (comparatively) of the number of persons who had been convicted of offences of dishonesty following the introduction of Horizon. This state of affairs prompted some to call for the exoneration by Act of Parliament of all persons who had been convicted of offences of dishonesty in reliance upon data generated by Horizon. The calls for such exoneration grew ever louder and more frequent following the showing of the television drama *Mr Bates vs The Post Office*. On 24 May 2024, the Post Office (Horizon System) Offences Act 2024 came into force in England, Wales and Northern Ireland. Shortly thereafter, the Post Office (Horizon System

(Scotland)) Offences Act 2024 became the law in Scotland. The effect of this legislation is that the convictions of hundreds of persons have been quashed. On 30 July 2024, HCRS was launched in order to provide an appropriate process by which persons whose convictions had been quashed by legislation could obtain financial redress.

- 4.9. My Terms of Reference are silent about schemes for delivering financial redress, save for the obligation imposed upon me to assess whether HSS has been properly delivered. That is hardly surprising, since when the Terms of Reference were finalised, HSS was the only scheme in existence. Nonetheless, I have always interpreted my Terms of Reference as permitting me to assess whether all schemes for providing financial redress to those who have suffered losses by reason of Horizon are being and have been properly delivered. No one has objected to that interpretation. Indeed, I have been actively encouraged by all Core Participants, including the Post Office and the Department, to involve myself in assessing each of the financial redress schemes which have come into existence and identified above.

4.10. I stress however, as I have done from time to time throughout the Inquiry, that it is not open to me to make my own assessment of the value of individual claims as presented to the administrators of the four schemes. My task is to make an assessment about whether the schemes are fit for the purpose for which they were brought into existence and whether they have been administered and delivered in accordance with commitments made about them by Ministers, the Department and the Post Office.

The governance of the financial redress schemes

4.11. From the time of its launch to the present time, the Post Office has administered and delivered HSS. It administered and delivered OCS from its launch to 3 June 2025. Throughout these periods, it has been assisted by Herbert Smith Freehills LLP (“HSF”).³³ Prior to the launch of

33 I understand that on 1 June 2025 HSF merged with Kramer Levin Naftalis & Frankel LLP, a law firm based in the United States of America. Notwithstanding this merger, it is convenient to continue to use the acronym HSF in my Report.

HSS and OCS, HSF advised upon the nature of each scheme. Following their launch HSF helped to administer the schemes and advised upon offers to be made in respect of claims made thereunder. This administrative and advisory role continues.³⁴

- 4.12. The Post Office does not fund the payments made to claimants in each scheme; it is incapable of generating sufficient funds to do so.³⁵ Accordingly, it has been the Department (authorised and itself funded by His Majesty's Treasury "HM Treasury") which has funded the payments which have been made to claimants. Further, the Department will continue to do so until every claim in each scheme has been determined. In these

34 I understand that the Post Office appointed Pinsent Mason LLP to replace HSF in 2024, but that they are still providing their services to the Post Office under a "Transitional Contract". I presume that HSF will cease to have any role in OCS on or before 3 June 2025 – see paragraph 4.13 above.

35 The operational costs of the scheme are also provided by the Department although the Post Office has contributed to those costs from its own reserves.

circumstances, it is, perhaps, not surprising that the Department has always had an oversight role in respect of the administration and delivery of both the schemes.

4.13. On 3 March 2025 the Minister announced that as from 3 June 2025 OCS will be administered and delivered by the Department.³⁶ I consider the significance of this announcement from paragraph 6.191 below.

4.14. GLOS and HCRS are administered and delivered by the Department. The Department has appointed Addleshaw Goddard LLP as its legal advisors in relation to both schemes and the multi-national law firm Dentons UK and Middle East LLP (“Dentons”) as *facilitators* in respect of both schemes.³⁷ Payments to claimants under these schemes are made from funds provided to the Department by HM Treasury. The Post Office plays no role in the

36 **[RLIT0000623].**

37 As the word suggests *facilitators* seek to promote settlements of claims made by claimants which are disputed in whole or in part by the Department.

administration and delivery of the schemes. Its only role is to provide information and/or documents about individual claims if called upon to do so.

- 4.15. I do not propose to provide a detailed account of the governance provisions for each of the four schemes at this point. Rather, I will describe their important governance features below as and when appropriate.

b. The Horizon Shortfall Scheme - HSS

- 4.16. In the Progress Update, I provided a detailed description of HSS as it was at its launch in May 2020 and as it evolved over the following 30 months.³⁸ I also referred to aspects of the scheme in the Chair's Statement and the Interim Report. However, given the criticisms to which HSS, its administration and delivery have been subject, I consider it appropriate to describe again (thereby stressing) some aspects of the scheme, its administration and delivery at its launch and in its early years.

May 2020 to 15 August 2022

- 4.17. The scheme was developed, quite deliberately, with the ambition that claimants could make their claims without the assistance of lawyers. The Post Office wanted the scheme to be “*user friendly*”; that was an aim which was shared by the claimants in the Group Litigation and their advisors who were consulted about the nature and form of the scheme. The consequence was that at its launch the scheme was essentially constituted by two published documents: a claim form and the *Independent Advisory Panel Terms of Reference* which, as its name suggests, was a document relating to advisory panels.³⁹ The panels were intended to be an integral part of the process for determining what offers of financial redress should be made to postmasters. See paragraph 4.25 - 4.26 below.
- 4.18. The Post Office anticipated that the claims made under the scheme would probably be of the order of a few hundred. There has never been a full explanation as to how that number was derived. It is clear however, that

this was the information which the Post Office provided to the Department before and at the launch of the scheme.

- 4.19. The scheme was open only to those who satisfied defined eligibility criteria.⁴⁰ Crucially, claimants were eligible under the scheme only if (i) they had been, or were, in direct contractual relations with the Post Office;⁴¹ and (ii) they had suffered a shortfall or shortfalls in their branch accounts which had arisen under either Legacy Horizon or Horizon Online.

40 The most important of the eligibility criteria are described in paragraphs 15 and 16 of the Progress Update on Issues relating to Compensation, 15/08/2022 **[INQ00002032]** at [11/15] to [11/16].

41 There was an exception to this general rule. Claimants in the Group Litigation who had been or were in contractual relations with the Post Office were not eligible to make a claim. No doubt, this was because at this early stage the thinking was that their contractual claims had been compromised as a result of the settlement of the Group Litigation.

- 4.20. There was a time limit for making a claim. Originally, claims had to be lodged with the Post Office by midnight on 14 August 2020. In due course, the Post Office decided to extend the closing time and date to midnight on 27 November 2020. However, the time limit for making a claim was never set in stone. The Post Office retained for itself the discretion to admit a claim into the scheme even though it was made outside the permitted time limit (referred to hereafter as "*a late claim*").
- 4.21. There was no provision under the scheme for claimants to recover legal fees incurred in obtaining assistance to make a claim. That lack of provision was quite deliberate – see paragraph 4.17 above. Not surprisingly, therefore, very few of the claimants who made a claim prior to 27 November 2020 instructed lawyers to assist them in making their claims.
- 4.22. At the launch of the scheme, there was no discrete comprehensive guidance about the losses which could be claimed. In particular, while it was always accepted by the Post Office that claimants were entitled to recover consequential losses as well as the sums which had wrongly been claimed from them by the

Post Office, there was no proper guidance to that effect. Written guidance about claiming consequential losses was not published until late September 2020. This guidance, therefore, was published approximately four months after the scheme had been launched and about two months before it was due to close. The result was that many claims for redress were made without the benefit of that guidance and by persons who had not obtained legal advice about the meaning of the phrase "*consequential loss*".

- 4.23. Whether or not the eligibility criteria were met in any given case was determined by employees of the Post Office (although no doubt they had recourse to legal advice from Herbert Smith Freehills, if necessary). The scheme did not specify a procedure for challenging a determination that a claimant did not meet the eligibility criteria. No person independent of the Post Office was designated to consider challenges to eligibility determinations.
- 4.24. Assuming the eligibility criteria were met, an employee of the Post Office would consider available data to ascertain whether the claimant had suffered a relevant shortfall. If

a shortfall was established an assessment of the particular claim would be undertaken by a member of staff of Herbert Smith Freehills (an “assessor”). The assessment process involved analysing the claim and any supporting documents provided by the claimant together with any relevant documents held by the Post Office. The assessor would then reach a conclusion about the likely value of each head of claim which had been presented (and, according to the Post Office, any other heads of loss which could have been included in the claim, but which had not been made). If an assessor thought it appropriate, further information and/or evidence might be sought from a claimant or advisor if one had been appointed. Once the assessment was complete it would be provided to an independent advisory panel.

- 4.25. From the outset, each independent advisory panel was constituted by a senior lawyer, as chair, and two other persons who had accountancy and retail expertise. Panels would consider each claim presented to them and reach a conclusion about the financial redress which, in their view, the Post Office should offer. All panels were

governed by their Terms of Reference.⁴² The overriding objectives were for panels to act in a timely manner, to assess eligible claims by applying the principles and standards set out in the Terms of Reference and assess and recommend to the Post Office a fair outcome for shortfall losses and consequential losses.⁴³

- 4.26. Decisions reached by panels upon the amount of financial redress in individual cases were recommendations which were communicated to the Post Office. A panel's view on the amount to be offered in any given case did not bind the Post Office. The recommendation of a panel needed approval from the Post Office before an offer could be made to a Claimant.⁴⁴ In some

42 For details of the parts of the Terms of Reference which governed a panel's decision-making see paragraphs 32 to 36 of the Progress Update on Issues relating to Compensation, 15/08/2022 **[INQ00002032]** at [14/32] to [15/36].

43 Ibid at [14/32].

44 At the time of writing no offer to a claimant has ever been made which is less than a recommendation from a panel; on occasions first offers made by the Post Office have exceeded the recommendation of a panel. Simon Recaldin 6th **[WITN09890600]** at [29/92].

instances the approval of the Department was also necessary before offers were made.⁴⁵ Offers to claimants would be communicated to them by HSF.

- 4.27. If a claimant accepted the offer made, a settlement agreement was concluded. If an offer was rejected the "*Dispute Resolution Procedure*" was available to that claimant.⁴⁶ In summary, the process in its original form involved the following potential stages: (a) a good faith meeting; if that failed to produce an agreement, (b) an escalation meeting; if that also failed to produce an agreement, (c) a mediation could follow. In the event that all three of those stages failed to produce an agreement, claims with a potential value of less than £10,000 could be litigated in the County Court pursuant to the Small Claims track and claims with a potential value in excess of £10,000 could be the subject of arbitration proceedings. I will return to the *Dispute Resolution Procedure* as a discrete topic in due course.

45 See paragraphs 4.56 and 4.98 below.

46 The salient features of the Dispute Resolution Procedure are described in paragraphs 29 and 30 of the Progress Update: **[INQ00002032]** at [13/29] to [13/30].

- 4.28. By midnight on 27 November 2020, the Post Office had received 2,523 claims of which 155 did not meet the eligibility criteria.⁴⁷ The number of eligible claims received was approximately 12 times the number it had predicted before and at the time of the launch of the scheme, and the Post Office simply did not have the means to fund the financial redress which would be due to that number of people.
- 4.29. As of 6 July 2022, the Post Office had received 186 late claims, i.e. claims which had been submitted after midnight on 27 November 2020. At the hearing on 6 July 2022, Leading Counsel for the Post Office was unable to provide me with any information as to how the Post Office intended to deal with these late claims. That was still the case on 13 July 2022 when Counsel for the Department made oral submissions to the Inquiry. In the Progress Update, I drew attention to this state of affairs. I expressed my disquiet about it and also about the fact that it was the Post Office who would make the decision about whether to admit late claims into the scheme.⁴⁸

47 Ibid at [17/46].

48 Ibid at [19/61] to [19/63] and [33/136] to [34/137].

- 4.30. When HSS was launched in May 2020 there was no formal resolution as between the Post Office and the Department as to which body would fund redress payments to claimants. Once it became clear that the number of claimants was very substantially more than had been estimated by the Post Office, it also became clear that the funding of the scheme would have to be the responsibility of the Department. However, this issue was not formally resolved until March 2021. Consequently, it was only after that date that the Post Office was in a position to make offers to claimants. I did not realise when I published the Progress Update that the decision as to whether to admit late claims was inextricably bound up with a decision by the Department, and/or HM Treasury, about whether additional funds would be made available to enable such claims to be paid.
- 4.31. In its early stages HSS was managed by a group of Post Office employees known as the Historical Matters Business Unit. The unit has always been led by a person having the title "*Director*".⁴⁹ On 10 January 2022, Mr Simon Recaldin was appointed to the post of Director, a position

49 The first director was Mr Declan Salter.

which he held until very recently. In the spring/early summer of 2023 the unit changed its title and became known as the Remediation Unit, a title it has retained to this day.

- 4.32. Initially, Mr Recaldin reported to Mr Ben Foat, then the Post Office Group General Counsel. Subsequently, he was line managed by Mr Nick Read who had been appointed the Chief Executive of the Post Office in 2019.
- 4.33. Ultimately, of course, the board of directors of the Post Office (the “Post Office Board”) was and is responsible for the work done on behalf of the Post Office to administer and deliver HSS. From the scheme’s launch however, the Post Office Board delegated important functions to committees and sub-committees which were formed with a view to exercising appropriate oversight and supervision of the financial redress schemes as they came into existence.
- 4.34. Most importantly for present purposes, a sub-committee of the Post Office Board (now known as the “Remediation Committee”) was constituted.⁵⁰ It has always consisted of at

least three members of the Post Office Board, and it was and always has been chaired by a member of the Board. In the hierarchy of committees formed in the aftermath of the Group Litigation and the development of HSS, this sub-committee sat above a committee now known as the Horizon Matters Committee which was, and is a committee formed of senior Post Office employees. From the date of his appointment to the date of his departure from the Post Office, the Horizon Matters Committee was chaired by Mr Recaldin.

4.35. In the early years of HSS, the Remediation Committee sat every fortnight. The Horizon Matters Committee has always met on a weekly basis. It is this Committee, primarily, which is responsible for overseeing the administration and operational performance of HSS day to day.

4.36. As I will explain in a later volume of my Report in greater detail, the Post Office Board is made up of a number of non-executive directors and a lesser number of executive directors. The Department is the only shareholder of the Post Office; one of the non-executive directors appointed to the

Board is “the shareholder representative”. Between March 2018 and May 2023, the shareholder non-executive director was Mr Thomas Cooper. At the material time, he was an employee of United Kingdom Government Investments (“UKGI”) and he led a team (known as the *Shareholder Team*) of fellow employees of UKGI who provided assistance to the Department in (a) obtaining funding for HSS from HM Treasury, (b) designing governance arrangements for the Department’s oversight of HSS, (c) monitoring progress in HSS, and (d) attending a steering committee established by the Department to make important decisions relating to HSS.⁵¹ Mr Cooper personally attended the steering committee as an observer. In his capacity as a non-executive director of the Post Office, he attended the Post Office Board and the Remediation Committee.

- 4.37. Mr Cooper’s third witness statement reveals an insight into the period between May 2020 and March 2021 which is of some interest.⁵²

51 I will provide a full explanation of the function, structure and management of UKGI in a later volume of my Report.

52 Thomas Cooper 3rd **[WITN00200300]**.

As I have said, it was during this period that the Post Office and the Department came to realise that the scheme would have to be funded by the Department, with the consequence that the process of making offers to claimants could not begin until that had been resolved. However, according to Mr Cooper (and I have no reason to doubt it), it was during this period that extensive discussions took place about how HSS would operate in practice.⁵³ Paragraph 22 of Mr Cooper's statement is of particular interest:

"All parties understood from the beginning that many claimants might find it difficult or impossible to provide evidence in support of their claims that would meet the standards required by a court. It was agreed that [the Independent Assessment Panel] would adopt a general approach of accepting a claimant's evidence unless there was evidence to the contrary. With certain exceptions, such as the treatment of evidence, the [Independent Assessment Panel] would determine claims by reference to accepted legal principles, such that

53 These discussions are described in paragraphs 19 to 22 of **[WITN00200300]** at [8/19] to [9/22].

awards would be made on the basis of what a court would award in the same circumstances. This approach by the IAP meant that, in principle, HSS would meet Managing Public Money requirements.”

- 4.38. I have highlighted paragraph 22 of Mr Cooper’s third witness statement for two inter-related reasons. First, the approach which it was agreed that the Panel should adopt to assess evidential requirements was consistent with the Terms of Reference of the Panel and the Guidance which had been issued in September 2020. However, as I stressed in the Progress Update, my understanding then (and has always been since until receipt of Mr Cooper’s evidence) was that it was open to the Panel to depart from established legal principles if that was necessary in order to achieve a fair outcome in a particular case.⁵⁴ That understanding was based squarely upon the submissions made to me by Ms Kate Gallafent KC as long ago as 6 July 2022.⁵⁵ Mr Cooper’s written evidence appears to create

54 **[INQ00002032]** at [33/132].

55 Transcript, 06/07/2022, POHITI Compensation Issues Hearing, **[INQ00001057]** at [72/5] to [72/9].

a possible conflict between Ms Gallafent KC's submissions on behalf of the Post Office, and how the independent advisory panels may have operated in practice.

August 2022 to 31 March 2025

4.39. Since 15 August 2022, there have been a number of changes aimed at improving, streamlining and speeding up the process of delivering financial redress to claimants. I do not propose to list them all. However, in the paragraphs that follow I identify the most important changes and developments which have occurred in the period following the publication of the Progress Update on 15 August 2022.

Late Claims

4.40. On 4 October 2022 the Post Office provided written submissions to the Inquiry which acknowledged that the issues of whether, and/or, in what circumstances, late claims would be admitted under the scheme had not been resolved despite the passage of time since 27 November 2020.⁵⁶ The Post Office apologised unreservedly for that state of affairs. Two days later, on 6 October 2022, the Minister made

56 [SUBS0000005] at [6/26].

an announcement to the effect that funding would be made available to enable late claims to be determined.⁵⁷ That was the first obvious indication I had been given that the issue of funding had been a major contributory factor in delaying a decision about late claims. In the days immediately before the hearing on 8 December 2022, written submissions were made to the Inquiry on behalf of the Post Office and the Department which, in part, related to late claims. Although ambiguous to a degree about the need for a claimant to explain why a claim had been made after 27 November 2020, these submissions created the very strong impression that all late claims which satisfied the eligibility criteria for the scheme would be admitted, and that the claimants would receive appropriate financial redress. I responded to these submissions in the Chair's Statement of 9 January 2023 by concluding that:

"...fairness now demands an unequivocal statement to the effect that all applications made after 27 November 2020 will be accepted into the HSS provided all eligibility criteria set out in the HSS are met: i.e. no application already received by [the Post

Office] will be refused on the basis that it was made after 27 November 2020. To require applicants to explain the delay in making an application when, as a matter of course, it will be accepted if all other eligibility criteria are met is, in my view, wholly unnecessary.”⁵⁸

- 4.41. On 2 March 2023, the Post Office and the Department reached agreement that all late claims that met the eligibility criteria would be accepted into the scheme regardless of the reason the claim had been made late.
- 4.42. In the Interim Report, I recommended that HSS should be closed to further applications.⁵⁹ That recommendation was accepted by the Minister/Department in October 2023. However, no date for the closure of the scheme has yet been announced.⁶⁰

58 Chair’s Statement on Issues relating to Compensation, 09/01/2023, **[INQ00002033]** at [7/14] to [8/17].

59 First Interim Report: Compensation, 17/07/2023, **[INQ00002027]** at [34/145], Recommendation 8.

60 I mean by that there is no date yet announced by which claims must be made and that after that date no further claims will be considered.

In his oral evidence to the Inquiry, Minister Thomas expressed his reluctance to set a closure date. He explained that claimants were still coming forward and that he expected that claimants would continue to come forward at least until I had published my Report.⁶¹ Claimants are still submitting claims and, provided the eligibility criteria are met, offers of redress are being made or will be made. As I will explain in my conclusions, I find it difficult to discern the justification for HSS remaining open to claimants even now with no end date in sight when the plan in 2020 was for it to close in that year.

Interim Payments

4.43. From the commencement of the scheme, claimants could seek an interim payment if they could demonstrate that they were suffering from poor health or financial hardship. The amount which could be awarded to an individual claimant was a maximum of £10,000. Over time and, in particular, following the hearings which I held on 6 and 13 July 2022, the Post Office

61 Transcript, 08/11/2024, Gareth Thomas [INQ00001204] at [34/1] to [35/1].

came to realise that the requirement that a claimant should prove ill health or financial hardship before an interim payment could be made, was unsustainable. It also accepted that a maximum sum of £10,000 as an interim payment was too low. The requirement that a claimant should prove ill health or financial hardship to qualify for an interim payment was removed in October 2022.

- 4.44. The current position in relation to interim payments is as follows. Prior to any offer being made, an interim payment can be made to a claimant. The amount payable is one which is equal to the shortfall(s) claimed by a claimant as verified by the Post Office. If a settlement offer has been made but not accepted, as of July 2023, an interim payment of 100% of the offer may be paid to the claimant.⁶²

Taxation

- 4.45. When HSS was first launched, and for approximately three years thereafter, claimants were liable to pay income tax on payments received by them under the scheme.

62 Simon Recaldin 6th [WITN09890600] at [10/25].

4.46. On 16 March 2023, the Post Office Horizon Compensation and Infected Blood Interim Compensation Payment Schemes (Tax Exemptions and Relief) Regulations 2023 came into force.⁶³ The effect of those Regulations was said to be that payments made to claimants under OCS and GLOS were exempt from income tax, capital gains tax and – in the case of payments under OCS – inheritance tax. By letter dated 28 February 2023, I made enquiries of the Department as to why tax exemptions for compensation payments paid to claimants under HSS and GLOS were, apparently, different from tax exemptions available for payments under OCS. Although I received a reply to my letter, I was far from satisfied with its contents. (See paragraph 22 of the Interim Report).⁶⁴ Accordingly, in advance of the compensation hearing which took place on 27 April 2023, I invited written submissions from Core Participants upon the issue of exemption from taxation of payments under the various schemes.

63 **[BEIS0000906].**

64 First Interim Report: Compensation, 17/07/2023, **[INQ00002027]** at [9/22].

- 4.47. On 19 June 2023, the Minister announced that HSS claimants who had received settlement payments would receive top-up payments (exempt from tax and national insurance contributions) equivalent to the tax which hitherto they had been liable to pay in respect of the settlement payments.⁶⁵
- 4.48. Notwithstanding this announcement, I considered it appropriate to make a recommendation in the Interim Report about the taxation of payments under the three financial redress schemes then in existence.
- 4.49. Recommendation 6 was in the following terms:
- “DBT shall publish in as much detail as it reasonably can, and as soon as it reasonably can, its proposals for ensuring that applicants to all schemes are treated equally and fairly. This is as far as their liability to or exemption from Income Tax (IT), Capital Gains Tax (CGT) and Inheritance Tax (IHT) is concerned as the same relates to compensation payments under each scheme.”⁶⁶*

65 [RLIT0000624].

66 First Interim Report: Compensation, 17/07/2023, [INQ00002027] at [33/143].

4.50. On 26 October 2023, the Department published a response to my recommendations.⁶⁷ In relation to Recommendation 6, it wrote:

“Recommendation accepted

Payments under the GLO scheme and the Compensation for Overturned Convictions (OC) are exempt from IT, National Insurance Contributions (NICs) and CGT. On 19 June, the Government announced arrangements for ensuring fair treatment in respect of IT, NICs and CGT for Horizon Shortfall Scheme (HSS) Claimants.

Initial offers under HSS did not account for the tax on compensation when paid as a lump sum, which means that postmasters were not necessarily restored to the position they would otherwise have been in. Top-up payments are the quickest and most efficient way to address this issue and will be exempt from tax.

Details are set out in Appendix A. Payments from all 3 schemes are exempt from IHT.”

- 4.51. As foreshadowed in this text, Appendix A was the justification for its response to my recommendation. There was also an Appendix B, which was a table setting out how the various heads of loss would be treated in terms of taxation under the then existing schemes.
- 4.52. In his written evidence to the Inquiry, Mr Carl Creswell asserted that the top-up payments made under HSS, and referred to above, are the means by which claimants within HSS are, in effect, treated equally (in relation to taxation) to the claimants in other schemes.⁶⁸ I have not received any evidence from Core Participants (either written or oral) which contradicts Mr Creswell's opinion.

Categories of Claims

- 4.53. The Post Office and the Department have always separated claims into different categories. Claims which were very low in

68 Mr Creswell has made four witness statements **[WITN11730100]**, **[WITN11730200]**, **[WITN11730300]** and **[WITN11730400]** and he gave oral evidence on 6 November 2024. He is the Director, Post Office Policy and Business Engagement, within the Department.

value were categorised as "*Below Assessment Threshold*" ("BAT"). Claims were categorised as BAT if they were £8,000 or below.⁶⁹

4.54. BAT claims were intended to be processed quickly. In these claims there was no investigation as to whether a shortfall existed. Further, no case assessment was undertaken by Herbert Smith Freehills. In reality, as I understand it, such claims were accepted and paid upon the assumption that a relevant shortfall existed provided the remaining eligibility criteria for HSS were established. In 2021 and 2022 in particular, all such claims were paid reasonably promptly. With the advent of Fixed Sum offers such claims are bound to become extinct.

4.55. There are two other categories of claims: standard claims and complex claims. Standard claims are those in which there are five or less heads of claim. Complex claims are those in which there are greater than five heads of claim, or in which one or more of the heads of claim are assessed to be complicated.⁷⁰

69 [UKGI00037433] at [2/10].

70 Simon Recaldin 6th [WITN09890600] at [20/58].

4.56. The categorisation of claims as standard or complex is of no particular significance so far as a claimant is concerned (save in respect of the length of time which might elapse before the claim is resolved). The real significance of a claim being categorised as complex lies in the fact that the Department may play a role in the decision about how much a claimant should be offered in a case which is regarded as exceptional.⁷¹

Recovery of Legal Fees

4.57. As I have said, at its inception HSS made no provision for the cost of engaging a lawyer to present or assist in presenting a claim. Further, if additional information was sought from a claimant in advance of an offer being made (either by an assessor or the independent panel) there was no provision for the payment of legal or other professional fees should a lawyer or other professional be engaged to

71 See paragraph 4.99 below. I have assumed that Mr. Creswell's use of the word "*exceptional*", as referred to in that paragraph, is a reference to the most difficult of the complex cases. Carl Creswell 1st **[WITN11730100]** at [23/54].

assist in providing the information. However, once offers had been made to claimants, they would be entitled to £400 (including VAT) in order to assist them to engage a lawyer to advise on their offers where the offers amounted to the entirety of the sum claimed, and £1,200 (inclusive of VAT) towards the cost of legal advice where the sums offered was less than the sums claimed.

- 4.58. It remains the case that claimants cannot recover legal fees incurred at any stage of the process prior to the Post Office making an offer. However, the Post Office and the Department have accepted that the sums of £400 and £1,200 may not be adequate to re-imburse a claimant for legal fees incurred in investigating whether an offer should be accepted. Additionally, both the Post Office and the Department have accepted that there is a need to re-imburse claimants for the cost of instructing expert witnesses who had been instructed for proper reason.
- 4.59. Accordingly, since 10 October 2022, claimants have been entitled to claim reasonable fees for legal advice and services incurred once

an offer has been made.⁷² As from March 2023, reasonable sums became recoverable in respect of the fees charged by expert witnesses.

Fixed Sum Offers

- 4.60. On 13 March 2024, the Minister announced that claimants in HSS whose claims had not been settled could, if they chose, opt to accept the sum of £75,000 (“the Fixed Sum Offer”) in full and final settlement of their claims as opposed to having their claim assessed in accordance with the process I have described above.⁷³ As will become apparent, Fixed Sum Offers had already been introduced by this time in OCS and GLOS.
- 4.61. This initiative was very much driven by the Department and the Minister. At the date of the announcement, it was anticipated

72 Simon Recaldin 6th **[WITN09890600]** at [38/126] and **[SUBS0000005]** at [7/28]. However, a claimant who opts to accept a fixed sum offer is not entitled to claim the legal fees paid to the lawyer if they instruct a lawyer to advise upon whether a fixed sum offer should be accepted.

73 **[RLIT0000390]** at [2].

that this option would become available to claimants as from September 2024.

- 4.62. The general election intervened. Nonetheless, following the election the incoming Government decided to honour the commitment made by its predecessor to introduce Fixed Sum Offers in HSS. On 25 July 2024, Minister Thomas gave his approval to the introduction of a Fixed Sum Offer of £75,000 which decision was ratified by the Secretary of State on 30 July 2024.⁷⁴
- 4.63. By the time this announcement was made a very significant number of claims under HSS had already been considered and the majority of those considered had been settled. Further, many of the claimants who had settled their claims had done so for sums less than (and, in some cases, very significantly less than) £75,000. Nonetheless, the Department and the Minister considered it would be unfair to exclude those who had settled their claims from taking advantage of the Fixed Sum Offer. Accordingly, the decision was made that it should be available not just to claimants who

had not settled their claims (either because no offer had been made or because the offer made had not been accepted) but also to those who had settled their claims for a sum less than £75,000 prior to 30 July 2024. The result was that those who had settled their claims for less than £75,000 prior to 30 July 2024 became entitled to receive top-up payments of the difference between £75,000 and the sum previously paid to them.⁷⁵

- 4.64. In all, 1,800 claimants became eligible to receive top-up payments. The process of making these top-up payments began on 9 August 2024. By 11 March 2025, 1,677 had received the payments to which they were entitled, and the Post Office had written to the remaining 123 eligible claimants to remind them of their entitlement.⁷⁶
- 4.65. As of 30 July 2024, there were many hundreds of claimants who had yet to receive any offer in settlement of their claim, and/or had not accepted the offer which had been made to them. Those claimants became entitled to opt for the Fixed Sum Offer.

75 Simon Recaldin 6th **[WITN09890600]** at [7/15] to [7/16].

76 Simon Recaldin 10th **[WITN09891000]** at [5].

- 4.66. It was also in the summer of 2024 that a decision was taken that a letter should be sent to all current and known former postmasters alerting them to the possibility of claiming the Fixed Sum Offer in HSS. Between October and December 2024, a total of 18,528 letters were sent out by the Post Office.⁷⁷
- 4.67. Thousands of claims have been made since those letters have been sent and it is anticipated that many more claims will be made before the scheme closes. All these claimants will be entitled to opt for the Fixed Sum Offer, provided of course, they satisfy the general eligibility criteria for inclusion in HSS.
- 4.68. The Fixed Sum Offer of £75,000 carries with it three features which may be detrimental to claimants.
- 4.69. First, those who opt to accept the Fixed Sum Offer must give up the right of appeal which was contemplated at the time that the Fixed Sum Offer was introduced and has now been created. Second, those claimants who do not accept the Fixed Sum Offer but instead opt for an assessment of their claim

77 Ibid at [5].

cannot change their mind. Once the option of accepting the Fixed Sum Offer is rejected in favour of an assessment of the claim, the claimant is not permitted to withdraw from the assessment process and instead accept the fixed sum. If, at the end of the assessment and the Dispute Resolution Procedure or appeal, the award to the claimant is less than £75,000 the claimant will be bound to accept that award. At one point the Department and its Ministers contemplated the possibility that an assessed award (for those who opted for it after the Fixed Sum Offer was introduced) would never be less than £50,000. However, that possibility has now been rejected.⁷⁸ Third, there is no provision in the scheme which allows a claimant to recover any legal fees incurred in seeking advice about whether to accept a Fixed Sum Offer.

Dispute Resolution, Appeals and a Reviewer

4.70. At paragraph 4.27 above, I described the Dispute Resolution Procedure as it existed at the launch of the scheme. In the current

78 Transcript, 08/11/2024, Gareth Thomas, **[INQ00001204]** at [19/15] to [22/21] and Gareth Thomas 2nd, **[WITN11490200]** at [5/17] to [6/23].

Terms of Reference of the scheme, there is no material change in how the Dispute Resolution Procedure is described. In summary, the procedure envisages two meetings between the claimant and the Post Office. If those meetings fail, a mediation may take place, and if the mediation fails, the claimant may seek an award in the County Court (in the small claims track) or, if the likely award exceeds £10,000, the claimant and the Post Office can engage in arbitration proceedings.

- 4.71. It is worth stressing at this point that the Dispute Resolution Procedure is intended to lead, ultimately, to a decision which binds the claimant and the Post Office either by agreement or by litigation/arbitration as I have just described. Although, as I understand it, a claimant who makes a claim under HSS is not thereby precluded from litigating the claim in the courts (at least prior to any settlement of the claim in HSS). The whole idea is that the scheme will be the vehicle whereby financial redress is delivered to those who are entitled under its eligibility criteria.
- 4.72. It may be that the advent of the Fixed Sum Offer will have rendered redundant, for all practical purposes, the need for the Dispute Resolution Procedure for those who accept

the Fixed Sum Offer. However, those who opt for an assessed offer can avail themselves of the Dispute Resolution Procedure should they be unhappy with the initial and any subsequent offer, which is made to them.

- 4.73. I note, however, that the Dispute Resolution Procedure is silent (and always has been) as to the processes relating to the incurring and recovery of legal costs should a claimant and the Post Office engage in meetings, and/or mediation, and/or arbitration. It may be that the claimant's costs would be recoverable provided they are reasonable.⁷⁹ It may be that the costs incurred by a claimant would be dealt with as part of any mediated settlement should that occur. However, what happens if a mediation takes place, but no settlement is achieved? In the event of an arbitration, it may be that the issue of costs is determined by the arbitrator in accordance with principles normally applicable in a commercial arbitration. In my view, there is a lack of clarity to say the least, as to a number of issues surrounding the payment and recovery of legal costs. Further, Mr Recaldin's written evidence suggested that in arbitration proceedings claimants would be responsible

for one-half of the fees of the arbitrator and that they would be responsible for payment of any legal fees which they incurred, with the implication being that those sums would not be recoverable from the Post Office or the Department.⁸⁰ If Mr Recaldin's evidence is correct on these points it would constitute a significant reason why arbitration would be very unattractive to many claimants.

4.74. On 8 April 2025 the Department announced the launch of the *Horizon Shortfall Scheme Appeals process* ("HSSA").⁸¹ Before describing what has occurred and what is envisaged, it is necessary to explore the relevant background.

4.75. The prospect of an appeal process within HSS has been under consideration since it was recommended by the Advisory Board on 14 June 2023.⁸² I quote from the minutes of the Board:

"10. *They concluded that if the Scheme was to be seen to be fair, individuals who were unhappy about the*

80 See Simon Recaldin 6th **[WITN09890600]** at [32/102].

81 **[RLIT0000613]**.

82 **[RLIT0000250]**.

settlements which they had received needed to have recourse to an assessment which was wholly independent of the Post Office. This should come at the end of the process, on similar lines to the role of the GLO Independent Panel. **They recommended that the Minister should consider how such an appeal process could be introduced. It should focus on assessing whether settlements were fair based on the evidence provided, whilst allowing consideration of elements of a claim which had been missed or not included on the original form.**

11. ...

12. ...

13. The Board was therefore not convinced that the application of existing principles and precedents would lead to consistently fair results. They noted that postmasters who had been prosecuted by the Post Office would receive exemplary

*damages. While such damages were intended to punish the Post Office, they also had the effect of acknowledging the sustained impact which the actions had had on individuals. **They recommended that the appeal process recommended above should put particular weight on securing a fair outcome in respect of the issues described in the preceding paragraphs.***

- 4.76. At its meeting on 25 October 2023, the Advisory Board addressed the issue of whether “a reviewer” should be appointed in HSS to mirror the activities of the reviewer in GLOS.⁸³ The Board’s discussion was in the following context:

“Assuring fairness and consistency between schemes.

3. *The Board’s aim was to ensure fair and prompt compensation for postmasters, including consistency between the HSS, GLO and overturned convictions*

arrangements. It was concerned that the Scheme should not only be fair but be seen to be fair. It had discussed at its June meeting some recommendations to this end which the Department had agreed to consider.”

Following a detailed discussion, the Board reached a number of conclusions. The relevant minute reads as follows:⁸⁴

“13 In conclusion, the Board:

- Appreciated and supported the recommendations made by Sir Ross [Cranston];*
- Took the view that it was essential that compensation was settled quickly, delivering closure to individuals who had suffered from the scandal for many years;*
- Noted the Inquiry’s recommendation that the Board should regularly advise the Minister as to whether full and fair compensation was being paid to applicants under the three schemes;*

but accepted Sir Ross's advice that a full review of the HSS, including sampling of representative number of cases, would take too long and require substantial amounts of money to be spent on lawyers and consultants which would be better directed to postmasters themselves;

- ***Recommended the appointment by government of a Reviewer for the HSS to follow the GLO model.*** *The HSS Reviewer would consider cases which met similar criteria to those which will apply to the GLO Reviewer.*
- ***Recommended that the GLO and proposed HSS Reviewers and the OC Assessor should regularly report to the Department and the Board any systematic concerns about the fairness of the schemes,*** *and believed that such reports represented the most effective way of securing the assurance which the Inquiry had recommended;*
- *Agreed to keep this mechanism under review as it was developed and operated."*

- 4.77. On 12 August 2024, the Minister approved the creation of an *"Appeals Mechanism"*, and, on 9 September 2024, he made an announcement in Parliament to that effect.⁸⁵
- 4.78. When he gave oral evidence to the Inquiry, Minister Thomas was unable to provide any detail as to the criteria which would be used to determine whether a claimant might have a right of appeal. Both Minister Thomas and Secretary of State Jonathan Reynolds, in their oral evidence, informed the Inquiry that such matters would be settled early in 2025.
- 4.79. On 30 January 2025, a further statement in Parliament suggested that the details of appeal rights would soon be forthcoming.⁸⁶ Specifically, the Minister announced that the Department was in the final stages of procuring a legal firm to act as its advisor on appeal cases, and a separate firm to act as the secretariat *"for the scheme's Independent Panel and Reviewer"*. The Minister's announcement continued:

85 Gareth Thomas MP 1st **[WITN11490100]** at [6/23].

86 **[RLIT0000614]**.

"My officials will shortly send to both appellants' representatives and the Advisory Board a draft of detailed principles and guidance. They will ensure that the HSS Appeals Scheme is fit for purpose and provides a satisfactory outcome for affected Postmasters, in line with the Advisory Board's recommendation. They will also establish the eligibility criteria. We will continue to engage both groups on all aspects of the scheme."

- 4.80. The Minister's announcement concluded with his confirmation that the appellants' costs of appealing would be provided for. He expected that the first cases would be *"ready for submission"* in the spring, and that postmasters who were currently engaged with claims in the Dispute Resolution Procedure would be permitted to transfer their claims to *"HSS Appeals"*. A further update was promised *"nearer the time"*.
- 4.81. As I have said the Minister announced the launch of HSSA on 8 April 2025. He intended that it would come into effect from May 2025 and I understand that has happened.

- 4.82. Before describing the main features of HSSA, it is worth making a preliminary point. As things stand currently, HSSA will not replace the Dispute Resolution Procedure. Those claimants who have already invoked the Dispute Resolution Procedure will be invited to proceed under HSSA, but they will have a choice as to whether to do so. As I understand it, the Department intends that HSSA and the Dispute Resolution Procedure will both continue to exist and, in effect, any claimant in HSS who has rejected the offer of redress made by the Post Office may choose whether to pursue the claim in HSSA or in the Dispute Resolution Procedure.
- 4.83. The Department has to date published two documents in which HSSA is explained: they are Horizon Shortfall Scheme Appeals process guidance and principles ("HSSA process guidance and principles") and How to apply to the Horizon Shortfall Scheme Appeals (HSSA) process. What follows is taken from those documents.⁸⁷
- 4.84. A claimant is eligible to appeal in HSSA if one of the following criteria are met:

- A claimant has settled a claim in HSS *“without entering the Dispute Resolution [Procedure]”*.
- A claimant has rejected an initial HSS offer without entering the Dispute Resolution Procedure.
- A claimant has settled a claim in the Dispute Resolution Procedure “before mediation stage without legal advice funded by the Post Office, other than for reasonable allowances to consider the offer”.
- A claimant is within the Dispute Resolution Procedure *“with or without legal advice but not having requested or awaiting a mediation meeting as at the date the appeals process opens”*.
- A claimant is a shareholder or director of a company or a partner in a partnership which has ceased to exist. In the published documentation such a claimant is described as a linked individual and, if

appropriate, such an individual may be offered an ex-gratia payment.⁸⁸

- 4.85. No claimant who has accepted the Fixed Sum Offer of £75,000 may appeal. For the avoidance of any doubt, I infer that this embargo applies to persons who had settled their claims prior to the introduction of the Fixed Sum Offer, but who accepted appropriate top-up payments which brought the sums paid to them to a total of £75,000.
- 4.86. All those who are eligible to appeal (save for one group which I identify immediately below) have nine months in which to appeal from 31 May 2025. For those claimants who are currently within the Dispute Resolution Procedure, but who have not requested, or are not awaiting a mediation meeting, the time period in which to appeal is nine months from the date of the letter which they will receive inviting them to join HSSA.

88 The person receiving the ex-gratia payment will be under an obligation to reach an agreement with any other shareholders, directors or partners as to how any payment is split between them.

- 4.87. A time period of nine months in which to decide whether or not to appeal is, by the standards of litigation, at least, a remarkably generous period in which to make the decision. I say that even allowing for the fact that all relevant information and evidence related to the appeal must be submitted within the same nine-month period.
- 4.88. The *HSSA process guidance and principles* is, in my view, unclear about whether decision makers can extend the time for appealing. At one point in the documentation, claimants are told *"If for any reason there are issues with these timelines being met, email to discuss further."* A few lines later, under the heading **"Making a late claim"**, claimants are informed *"Unfortunately, DBT will not be able to accept any HSSA appeals made after these timescales"*. I interpret that as meaning that the Department may extend the time for appealing provided that any extension is sought before the expiry of the nine-month period. However, a claimant seeks no extension before the expiry of the period and the nine-month period expires, no appeal will be permitted.

- 4.89. HSSA is said to operate on a “best offer” principle. HSSA process guidance and principles provides:

“The process operates on a ‘best offer’ principle, and by entering the Scheme there is no risk of receiving less redress than offered in the HSS Panel Stage. If you are in the [Dispute Resolution Procedure] there is no risk of receiving less redress than the best offer received during [that process].”

- 4.90. At a later point in the same document under the heading ***Referral to an Independent Panel*** the following appears:

“The Independent Panel may make an award which is less than any earlier offer made by DBT for your appeal. DBT will be bound by the Independent Panel’s decision and once the Independent Panel has made its final decision on the offer, you will not be able to return to this earlier offer. However, you will never receive any less than your HSS or DRP offer.”

- 4.91. I should spell out what I believe these passages mean in practice. There may be claimants who have received an offer from

the Post Office (after a recommendation from the independent advisory panel), referred to above as *the HSS Panel Stage*, who have yet to enter the current Dispute Resolution Procedure. There may also be claimants who have received an offer at *the HSS Panel Stage* who have entered the Dispute Resolution Procedure but not yet received an offer in that process. Both those categories of claimants will be able to opt to join the appeal process safe in the knowledge that they will be able to take the offer they have received at *the HSS Panel Stage*, even if they are offered or awarded less in the appeal process. There may also be claimants who have entered the Dispute Resolution Procedure who will have received an offer or offers in that Procedure. They will be able to join the appeal process safe in the knowledge that they will be able to take the best offer received in the Dispute Resolution Procedure, even if they are offered or awarded less in the appeal process. However, there are other possible scenarios which need to be considered, and which are difficult to reconcile with the language set out in the *HSSA process guidance and principles*. I discuss those scenarios at paragraphs 6.93 to 6.96 below.

4.92. Once a claimant is accepted as being eligible to appeal, the process which unfolds is similar to that which occurs in GLOS. I have previously described the main features of the appeal process in GLOS in the Interim Report. (See paragraphs 27 to 68 thereof).⁸⁹ I summarise the proposals for HSS:

- Appeals will be considered by case workers in the Department who will be advised by the Department's lawyers, Addleshaw Goddard LLP.
- The Department may or may not request further information or evidence, but once it is satisfied that there is a sufficiency of evidence, it "will make a fresh assessment" of the case under consideration. If the Department considers that the offer under appeal is too low, it will increase the offer. If the Department agrees with the offer under appeal, it will say so.
- If a claimant is dissatisfied with the Department's conclusion, settlement discussions will occur between the lawyers for the Department and the claimant.

- If those fail, the steps to be followed are as follows. If the Department has declined to increase the original offer, the claim will be referred to an independent panel. If, however, the Department has increased the original offer, the claim may be referred to a panel, but that does not occur automatically. Indeed, the claim is unlikely to be referred if (i) there is no substantial difference between the parties' respective valuations, or (ii) further evidence is required, or (iii) there is no issue on which it would be helpful to obtain the views of the independent panel. I presume that in cases other than the three types described immediately above, there will, in fact, be a reference to the panel.
- An independent panel will be formed of three persons with suitable expertise to consider the issues in a particular case. I assume that the panel will be chaired by a person who is legally qualified. At a hearing before a panel the claimant (no doubt by his/her lawyer if legally represented) *"will have the option to make an oral statement limited to one hour"* during which statement the panel may ask pertinent questions of the lawyer/claimant.

- The panel's decision is binding upon the Department. However, there are two sets of circumstances in which the panel's decision does not bind the claimant. First, if the panel's decision is that the offer made to the claimant by the Department was sufficient (or even that it was too much) but the offer made to the claimant originally by the Post Office was for a greater sum, the claimant is entitled to receive the sum offered by the Post Office. Second, a claimant may seek a review of a panel's decision from "the Reviewer". The Reviewer (an independent senior lawyer) may increase the sum awarded to a claimant by the panel if:
 - (i) There has been a manifest error, procedural irregularity or substantive error of principle in the independent panel's final assessment of the appeal; or
 - (ii) The independent panel's final assessment is substantially inconsistent with the document known as HSSA process guidance and principles.

- 4.93. The document to which I have just referred makes it clear that the main principles and types of loss within the *HSS Consequential Loss Principles and Guidance* will be applied to HSSA, both when the Department is assessing afresh, what offer should be made and when a panel is engaged. Additionally, however, both the Department and the panel must consider "*what is fair in all the circumstances*".
- 4.94. At paragraph 4.73 above, I drew attention to the lack of clarity that I consider exists in relation to the issue of costs incurred by the claimant when pursuing redress in the Dispute Resolution Procedure. Although the Minister announced that the costs incurred by a claimant who appeals would be provided for, there was no details about costs incurred by an appellant in the documents published on 8 April 2025. However, this omission was quickly cured. On 28 April 2025 the Department published the document entitled *Horizon Shortfall Scheme Appeals (HSSA): tariff of reasonable legal costs* in which it was made clear that the Department would meet the reasonable legal costs of an appellant in accordance with the tariffs set out in the document.

Oversight and Governance

- 4.95. I have already provided a brief description of how the Post Office managed HSS in its early years at paragraphs 4.31 to 4.38 above. The Remediation Committee and the Horizon Matters Committee are still the two bodies which routinely provide oversight of the work done by the Remediation Unit in administering and delivering HSS.
- 4.96. Currently, there are two sub-committees of the Horizon Matters Committee which have important roles in relation to HSS. These are the *HSS Panel Recommendations Review Committee* (the “Review Committee”) and the *DRP Decision Committee*.⁹⁰ The Review Committee has the important task of reviewing recommendations made to independent panels by assessors and recommendations made to the Post Office by independent advisory panels where the claims are categorised as exceptional. (See paragraph 4.56 above). Members of this Committee are employees of the Post Office

90 “DRP” is the acronym used by the Post Office for Dispute Resolution Procedure.

and meetings of the Committee are attended by a lawyer from Herbert Smith Freehills. The DRP Decision Committee considers and agrees the approach to be taken by the Post Office when mediation of a particular case is contemplated and agreed. It also lays down the limit of authority for those who engage in a mediation on behalf of the Post Office.

4.97. As I have said already, the Department also exercises oversight of the administration and delivery of HSS. A description of how the process of exercising oversight has evolved can be found in the first witness statement of Mr Creswell at paragraphs 51 to 60. The following is a short summary of the evidence in those paragraphs.⁹¹

4.98. The first step was to form the *HSS Steering Committee* whose members, originally, were employees of the Department, members of the Shareholder Team (who were employees of UKGI) and employees of HM Treasury. Mr Cooper attended the Committee as an observer. This committee has always operated under formal Terms of Reference.⁹²

91 Carl Creswell 1st **[WITN11730100].**
92 **[BEIS0000900].**

Further, its role is clearly defined in an agreement with the Post Office known as the *HSS Operations Agreement with Post Office* (“the Operations agreement”).⁹³ In this volume of my Report, it is unnecessary to describe the terms of the Operation Agreement in any detail. Its effect however, was summarised succinctly by Mr Cooper as being that “*decisions which might have a material financial impact on HSS would require Department approval*”.⁹⁴

- 4.99. The HSS Steering Committee is chaired by Mr Creswell, and it meets regularly. According to Mr Creswell’s evidence (which is not disputed on behalf of the Post Office) the Committee sets the strategic direction for HSS, considers and provides advice and assurance on relevant policy risks and issues, and has the right to consider and approve the approach taken by the Post Office to what are designated as “*exceptional cases*” within HSS – as to which see paragraph 4.56 above. The Committee is supported by a Working Group. This group leads on engagement with members of the Post Office Remediation Unit at an operational level.

93 [UKGI00017881].

94 Thomas Cooper 3rd [WITN00200300] at [9/23].

- 4.100. The HSS Operations Agreement provides for regular departmental monitoring at meetings between departmental officials and Post Office employees. Scrutiny of management information provided by the Post Office takes place in monthly meetings and, on a quarterly basis, meetings take place in order to monitor performance.
- 4.101. In the early years of HSS, Mr Cooper and the Shareholder Team were involved to a significant degree, in providing assistance to the Department in relation to governance issues, operational resourcing and performance monitoring. However, as time has gone by the direct involvement of the shareholder non-executive director and the Shareholder Team has diminished as compared with the involvement of Departmental employees.
- 4.102. In May 2023 Mr Cooper was replaced by Ms Lorna Gratton as the non-executive director representing the shareholder on the Post Office Board. She still fulfils that role. She has described her involvement in HSS in her witness

statement and her oral evidence.⁹⁵ In relation to HSS, four aspects of her evidence stand out. First, in her witness statement she described how analysis presented to the Remediation Committee in July 2023 demonstrated that the offers made to claimants on average were higher if claimants had been represented by lawyers at the time they made their claims.⁹⁶ According to Ms Gratton this prompted the Remediation Committee to recommend that legal representation should be offered to claimants *“up front”*.⁹⁷ Second, both in her witness statement and oral evidence, Ms Gratton expressed the view that the approach of Herbert Smith Freehills to claims was *“legalistic”*, i.e. in some cases their approach appeared to have been that an offer to a claimant should be with a view to achieving an outcome which was the least financially detrimental to the Post Office *“within a range of fair settlement”*.⁹⁸ In her view, a different

95 Lorna Gratton 1st **[WITN11310100]** at [83/179] to [84/181]; Transcript, 7/11/2024, Lorna Gratton **[INQ00001203]** at [38/15] to [42/11].

96 **[WITN11310100]** at [87/187].

97 Ibid.

98 Lorna Gratton 1st **[WITN11310100]** at [87/188]; Transcript, 7/11/2024, Lorna Gratton **[INQ00001203]** at [39/4] to [39/9].

approach was needed along the lines of “*giving the benefit of the doubt to claimants, even if that means a greater payout than one that might result from a hard-fought negotiation in line with a conventional legalistic approach.*”⁹⁹ In Ms Gratton’s view too, Herbert Smith Freehills was prone to argue, unnecessarily, about comparatively small sums of money. Third, Ms Gratton considered the advisory panels to be having a “*positive effect on the resolution of HSS claims*”¹⁰⁰ - an assessment shared with Professor Christopher Hodges OBE.¹⁰¹ Fourth, Ms Gratton was a keen supporter of the introduction of the Fixed Sum Offer in HSS.

4.103. I say now that I found much of Ms Gratton’s evidence persuasive. I should record that her enthusiasm for the Fixed Sum Offer in HSS appears to have been based, at least substantially, upon her view that there should be parity between the Fixed Sum Offer available in GLOS and the Fixed Sum Offer to be made available in HSS. That view was

99 Lorna Gratton 1st **[WITN11310100]** at [87/188].

100 Ibid at [89/190].

101 See Professor Christopher Hodges 1st **[WITN11710100]** at [62/74].

held not just by Ms Gratton. As I understand it, this was essentially the basis for pitching the Fixed Sum Offer in HSS at £75,000.

Possible Further Changes to HSS

4.104. During the course of Phase 7 of the Inquiry, in particular, questions were asked of Ministers, former Ministers, Departmental employees, the current and past Chairs of the Post Office, Mr Read and Mr Recaldin about whether the eligibility requirements of HSS were too narrowly drawn. In particular, the questioning focussed upon the requirement that only those who had or continued to have a direct contractual relationship with the Post Office were eligible for financial redress under the scheme. The suggestion was made to these witnesses that this eligibility requirement was unfair to two groups who may have suffered significant detriment on account of illusory losses generated by Horizon. These groups were (a) family members of postmasters and (b) employees of postmasters.

4.105. This issue was not canvassed in any significant detail during the evidence given about human impact. However, it became more prominent as the Inquiry progressed and, as I have said,

the issue received considerable attention during the oral evidence given in Phase 7 of the Inquiry.

- 4.106. By the close of the oral evidence on 18 November 2024 the standard response to the direct question (*"Are these groups going to be given financial redress in HSS or some other scheme?"*) was the assertion that such matters were under consideration by Ministers. So far as I am aware that remains the position. I discuss these proposed changes further at paragraphs 6.216 to 6.228 below.

The Number and Progress of Claims and the Sums Paid

- 4.107. In the Progress Update, the Chair's Statement and the Interim Report, I provided information about the number of claims made up to midnight on 27 November 2020 and between that date and 27 April 2023. In the Interim Report, I wrote that by midnight on 27 November 2020, the Post Office had received 2,417 claims which satisfied the eligibility criteria of the scheme.¹⁰²

102 First Interim Report: Compensation
17/07/2023 [INQ00002027] at [20/74].

Between 28 November 2020 and 27 April 2023, there had been 263 late claims, 242 of those claims had been assessed for eligibility and 214 had been accepted as satisfying the eligibility criteria.¹⁰³

4.108. In his sixth and eighth witness statements, Mr Recaldin provided further evidence about the number of claims made, whether or not they satisfied the eligibility criteria, the number of offers made, the numbers of offers accepted, the stage at which settlements had been achieved and the number of claims which had been assessed (and which had not been topped-up to £75,000) and which were standard and below threshold.¹⁰⁴ His evidence about all those matters dealt with the position existing on 31 May 2024 and he provided updates in relation to some of the statistics as of 22 August 2024 and 30 September 2024.

4.109. By 31 May 2024, a total of 4,323 claims had been made, which had grown to 4,628 by 22 August 2024, and to 4,817 by 30 September

103 Ibid at [21/81].

104 Simon Recaldin 6th **[WITN09890600]** and Simon Recaldin 8th **[WITN09890800]**.

2024.¹⁰⁵ Of those 4,817 claims, all but 373 had been assessed as satisfying the scheme's eligibility criteria, although, if my arithmetic is correct, there were also 265 claims in which eligibility had not been determined.

- 4.110. The Post Office had made offers to 2,720 claimants by 31 May 2024,¹⁰⁶ and 2,248 claimants had accepted their offers.¹⁰⁷ The figures for 22 August 2024 were 2,751 and 2,282 respectively.¹⁰⁸ By 30 September 2024, the number of claimants who had accepted offers had risen to 2,315. The number of outstanding claims was 1,864.¹⁰⁹
- 4.111. By 31 May 2024 there had been a total of 176 good faith meetings,¹¹⁰ and 53 of the claimants who had engaged in such meetings had accepted an offer made at, or

105 Simon Recaldin 6th **[WITN09890600]** at [4/13] to [5/13] and Simon Recaldin 8th **[WITN09890800]** at [3/11].

106 Simon Recaldin 6th **[WITN09890600]** at [5/13].

107 Ibid.

108 Ibid at [19/53].

109 Simon Recaldin 8th **[WITN09890800]** at [2/7].

110 Simon Recaldin 6th **[WITN09890600]** at [69/187].

subsequent to the meeting.¹¹¹ By the same date there had been 25 escalation meetings and five successful mediations.¹¹² There had been no claims referred to arbitration. No comparable information was made available in Mr Recaldin's evidence for 22 August 2024 and 30 September 2024.

4.112. As of 4 September 2024, the total number of claims included approximately 50 claims from postmasters who had been prosecuted by the Post Office but not convicted of any crime.¹¹³

4.113. Mr Recaldin also provided evidence about the number of claims, settled and outstanding, in relation to the different categories of claims. By 30 September 2024, 505 complex claims, 1,213 standard claims and 597 BAT claims had been settled.¹¹⁴ By the same date, 1,070 complex claims, 791 standard claims and three BAT claims remained outstanding.¹¹⁵

111 Ibid.

112 Ibid at [70/188] and [70/189].

113 Simon Recaldin 7th **[WITN09890700]** at [11/31].

114 Simon Recaldin 8th **[WITN09890800]** at [2/6].

115 Ibid.

It is worthy of some note that 224 of the complex claims which were then outstanding had been submitted to the Post Office in the period 1 May 2020 to 27 November 2020.¹¹⁶

4.114. In his oral evidence on 4 November 2024, Mr Recaldin told me that the number of claims which had been made had risen to 4,971; 397 of those claims had been ruled ineligible and there were 307 claims which had not then been assessed for eligibility.¹¹⁷ By 4 November 2024, the number of offers made to claimants had risen to 2,792, of which 2,341 had been accepted.¹¹⁸

4.115. In the written closing submissions made on behalf of the Department dated 9 December 2024, counsel provided information about claim numbers, offers and acceptances in a slightly different form. By 29 November 2024, 4,802 eligible claims had been submitted; 3,182 offers had been made and 2,545 of those offers had been accepted.¹¹⁹

116 Ibid.

117 Transcript, 04/11/2024, Simon Recaldin, **[INQ00001200]** at [69/22] to [70/9].

118 Ibid at [70/12] to [72/7].

119 **[SUBS0000075]** at [82/217].

That means that offers had been made in about 66% of eligible claims and approximately 80% of those offers had been accepted.

- 4.116. In his written and oral evidence, Mr Recaldin alerted the Inquiry to a development of considerable significance and to which I made reference at paragraph 4.66 above. He explained that the Post Office intended to notify all former and existing postmasters who had not applied to HSS (or any other scheme) that (a) there was a Fixed Sum Offer of £75,000 available in HSS and a simplified process for those who wished to make a claim for payment of that sum; (b) if they considered they were entitled to a sum greater than £75,000, they could submit a claim which would be assessed; and (c) an appeals process was to be introduced. In his witness statement dated 26 March 2025, Mr Recaldin disclosed that in October, November and December 2024, a total of 18,528 such letters were sent out.¹²⁰ By 30 January 2025, the number of claims submitted to the Post Office had risen to 8,583, of which 6,859 had been confirmed as meeting the eligibility

criteria for the scheme.¹²¹ I do not know whether as many as 1,724 claims had been declared ineligible or, more likely, a number of claims had not been considered for eligibility by that date.

- 4.117. I pause, at this stage, to make some observations about the written evidence provided by Mr Recaldin by 4 November 2024 and his oral evidence on that date. First, as many as 4,574 eligible claims may have been received by the Post Office although it was more likely that the accurate figure would be less (by a few hundred) once eligibility checks had been undertaken. Second, offers in settlement had been made in 2,792 of these claims. Third, there may have been no offer from the Post Office in as many as 1,782 claims, although that figure is probably on the high side. Fourth, approximately 83% of those to whom offers had been made had accepted them. However, fifth, if I assume that a total of 4,350 of the claims made by 4 November 2024 satisfied the eligibility criteria¹²², it means that no more

121 Ibid at [3/8].

122 That seems reasonable given the total numbers of claims, the number ruled ineligible and the number yet to be assessed for eligibility.

than about 64% of claimants had received offers. Sixth, there were 2,321 settlements, i.e. claims which had been agreed, and in which the claimants had been paid the agreed sum. Seventh, it follows that there were 471 claims in which payment had not been made, and/or the offer made to the claimant had not been accepted, and/ or the offer had been rejected.

- 4.118. In his oral evidence, Mr Recaldin confirmed that he knew of 319 claims in which offers had been made but there was a dispute between the Post Office and the claimants.¹²³ He did not tell me which staging post within the Dispute Resolution Procedure each disputed claim had reached. He did, however, confirm that no disputed claim had ever been referred to arbitration proceedings.¹²⁴
- 4.119. During the course of his oral evidence, Mr Recaldin readily and unequivocally agreed with the suggestion put to him that the Dispute Resolution Procedure was operating far too slowly. Indeed, in his 7th witness statement he

123 Transcript, 04/11/2024, Simon Recaldin, **[INQ00001200]** at [70/21] to [71/9].

124 Ibid at [116/9] to [116/16].

had foreshadowed this concession by issuing an apology *“for this being a lengthy process”*.¹²⁵

- 4.120. The evidence adduced before me made it clear that at least one of the reasons for the length of the process is the practice, which has apparently become prevalent, of referring disputed issues back to the independent panel after good faith meetings, and/or escalation meetings have taken place (or, for all I know, whenever that seems to be appropriate). Such a practice does not feature in the Dispute Resolution Procedure, and I have not been provided with any convincing justification for this departure from the written Procedure or why this change has come about.
- 4.121. As a consequence of the evidence given as to the progress of claims, and also in the face of continuing complaints made by some claimants as to lengthy delays, earlier this year I caused further requests for evidence to be made to the Post Office pursuant to Rule 9 of the Inquiry Rules 2006.

125 Simon Recaldin 7th **[WITN09890700]** at [40/133] to [41/134].

- 4.122. In a request dated 23 January 2025, I asked for information as to (a) how many disputed claims had been referred to arbitration and (b) how many such claims had been determined by an arbitrator. In his 9th witness statement dated 29 January 2025 Mr Recaldin confirmed that no disputed claim had ever been referred to arbitration.¹²⁶
- 4.123. In a further and much more detailed request dated 13 February 2025, the Post Office was asked to provide evidence about the numbers of resolved and unresolved claims by reference to the time periods in which they were first submitted to the Post Office. The request was made because I was very anxious to understand not just how many contentious or potentially contentious claims remained unresolved, but also, when they were first submitted. I was anxious too, to identify the stage which unresolved claims had reached in the current Dispute Resolution Procedure.
- 4.124. The relevant evidence as of 30 January 2025 was as follows:¹²⁷

126 Simon Recaldin 9th **[WITN09890900]** at [2/6].

127 Simon Recaldin 10th **[WITN09891000]**.

Claims submitted on or before 27 November 2020

4.125. 2,479 claims had been submitted, and 2,349 claims had been determined as eligible.¹²⁸ I assume that there are now no outstanding eligibility issues given the length of time since the claims were submitted. Offers in settlement had been made in 2,340 claims and accepted in 2,032. Accordingly, the Post Office had made no offers in nine claims and its offers had been rejected or remained unaccepted in a further 308 claims. 210 of these outstanding claims were "*complex*" and 104 claims were categorised as "*standard*". A total of 203 of these claims had reached the Dispute Resolution Procedure. All of them, bar five, were at a meeting stage, i.e. either at the stage of a "*good faith meeting*" or at the stage of an "*escalation meeting*". Only three claims were at the stage of a mediation, although in total, seven claims had been resolved by mediation at some point.

128 This figure does not correspond, exactly, with the information provided to me at the hearings which preceded the Progress Update.

Claims submitted between 28 November 2020 and 31 December 2023

4.126. 508 claims were submitted, and 450 claims were considered eligible. Again, I assume that all eligibility issues have been determined given the time that has gone by since the claims were submitted. Offers in settlement following assessment had been made in 397 claims and there had been 288 acceptances. 105 complex claims were unresolved and there were 41 standard claims which were also unresolved. 88 claims were being dealt with in the Dispute Resolution Procedure, and all those claims were at a meeting stage. There were no claims which were the subject of mediation and no claims from this period had ever been mediated.

Claims submitted between 1 January 2024 and 31 July 2024

4.127. 1,553 claims were submitted, and 1,288 claims satisfied the eligibility criteria. I acknowledge that there may be a small number of claims in which eligibility issues remain, but I doubt whether it is a significant number. 158 claimants had received an offer following assessment, and 104 of those claimants had accepted

their offers. 465 complex claims and 276 standard claims remained unresolved. There were 12 claims within the Dispute Resolution Procedure, and all those claims were at the meeting stage. There were no mediations.

Claims submitted between 1 August 2024 and 30 January 2025

- 4.128. 4,043 claims were submitted, and 2,772 claims had satisfied the eligibility criteria by 30 January 2025. Offers in settlement following assessment had been made in eight claims, of which two had been accepted. 125 complex claims and 166 standard claims were awaiting resolution.
- 4.129. It was in this period of course, that Fixed Sum Offers became a reality. In a footnote to paragraph 8 of his 10th Witness Statement, Mr Recaldin explained that by 27 February 2025, the Post Office had received 5,359 claims seeking to accept the Fixed Sum Offer.¹²⁹ Of those, offers of the Fixed Sum had been confirmed in 2,283 claims and acceptances had been confirmed in 1,712 of those claims.

129 Simon Recaldin 10th **[WITN09891000]** at [5/FN7].

- 4.130. There were no claims from this period in the Dispute Resolution Procedure.
- 4.131. Finally, I should report that Mr Recaldin provided evidence as to the period of time which has typically elapsed between entry into and exit from the Dispute Resolution Procedure. The average time for all claimants has been 69 weeks. However, on average, 62 weeks would elapse between entry into the Procedure and the completion of the good faith meeting process.
- 4.132. The picture which emerges from Mr Recaldin's 10th Witness Statement is that there are large numbers, still, of standard and complex cases which remain unresolved. There are 780 complex cases and 421 standard claims which were submitted between the launch of HSS and 31 July 2024. As Mr Recaldin frankly acknowledged during the course of his oral evidence, the ability of those administering HSS to cope with the flood of claims which has been received in recent months is wholly dependent upon a very significant percentage of those claims being resolved by the Fixed Sum Offer.

4.133. As of 30 April 2025, there have been a total of 9,437 eligible claims submitted in HSS.¹³⁰ According to the information published on GOV.UK, 6,644 offers have been made, and 5,812 offers have been accepted (of which 5,725 have been paid). A total of £507m (made up of full and final awards and interim payments) had been paid out to claimants. Of that sum, £240m had been paid in Fixed Sum Offers and top-up awards. By 2 December 2024 the Post Office had paid £67m to Herbert Smith Freehills.¹³¹

Survey Evidence

4.134. HSS has attracted a much larger number of claimants than the other schemes with which the Inquiry is concerned. Yet comparatively, few of these claimants are Core Participants.

4.135. In these circumstances, it seemed to me to be essential that I should commission a survey so as to gather evidence from claimants in HSS about how they viewed the scheme. *YouGov* were appointed and it carried out its research between 18 July and 15 August 2024.

130 [RLIT0000620] at [6].

131 [RLIT0000599] at [1].

4.136. In September 2024, *YouGov* presented two written reports to the Inquiry – its main report and an addendum which was written in response to specific questions raised on behalf of Core Participants.¹³² On 23 September 2024, Mr Gavin Ellison gave oral evidence about the contents of the reports. Mr Ellison is the Head of Public Sector and Not for Profit Research at *YouGov*, and he has approximately 25 years of relevant experience. A team headed by Mr Ellison worked with members of my team to produce a questionnaire which was sent to persons who had made claims in HSS. As of July/August 2024, the *YouGov* team had identified 3,476 eligible claimants. The questionnaire was sent to them all with a request that they complete it.

4.137. A total of 1,430 claimants completed the questionnaire in its entirety and submitted the same to *YouGov*.¹³³ It follows that the percentage of claimants completing the questionnaire exceeded 40% of those who had been canvassed. Mr Ellison's oral

132 **[EXPG0000007]** and **[EXPG0000009]**.

133 The questionnaire was partially completed by 53 claimants.

evidence was that such a response rate was statistically significant. To use his words:

*“The response rate to the HSS Applicant Survey is very strong, I would say to get anywhere near 50% of those invited is very strong.”*¹³⁴

4.138. The important themes to emerge from the survey were as follows.

4.139. 24% of claimants submitted claims on or before 27 November 2020 and 39% of claimants submitted their claims after October 2022.¹³⁵ 74% of the claimants received no support from anyone prior to submitting their claims. A small percentage of the claimants (9%) received legal advice before submitting claims, although a slightly higher percentage received legal advice at some stage in the application process.

134 Transcript, 23/09/2024, Gavin Ellison, **[INQ00001185]** at [7/8] to [7/11].

135 In paragraphs 4.139 to 4.146 the word “claimants” means those claimants who responded to the questionnaire unless I say otherwise in the text.

- 4.140. 47% of claimants expressed the view that it had been hard to understand the scheme. 20% of claimants that responded found it easy to understand the scheme, and 30% found it neither easy nor hard. 57% of claimants found it hard to complete the questionnaire compared with 16% who found it easy and 25% who *"were in the middle"*.¹³⁶
- 4.141. 39% of claimants valued their claims at less than £20,000. 73% of these claimants received an offer from the Post Office which was identical to their own valuation of their claims. Among those claimants valuing their claims at between £20,000 and £60,000, 37% received an offer from the Post Office which was identical to their claims. 8% of claimants with claims of between £20,000 and £60,000 received an offer which was higher than their own valuation. 16% of the claimants valued their claim at more than £100,000. For claimants in this category, about 26% received an offer from the Post Office which was equivalent to the claim which they had presented. Overall, the survey results established that the higher the claimant's valuation of a claim, the less likely it would

be that the Post Office would make an offer which was the same as the claim submitted.¹³⁷

- 4.142. The vast majority of the claimants reported that they had not made an application for an interim payment. A significant percentage (34%) were not aware that they were entitled to make such a claim.
- 4.143. As I have indicated, the Fixed Sum offer of £75,000 was first announced in March 2024, i.e. about four months before the launch of the survey. 39% of claimants indicated that they would accept the Fixed Sum Offer if it were available to them. Claimants were asked how satisfied or dissatisfied they were with the Fixed Sum payment option: they were given a number of options from “*very satisfied*” to “*very dissatisfied*”. Of those who had indicated that they would make an application for a Fixed Sum payment, 36% expressed themselves as satisfied with the process as opposed to 29% who were not.
- 4.144. 51% of the claimants had received an offer from the Post Office, 49% had not. The vast majority of the persons who had received an

137 Ibid at [49/100].

offer had accepted it in full (87%) and a further 5% had accepted individual components of the offer which had been made. However, a total of 59% of the claimants who had accepted their offers expressed themselves to be very dissatisfied or fairly dissatisfied with the amount they had been offered. A mere 15% of those who had accepted the offer did so because they were satisfied with the offer.

4.145. 49% of the claimants who had received an offer were either very dissatisfied or fairly dissatisfied about the amount of information which had been provided about the offer and how it had been determined. 52% of those claimants were either very dissatisfied or fairly dissatisfied with the length of time between the making of a claim and the receipt of an offer.

4.146. A section of the questionnaire explored overall perceptions of the scheme. A total of 49% of the claimants were very or fairly dissatisfied with the scheme overall, whereas 12% of claimants were very or fairly satisfied. 48% of claimants were either very or fairly dissatisfied with the time it took from submitting a claim to the receipt of an offer.

That was almost five times the percentage of claimants (10%) who were either very or fairly satisfied with the time lapse between making the claim and receipt of offer.

4.147. Finally, I note that the Executive Summary to the Main Report included a paragraph relating to suggested improvements to HSS. It read as follows:

“When asked what could be improved about the Scheme, there were three main themes: speed / efficiency; communication and transparency; and fairness and compensation. There was a sense of the process was too long, with a lack of transparency – for example the cause of certain delays or information about how cases were progressing. Some applicants surveyed believed that the amount of compensation received or offered was not sufficient, in particular to compensate for additional stress caused. However, other applicants appreciated that the Scheme meant that POL acknowledged their fault, brought the issues to light, and was an avenue to receive some compensation.”¹³⁸

c. The Overturned Conviction Scheme - OCS

4.148. There are currently 111 persons whose convictions have been quashed by the courts who have made claims for financial redress under OCS. There are three persons who were prosecuted by the Post Office but not convicted of any crime who have made claims/indicated that they propose to make claims.¹³⁹ In the very unlikely event that any other persons seek to obtain redress under

139 The evidence available to me about this comes from three sources. In his 7th Witness Statement **[WITN09890700]** at [12/34] Mr Recaldin raised the possibility that there may have been 8 such persons. In his 10th Witness Statement **[WITN09891000]** at [7/10], Mr Recaldin specified that there are two eligible claimants in that category. In his 11th Witness Statement **[WITN09891100]** at [2/8] he specified that there are three eligible claimants. I have taken the last of his statements to be accurate.

this scheme the claim will be dealt with under the merged OCS/HCRS schemes.¹⁴⁰

22 July 2021 to 17 July 2023

4.149. On 22 July 2021, the Minister announced that interim payments of £100,000 would be paid to persons whose Horizon-related convictions were quashed by the courts. That was approximately seven months after the convictions of six persons had been quashed at the Southwark Crown Court, following prosecution and conviction in Magistrates Courts in England, and three months after the convictions of 39 persons prosecuted in Crown Courts in England and

140 The quashing of convictions by the courts is now extremely unlikely given the coming into force of the Post Office (Horizon System) Offences Act 2024 and the equivalent legislation in Scotland. However, there remains a possibility that there are still persons who were acquitted of criminal offences in the courts who are eligible to claim under OCS who have not yet done so.

Wales were quashed in the Court of Appeal (Criminal Division).¹⁴¹ On the same day that the Minister made his announcement, a funding agreement was concluded between the Department and the Post Office (the “July funding agreement”) to the effect that funds would be made available to the Post Office to make interim payments to those whose convictions had been or would be quashed.¹⁴²

4.150. In August 2021, the Department set up the Post Office Overturned Convictions Board (the “Overturned Convictions Board”) with a view, no doubt, to that Board overseeing the making of interim payments by the Post Office amongst its other functions.

4.151. Between August 2021 and the publication of the Progress Update (15 August 2022), interim payments were made promptly to all the persons whose convictions had been quashed with three exceptions to which I return to at paragraphs 4.165 to 4.168 below.

141 See the judgment of the court in *Josephine Hamilton and others v Post Office Limited* [2021] EWCA Crim 577.

142 **[POL00448914]**.

- 4.152. The Board constituted by the Department in August 2021 was chaired by Mr Creswell. Its other members were a deputy chair, officials who were members of the Department's financial and legal teams, a non-executive director of the Department and the member of the Post Office Board who was also an official within UKGI.¹⁴³ It has remained in existence ever since although its name and membership has changed. Currently, it is known as the Horizon Redress Convictions Board, and it is still chaired by Mr Creswell.
- 4.153. In December 2021 the Minister announced that the Department would fund full and final settlements for those whose convictions had been quashed by the courts. A further agreement (the "December funding agreement") was concluded between the Department and the Post Office which underpinned the Minister's announcement.¹⁴⁴ At this early stage however, there was no voluntary remediation scheme in being such as HSS. Rather, it was anticipated that as each claim for a final settlement was submitted to the Post Office, a negotiation would take

143 **[UKGI00049063].**

144 **[POL00448915].**

place between the claimant and the Post Office which would result either in a binding settlement or, if no settlement was achieved, formal dispute resolution or litigation.

- 4.154. In December 2021, when the Minister made his announcement relating to funding of full and final settlements, no indication was given about whether the Department or the Post Office would re-imburse claimants the legal fees, if any, incurred in making their claims. However, on 31 May 2022, in written submissions made to the Inquiry in advance of the hearings which took place in July 2022, the Department confirmed that claimants who engaged lawyers to act for them in making claims would be able to recover reasonable legal fees.¹⁴⁵
- 4.155. The December funding agreement was not confined exclusively to claimants who had been convicted, and whose convictions had been or would be quashed. It also made provision for the funding of offers in settlement to claimants who had been prosecuted for Horizon-related offences, but who had not

145 **[BEIS0000899]** at [7/22] to [7/24].

been convicted. Such persons were eligible to make a claim under OCS provided that they could demonstrate that had they been convicted their convictions would have been quashed under the principles which were formulated in the judgment in *Hamilton and others* in the Court of Appeal. As of December 2021, however, there was a lacuna. Financial redress under OCS was available to claimants in the Group Litigation who had been convicted of criminal offences because their right to bring proceedings for malicious prosecution had been reserved, specifically, under the Group Litigation Settlement Deed. However, no right to bring proceedings for malicious prosecution had been reserved in the Deed for those claimants in the Group Litigation who had been prosecuted but not convicted, in the Crown Court or in the Magistrates' Court. Accordingly, a claimant in the Group Litigation who had been prosecuted for, but not convicted of criminal offences, did not fall within HSS or OCS.¹⁴⁶

146 Fortunately, this lacuna was short-lived because an announcement heralding the development of GLOS was made in March 2022. See, too, paragraph 3.194 above in respect of Ms Hazzleton.

- 4.156. Notwithstanding the Minister's announcement of the possibility of full and final settlements in December 2021, no such settlements occurred during the six months that followed. Indeed, in the whole of the period of July 2021 to July 2022 very few claims seeking full and final settlements were submitted by claimants to the Post Office.¹⁴⁷
- 4.157. In an effort to encourage fruitful negotiations to occur, the Post Office and the Department agreed that claimants could present claims for non-pecuniary and pecuniary losses separately, i.e. that such losses could be assessed in entirely separate processes.
- 4.158. The process of assessing non-pecuniary losses was the first to take off. One of the sticking points to achieving settlements in the early rounds of negotiations between claimants and the Post Office, was that the claimants and their lawyers on the one hand, and the Post Office and Herbert Smith Freehills on the other viewed appropriate sums for

147 Compensation Progress Update 15/08/2024
[INQ00002032] at [26/96] – 11 claims in total
in various stages of quantification.

non-pecuniary losses very differently. Accordingly, in June/July 2022, Hudgell Solicitors, who were then acting on behalf of the majority of claimants who qualified for redress under OCS, and the Post Office, agreed that Lord Dyson, a former Justice of the Supreme Court, would undertake what they termed “*a neutral evaluation*” of the likely awards which a court would make for non-pecuniary losses, assuming that the court was considering claims for malicious prosecution in civil litigation.¹⁴⁸ From the cohort of persons whose convictions had been quashed by July 2022, 10 case studies were provided to Lord Dyson so that he could offer an opinion of the likely awards for non-pecuniary losses over a range of different factual circumstances. Lord Dyson produced his evaluation on 29 July 2022.

- 4.159. Although Lord Dyson’s evaluation did not bind either the claimants or the Post Office, it is hardly a surprise that it was treated with the considerable respect which it deserved. A process began whereby the Post Office and the claimants sought to agree awards for non-pecuniary loss, and, in a number of instances, agreements were reached.

4.160. In the months immediately following Lord Dyson's evaluation, no offer in respect of non-pecuniary losses could be made to a claimant unless it was approved by the Overturned Convictions Board. In the first instance, the Post Office (no doubt in reliance upon advice from Herbert Smith Freehills) would determine the offer to make in an individual case but then seek approval from the Board to make that offer.

4.161. It is worth pausing at this stage of the narrative to note that one of the incidental consequences of Lord Dyson's neutral evaluation was an agreement between the Department and the Post Office that interim payments would be increased from £100,000 to £163,000.¹⁴⁹ Those claimants who had already received an interim payment of £100,000 received a top-up payment of £63,000, so that they would be aligned with those receiving interim payments from November 2022 onwards.

149 The agreement was approved and implemented in November 2022. See **[SUBS0000009]** at [11/28].

- 4.162. As the number of claims for financial redress in respect of non-pecuniary losses grew, so it became apparent that some of the claims had features which the Department, and/or the Post Office regarded as exceptional. In October 2021 the Post Office and the Department reached an agreement known as the *Overtured Convictions Operations Agreement* (the “Convictions Operations Agreement”).¹⁵⁰ This Agreement, thereafter, was refreshed on a number of occasions. The version which was extant from October 2022 included provisions having the effect that some claims would be treated as exceptional either in whole or in part. In relation to such exceptional claims, no offer could be made to a claimant unless the offer was approved by the Overtured Convictions Board. However, as from the conclusion of the agreement, offers in non-exceptional cases could be made by the Post Office without approval from that Board.
- 4.163. Between July 2022 and April 2023 some progress had been made in reaching binding agreements between claimants and the Post Office in respect of non-pecuniary losses.

At the hearing which I convened on 27 April 2023, I was told that the Post Office had received 69 claims relating to non-pecuniary losses and that binding settlements had been achieved in 55 of those claims. Unfortunately, however, very little progress had been made in reaching settlements in respect of claims for pecuniary losses by that date. I was told that there had been 11 fully particularised claims of which four had been settled.

- 4.164. The lack of meaningful progress towards settlements involving pecuniary losses, two years on from the quashing of the convictions of 39 appellants in the Court of Appeal, and 30 months after the quashing of the convictions of six appellants at the Southwark Crown Court, was a source of some anxiety on my part. In the Progress Update, I had urged all involved in OCS to engage in contingency planning as to how disputes in relation to financial redress would be resolved if negotiations between claimants and the Post Office failed to produce settlements.¹⁵¹ I had repeated the view that contingency planning was necessary in the Chair's Statement and

151 Compensation Progress Update 15/08/2024
[INQ00002032] at [7/8.5].

drew attention to the view I had expressed in the Progress Update in the Interim Report.¹⁵² Yet it was only in early 2023 that work began on formulating principles which would govern the determination of claims for pecuniary losses and, essentially, the whole of that year would go by before such principles were finalised.

Refusal of Interim Payments

- 4.165. On 11 December 2020 the conviction(s) of Mr Vipinchandra Patel were quashed at the Southwark Crown Court. At the same Crown Court on 14 May 2021 the conviction(s) of Mr Parmod Kalia and Mrs Oyeteju Adedayo were also quashed. Yet when they submitted claims to the Post Office for interim payments of £100,000 their claims were rejected. That was said to be justified “*on public interest grounds*”.
- 4.166. At the hearings at the Crown Court, the Post Office had conceded that the convictions of these claimants should be quashed.

152 Chair’s Statement on issues relating to Compensation 09/01/2023 **[INQ00002033]** at [11/35]; First Interim Report: Compensation 17/07/2023 **[INQ00002027]** at [29/120].

The Post Office maintained however that their concession to that effect in each case was not founded upon an acceptance that the grounds of appeal were likely to succeed. Rather, the Post Office justified its position by the following reasoning. An appeal to the Crown Court by a person convicted by a Magistrates Court is by way of re-hearing. Necessarily therefore, a contested appeal hearing involves the calling of all the evidence said to prove the convicted person's guilt. In the cases of Messrs Patel and Kalia and Mrs Adedayo, many years had gone by since the conviction of the three appellants and they had long since served their sentences. Accordingly, so it was said, it was not in the public interest for a re-hearing to take place with all the time, trouble and expense that would result.¹⁵³

- 4.167. As is clear from the Progress Update, I had considerable reservations about the fairness of the approach which the Post Office adopted in respect of these three claimants' applications

153 For a fuller explanation of the rationale see Simon Recaldin 7th Witness Statement **[WITN09890700]** at [12/35] and **[POL00333298]** at [3/8] to [4/11].

for interim payments. My reservations were not removed when I discovered that the Post Office's refusal to make interim payments to the three individuals had been sanctioned by the Post Office Board and, had in effect, been endorsed by the Department by virtue of the salient terms of the July funding agreement.¹⁵⁴

4.168. To this day, I have never been convinced that the refusal of interim payments to these three individuals was justified. My sense of unease was heightened when I discovered that the Post Office was prepared to participate in a mediation of the claims made by the three with a view to reaching a full and final settlement. That mediation occurred in December 2022, and in two cases a settlement was reached.¹⁵⁵ However, as will become apparent this was not the end of the story. (See paragraph 4.180 below).

154 **[POL00448914]** at [2].

155 These two settlements are two of the four settlements in which pecuniary losses were finalised prior 27 April 2023.

17 July 2023 to the present time

4.169. As I have already alluded to, much of 2023 seemstohavebeentakenupwithnegotiations between those acting for claimants, the Post Office and the Department with a view to concluding principles which would be used to guide the assessment of pecuniary losses. A document known as the *Pecuniary Principles* was largely completed by October 2023. It was finalised on 22 January 2024 and communicated to all the legal representatives of the Claimants on 5 February 2024.¹⁵⁶ In Mr Recaldin's words, the finalisation of the principles occurred "*following an extensive feedback process and multiple iterations of the principles which was a necessarily time-consuming process*".¹⁵⁷ Since 5 February 2024, the process for assessing pecuniary losses has become much more akin to a formal remediation scheme. It should be noted however, that neither Lord Dyson's neutral evaluation nor the Pecuniary Principles were made public at the time they first came into

156 Simon Recaldin 7th **[WITN09890700]** at [28/78].

157 Ibid.

existence.¹⁵⁸ As I understand it, that was a choice made jointly by the claimants and the Post Office.

Fixed Sum Offers

4.170. It was during the apparently tortuous negotiations which were occurring over the principles relating to pecuniary loss in 2023 that consideration was first given to the possibility of making fixed sum offers in full and final settlement of claims under OCS. By this time, everyone involved in the process of negotiating settlements, as well as those overseeing it, was becoming increasingly frustrated with the slow progress being made. Accordingly, on 18 September 2023 the Minister announced that claimants whose convictions had been quashed by the courts would be able to accept the sum of £600,000 in full and final settlement of all their claims.¹⁵⁹

158 The substance of the neutral evaluation and the pecuniary principles were revealed once HCRS came into being.

159 The fixed sum offer of £600,000 was and is not open for acceptance by claimants who were prosecuted but not convicted – see Simon Recaldin’s 11th Witness Statement **[WITN09891100]** at [2/FN3].

- 4.171. If claimants wish to accept the Fixed Sum Offer, the process is (and always has been) straightforward. They indicate a willingness to accept the fixed sum; thereafter, they conclude a settlement deed with the Post Office and payment of £600,000 is made to the claimant (usually within seven to 10 days of the settlement deed being concluded) less any partial settlement sum or interim payment already received.
- 4.172. If claimants consider that the fixed sum option is unacceptable, they opt to have their claim assessed. However, once that option is chosen the claimant loses the right to accept the Fixed Sum Offer.¹⁶⁰

Assessed Claims

- 4.173. A claimant who opts for assessment must submit a particularised claim for non-pecuniary losses or pecuniary losses, or both. The claim submitted will then be assessed by the Post Office and their legal advisors and, if it is categorised as exceptional, by the Horizon

160 Claimants receive a letter setting out the options and the process. **[POL00448913]** at [4/6.2].

Redress Overturned Convictions Board (the “HR Board”). Once the process of assessment is complete, Herbert Smith Freehills will make an offer to the Claimant on behalf of the Post Office. Further negotiations may then ensue. It is open to claimants to accept the Post Office assessments in respect of certain heads of loss but reject assessments for other losses. If that happens partial settlements may be achieved. The aim is to settle all heads of claim by negotiation. Inevitably however, given the complexities involved in many of these claims, there is, and always has been, a need for a process beyond negotiation to cater for those claims which cannot be resolved simply by a negotiation carried out between the claimants and their legal advisors, and the Post Office and HSF.¹⁶¹

- 4.174. From its inception in 2021 to late 2023, no such process existed. By that I mean that there was no process internal to OCS which could be used by a claimant or the

161 There is a separate document setting out, in detail, the process for pecuniary claims, **[POL00448916]**.

Post Office to resolve disputes.¹⁶² However, as the process of agreeing principles for assessment of pecuniary loss was reaching its conclusion, so the Minister and the Department were actively considering whether an independent advisory panel should be constituted, which would have a clearly defined role in determining payments for pecuniary loss. In October 2023, Sir Gary Hickinbottom was nominated to chair such a panel and in February 2024, he was formally appointed as the chair of the *Post Office Overturned Convictions Independent Pecuniary Loss Assessment Panel* (the “Pecuniary Loss Panel” or just “IAP”). Sir Gary is a former judge of the Court of Appeal. He has extensive experience of assessing compensation in all kinds of disputes, both as a practitioner and as a judge. On any view, he is eminently suited to the task of chairing the IAP. The Panel has two other members; they are Mr Michael Harper, an expert in accountancy, and Mr Stephen Bassett, a retail expert.

162 It remains the case that there is no internal process for resolving disputes about non-pecuniary loss.

- 4.175. Decisions made by the Pecuniary Loss Panel do not bind the claimants and the Post Office. In the event that a panel decision is not accepted, (either by a claimant or the Post Office or both) the only way forward for the parties is formal dispute resolution, i.e. mediation or, as a last resort, arbitration or litigation.
- 4.176. As I have indicated, the costs incurred by a claimant in pursuing a claim under OCS are paid by the Post Office (albeit funded by the Department). Given that the sums at stake for pecuniary loss can be very substantial, and the work necessary to formulate and promote claims can be significant, there is a clear possibility of disputes arising as to the fees charged by claimants' lawyers. In consequence, Mr Peter Hurst, formerly Senior Costs Judge at the Royal Courts of Justice, was appointed as a Costs Adjudicator in respect of disputes arising in relation claimants' lawyers' fees. His appointment continues. His responsibility is to resolve the issue of the costs to be paid to the legal representatives of Claimants should a dispute arise. My understanding is that any costs decisions made by Mr Hurst (or, for that matter, by Sir

Gary and/or the panel which he chairs) are binding upon the claimants and the Post Office.

- 4.177. There is currently one disputed claim for pecuniary loss which has been referred to the Panel. By 31 March 2025 this dispute had not been determined.¹⁶³ However, I now understand that the Panel made an assessment in respect of the issue brought before them (the evaluation of loss of opportunity) on 17 April 2025. As of 13 May 2025 (when Sir Gary provided a report to the Department in relation to the work of the Panel) the claimants and the Post Office were using the assessment to negotiate a settlement.¹⁶⁴ Further, it was hoped that the assessment, or a suitably redacted summary, would be made public at some point so that it could be used to assist settlements in other cases in OCS and the other schemes. At paragraph 6 of his report, Sir Gary described how the panel had received written representations from a variety of parties and that oral submissions had also been permitted at the hearing.

163 Simon Recaldin 10th **[WITN09891000]** at [6/9] Table at paragraph 9; Simon Recaldin 11th **[WITN09891100]** at [4/12] and [4/FN5].

164 **[POL00462749]**.

- 4.178. Although progress in bringing claims before the IAP may have been slow, Sir Gary has been active in managing cases. He has very considerable experience in the case management of civil cases, and all the oral and written evidence received by the Inquiry confirms that Sir Gary's case management expertise has done much to encourage, and even drive, Claimants and the Post Office towards satisfactory settlements or partial settlements in a number of instances.
- 4.179. Just as with non-pecuniary losses, the Post Office and the Department distinguish between exceptional and non-exceptional claims when assessing redress for pecuniary losses. The HR Board remains the ultimate decision maker in respect of offers to be made in claims for pecuniary loss which are classed as exceptional. As from May 2024, the Department has delegated decision making to the Post Office in relation to the offers to be made in non-exceptional cases.

Interim Payments

4.180. In September 2023, two additional persons whose convictions had been quashed at the Southwark Crown Court, namely Ms Elaine Hood and Mr Amer Hussain, were refused interim payments on so-called “*public interest*” grounds. However, no doubt as part of the response to the furore generated by the drama *Mr Bates v The Post Office*, the impending legislation to quash convictions, and the likely terms of the redress scheme for those whose convictions would be quashed by legislation, the Post Office and the Department had a change of heart.¹⁶⁵ By letters dated 24 January 2024 the five persons who had been refused interim payments were informed that their claims would henceforth be treated in exactly the same way as all other persons whose convictions had been quashed by the courts or by the legislation that was about to be enacted. In practice, that meant that they would be eligible for all interim payments available to all persons whose convictions had been quashed, and they could choose between the Fixed Sum Offer and having their claims assessed.

165 Simon Recaldin 7th [WITN09890700] at [13/37].

4.181. On or about 31 July 2024, the interim payment available to claimants was increased to £200,000.¹⁶⁶ This increase was approved so as to achieve consistency with the interim payment which would be available in HCRS, as to which see paragraph 4.238 below. I also understand from Mr Creswell's written evidence that interim payments are increased to £450,000 upon receipt of fully particularised pecuniary loss claims.¹⁶⁷

Governance Changes Concerning OCS

4.182. On 3 March 2025, the Minister announced that all postmasters whose convictions had been quashed (whether by a court or the 2024 Acts) would have their claims administered by the Department. The Post Office would have no decision-making role in the scheme and it would cease to administer or deliver financial redress. The press release issued by the Department explained that, following a three-month transitional period, the HCRS would broaden its scope to take on responsibility for the administration and delivery of redress to those claimants whose convictions had been

166 Carl Creswell 1st **[WITN11730100]** at [27/64].

167 bid at [12/27.6].

quashed by the Courts.¹⁶⁸ In consequence, as I understand it, as from 3 June 2025 there will be one scheme, to which I refer sometimes as “*the merged scheme*”, which will administer and deliver financial redress to all persons whose conviction have been quashed. I consider the significance of this change at paragraphs 6.191 - 6.194 below.

The Number and Progress of Claims and the Sums Paid

4.183. As of the date of the Progress Update, the convictions of 81 persons had been quashed. That number had risen to 83 by 8 December 2022 and to 86 by 27 April 2023. As I have already said, the number of persons whose convictions have been quashed by the Courts now stands at 111 and that number will, in all probability, remain unaltered given the passing of the 2024 Acts. There are currently three eligible claims by persons who were prosecuted but not convicted so that the total number of eligible claimants stands at 114.

4.184. What progress has been made in resolving the claims of these 114 claimants? Before I

attempt an answer to that question, some introductory remarks are necessary.

4.185. A close examination of the statistics presented by Mr Recaldin in his witness statements and oral evidence shows that they do not always match the statistics published by the Department on the GOV.UK website. That being so, I have proceeded on the basis that the statistics provided by Mr Recaldin are correct. Accordingly, when I set out statistics in the paragraphs which follow, I am referring to those provided to me in evidence by Mr Recaldin, as opposed to those which have been published by the Department on the GOV.UK website. There is however, an exception to that general rule. If the only source of statistical information is that which appears on GOV.UK, I have accepted that as accurate. By way of example, statistics about OCS were recently published on GOV.UK as of 30 April 2025. I have assumed those statistics to be accurate. If I rely upon statistics published on GOV.UK in the paragraphs which follow I will say so.

4.186. With those introductory remarks, let me address the question which I posed in paragraph 4.184 above.

- 4.187. Between August 2022 and 30 April 2023, i.e. in the period immediately following Lord Dyson's Neutral Evaluation, 53 claims for non-pecuniary losses were settled. By 28 August 2024, 77 claims for non-pecuniary losses had been settled (although that figure includes those claimants who had by then, opted to accept the Fixed Sum Offer of £600,000).
- 4.188. It follows from the above that 34 persons whose convictions had been quashed had made no claim for non-pecuniary losses by 28 August 2024. By that, I mean that although these persons had been accepted as eligible to make a claim in OCS, they had for whatever reason, decided against submitting a claim in respect of any of their non-pecuniary losses. That said, all of them would have received, or would have been entitled to receive interim payments totalling £200,000.
- 4.189. Claims in respect of pecuniary losses have been very slow to materialise. The first particularised claim for pecuniary losses was received by the Post Office in or around November 2021. By February 2023, the number of pecuniary loss claims received had risen to eight. A handful of additional claims for pecuniary losses were submitted during 2023 and 2024.

- 4.190. During the course of his oral evidence on 4 November 2024, Mr Recaldin told me that full and final settlements had been achieved in 61 claims. Accordingly, at that time there were 52 cases which were still unresolved. Of that number, 20 persons had settled their claims for non-pecuniary losses but not their pecuniary losses. There may have been a small number of persons who had settled their pecuniary losses but not their claims for non-pecuniary loss.
- 4.191. If my arithmetic is correct, that means that as of 4 November 2024, there were a maximum of 32 claims in which neither full and final, nor partial settlements had been achieved. However, as I understand it, each of those claimants had received interim payments of at least £200,000.
- 4.192. By 29 November 2024, there had been 77 claims made for full and final settlements. Offers in settlement had been made in 68 of those claims and accepted in 63.¹⁶⁹ I infer from the evidence set out in the paragraph immediately following that a very significant percentage of the acceptances were on account of a choice to accept the Fixed Sum Offer.

- 4.193. By 30 January 2025, 58 claimants had accepted the Fixed Sum Offer of £600,000. It must follow that there were then 53 claimants whose convictions had been quashed who were not prepared to accept £600,000.¹⁷⁰
- 4.194. Of those 53 claimants, 16 had submitted full claims, i.e. substantiated claims for pecuniary and non-pecuniary losses. By my reckoning 22 claimants whose convictions have been quashed had submitted no claims at all.
- 4.195. In his eleventh witness statement dated 30 April 2025, which provides data up to 31 March 2025, Mr Recaldin described the following state of affairs. Of the 111 claimants whose convictions had been quashed by the courts, 62 claimants had accepted the Fixed Sum Offer of £600,000 and eight claimants had accepted a full and final settlement of their assessed claims i.e. 70 claimants had reached final settlements in OCS. I understand that one more claim has settled in full since 31st March 2025, bringing the numbers to nine

170 The evidence set out in this, and the following paragraphs, is to be found in Simon Recaldin's 10th Witness Statement **[WITN09891000]** at [6/10].

assessed claims and 71 claimants in total. Of the remaining 41 claimants, 14 had submitted fully particularised claims for pecuniary and non-pecuniary losses. Seven of those claimants had reached settlements in respect of non-pecuniary losses and there were seven claims in which there were ongoing disputes on all aspects of the claim. There were 14 claims (13 non-pecuniary and one pecuniary) in which claimants had made partial claims. Of those, nine of the non-pecuniary claims had been settled but the one pecuniary claim was unresolved. 13 claimants had yet to make any claim (save in respect of interim payments). As I have said, one claim has been assessed by the IAP (See paragraph 4.177 above). I do not know whether this is a claim in which the non-pecuniary loss element had been agreed previously.

- 4.196. The statistics published on GOV.UK show a very similar picture as of 30 April 2025, though they are presented somewhat differently. By that date, 86 claimants whose convictions had been quashed had submitted fully particularised claims for pecuniary and non-pecuniary losses. 80 offers in settlement had been made and 71 offers had been accepted.

- 4.197. Of the three current claimants who were prosecuted but not convicted, one has reached a settlement in respect of both pecuniary and non-pecuniary losses i.e. a full and final settlement has been achieved; one has submitted a non-pecuniary claim and one has yet to submit particularised claims.¹⁷¹
- 4.198. By 30 April 2025, £68m (made up of full and final awards and interim payments) had been paid out to claimants according to the statistic published on GOV.UK. £15m had been paid to Herbert Smith Freehills by 2 December 2024 – the last date for which I have information.

d. The Group Litigation Scheme - GLOS

- 4.199. I have already referred to the announcement made by the Minister on 22 March 2022.¹⁷² On 30 June 2022, a further announcement was made to Parliament that

171 I have been made aware of the submission of the pecuniary claim since the provision of Mr Recaldin's 11th Witness Statement. I do not consider it necessary to seek a further witness on this point.

172 See paragraph 4.7 above.

“The Government intends to make an interim payment of compensation to eligible members of the GLO who are not already covered by another scheme, totalling 19.5m”.¹⁷³

The Minister also indicated that (a) the Department would be working towards delivering a final compensation scheme for the claimants in the Group Litigation and (b) the claimants would be able to recover reasonable legal fees incurred in pursuing their claims under the scheme.

- 4.200. By letter dated 12 July 2022, the legal representatives of the Department informed the Inquiry that the representatives of JFSA had suggested that the £19.5m set aside for interim payments should be distributed to eligible claimants *“pro rata to their shares of the 2019 High Court settlement in the Bates & Others v Post Office Limited case”*.¹⁷⁴ At the hearing which took place on 13 July 2022, I was told by Mr Nicholas Chapman, counsel for the Department, that this proposal was acceptable to the Department and that it was

173 [RLIT0000607] at [1/2].

174 [SUBS0000061] at [2].

anticipated that interim payments would be made to claimants within weeks.¹⁷⁵ I have no reason to doubt that interim payments were made to all, or virtually all, claimants within that timescale.

- 4.201. In parallel, the Department began work on developing a scheme to deliver further financial redress to those who had been claimants in the Group Litigation. On 7 December 2022, the Minister made a Statement in Parliament and a document entitled “*Additional Compensation for GLO Members: Scheme Process*” (“the Scheme Process”) was made public.¹⁷⁶ In his oral submissions to the Inquiry at the hearing on 8 December 2022, Mr Chapman explained that the Department would administer and deliver the scheme; that the scheme would be overseen by an independent advisory board and that claims under the scheme would be determined by an independent panel.¹⁷⁷ I was also told that the likely commencement date for the submission of claims was the spring of 2023.

175 Transcript, 13/07/2022, Submissions, **[INQ00001056]** at [22/10] to [22/16].

176 **[RLIT0000601]** at [1/11] to [2/11].

177 Transcript, 08/12/2022, Submissions **[INQ00001055]** at [47/5] to [47/8].

- 4.202. On 10 February 2023, the Department opened a register for the scheme.¹⁷⁸ Legal advisors or the claimants themselves, if unrepresented, were invited to fill out a registration form which contained basic personal details and sufficient information so as to allow the Department to obtain relevant disclosure of information and documents relating to individual claims from the Post Office.
- 4.203. On 23 March 2023, the claimants were notified that they could submit their claims for financial redress.¹⁷⁹ That same day the *Scheme Process* was withdrawn and replaced by the *GLO Compensation Scheme Guidance and Principles (the GLOS Guidance and Principles)*.¹⁸⁰ By this date the Department had appointed Dentons, noted for its expertise in alternative dispute resolution, as scheme facilitators and Addleshaw Goddard LLP had been appointed as the legal advisors to the Department.
- 4.204. At the hearing on 27 April 2023, claimants had been able to make claims for approximately one month. In these circumstances, self-evidently, it was not possible for

178 [RLIT0000279].

179 [RLIT0000283].

180 [INQ00002027] at [10/27].

those acting for Core Participants to make meaningful submissions about how the scheme was operating.

- 4.205. However, even at this early stage I was acutely conscious that the legal basis upon which the Department was empowered to make further payments to claimants mandated that such payments should be made by midnight 7 August 2024.¹⁸¹ As I explained in the Interim Report, I was most concerned that a period of approximately 16 months was insufficient in order to deliver appropriate further financial redress to approximately 450 to 500 claimants. I recommended that:

“HM Government should bring forward and use its best endeavours to ensure that legislation is enacted so as to allow payments of compensation under GLOS to be made to Applicants after 12 midnight on 7 August 2024 if that proves to be necessary.”¹⁸²

181 The precise statutory provision was not explained to me but I was told that this was the consequence of the relevant provisions of an Appropriation Act of 2023.

182 **[INQ00002027]** at [34/144].

- 4.206. My recommendation was accepted, and on 25 January 2024, the Post Office (Horizon System) Compensation Act 2024 became law.¹⁸³ The Act had the effect of removing the need for payments to be made under GLOS by midnight, 7 August 2024. There is now no end date by which payments must be made.
- 4.207. I do not think it necessary to describe the process by which claims were initiated in the early months in which the scheme was in operation, or the principles upon which the Department first formulated its offers to claimants. They are set out sufficiently in the written evidence of Mr Creswell and in the Interim Report.¹⁸⁴ All, or virtually all the claimants in GLOS have been represented by lawyers which no doubt will have assisted them substantially in navigating the process of initiating and progressing a claim. It is worth noting however, that in the months immediately following March 2023 there were substantial (and apparently justified)

183 **[RLIT0000359]** at [6/11].

184 Carl Creswell 1st **[WITN11730100]** at [28/66] to [60/174] and **[INQ00002027]**.

complaints about the time which the Post Office was taking to provide relevant evidence about individual claims.¹⁸⁵

GLOS Governance Provisions

4.208. GLOS is, and from its inception, has been governed by a steering group which is made up of officials of the Department. The group has written Terms of Reference.¹⁸⁶ The group is chaired by Mr Creswell. It has day to day responsibility for the administration and delivery of the scheme. Between March 2023 and January 2024 (when Fixed Sum Offers became available) Mr Creswell (or on occasions his deputy) made the decision about the amount to be offered to claimants in respect of claims which were not designated as exceptional.¹⁸⁷ No doubt, all the decisions made by or on behalf of Mr Creswell were informed by advice and assessments by lawyers employed or engaged by Addleshaw Goddard LLP.

185 Carl Creswell 1st **[WITN11730100]** at [21/49]; [54/159] to [55/162].

186 **[BEIS0000910]**.

187 Carl Creswell 1st **[WITN11730100]** at [43/121].

4.209. From the scheme's inception a distinction was drawn between the claims which were regarded as exceptional and those which were not. If a claim was designated as exceptional, Mr Creswell or his deputy did not make the decision alone. In exceptional cases, an offer was made to a claimant only after Mr Creswell's suggested decision had been approved by members of the Department's finance and legal teams. In the event that a claim was considered to be not just exceptional, but also novel, contentious or repercussive, any offer would be approved not only by the persons responsible for approving offers in exceptional cases, but also by an official from HM Treasury.

Assessed Claims

4.210. Since January 2024 claimants have been able to choose between having their claims assessed and accepting a Fixed Sum Offer.¹⁸⁸ Assessed claims follow the same sort of process in the initial stages as I have described in the Interim Report. A claim form is submitted which ultimately leads to an

offer being made to a claimant on behalf of the Department. Between the launch of the scheme and 23 November 2023 offers were formulated in accordance with the *Scheme Guidance and Principles*; on 10 January 2025 the guidance and principles were updated (the “*Updated Guidance and Principles*”).¹⁸⁹

- 4.211. Claims which are assessed either reach a point where the claimants and the Department conclude an agreement and a formal, binding settlement is achieved, or they remain the subject of dispute in relation to some or all heads of claim, as to which see paragraphs 4.217 to 4.223.

Fixed Sum Offers

- 4.212. On 10 January 2024, the Minister announced that a Fixed Sum Offer of £75,000 would be made available to claimants.¹⁹⁰ On 26 January 2024, a claim form specific to this offer was published on *GOV.UK* and it was also sent to all the legal representatives acting for claimants.¹⁹¹ If claimants wish to accept the

189 [RLIT0000575].

190 [RLIT0000383] at [1/23].

191 [BEIS0001051].

Fixed Sum Offer, their legal representatives submit a completed claim form to Dentons. No disclosure is sought from the Post Office in respect of the value of the claim and, provided the claim form has been completed satisfactorily, and it is accepted that the claimant was a party to the Group Litigation, payment of £75,000 (less any interim payments received under the scheme (and any other deductible payments) is made promptly.¹⁹²

- 4.213. The possibility that such offers would be introduced had been under consideration since the summer of 2023.¹⁹³ The making of such offers was very much supported by the Department's Ministers and officials.¹⁹⁴ However, the Chancellor of the Exchequer, other Treasury Ministers and officials of the Treasury were much less enthusiastic. The view of the Department and its Ministers was that the making of Fixed Sum Offers would accelerate the rate at which settlements were achieved. The view of Treasury Ministers

192 Carl Creswell 1st **[WITN11730100]** at [33/83].

193 Ibid at [21/47].

194 Transcript, 06/11/24, Kevin Hollinrake MP **[INQ00001202]** at [47/3] to [51/10].

and their officials was that there was a real possibility that Fixed Sum Offers would not represent value for money. After a significant debate, the view of the Department's Ministers prevailed.

4.214. Accordingly, as from 26 January 2024, the sum of £75,000 became available to the following categories of claimants:¹⁹⁵

- (i) Claimants who had already settled their claims for less than £75,000 became entitled to the difference between £75,000 and the sum for which they had previously settled; they were given "top-up" payments.
- (ii) Claimants who had received offers which they had not accepted could, instead, opt to accept £75,000.
- (iii) Claimants who had received no offer at all could opt to accept £75,000.

4.215. Claimants who accept the Fixed Sum Offer, and/or are entitled to top-up payments, have been, and are paid promptly following acceptance. To repeat, there is no investigation of the

195 Carl Creswell 1st **[WITN11730100]** at [33/84].

value of their claims.¹⁹⁶ Interim payments made under GLOS and other compensation payments, e.g. payments made to claimants under the Terms of Settlement of the Group Litigation, are deducted from the Fixed Sum Offer when payment is made. A claimant who incurs legal fees in order to obtain advice about whether to opt for the Fixed Sum Offer can recover those fees from the Department provided they are reasonable.

- 4.216. Those who do not wish to accept £75,000 opt to have their claims assessed. Once that option is taken it is irreversible, i.e. claimants who opt for assessment lose the opportunity to accept £75,000.¹⁹⁷

Assessed Claims and Dispute Resolution

- 4.217. These claims follow the process I have described in the Interim Report and, to an extent, above.¹⁹⁸ Most claims in which assessment is chosen are resolved by negotiation i.e. following the making of an

196 Ibid at [33/83].

197 Transcript, 06/11/24, Kevin Hollinrake MP **[INQ00001202]** at [110/9] to [110/15].

198 **[INQ00002027]** at [10/27] to [17/60].

offer, or offers on behalf of the Department.¹⁹⁹ Dentons facilitate the negotiation if necessary, particularly after a first offer has been made and rejected. Inevitably however, some claims cannot be agreed simply by negotiation between the claimant and the Department even with the assistance of Dentons. In consequence, once Dentons are satisfied that a negotiated settlement is unlikely to be achieved in any particular claim, they can (and no doubt will) refer the claim to an independent panel (which they appoint) and which operates under formal Terms of Reference.²⁰⁰

- 4.218. A panel is constituted by a leading lawyer and two other persons with expertise in those parts of the claim which are contentious.²⁰¹ Following appointment, a panel considers the parts of the claim which are in dispute and then issues a non-binding assessment which is intended to assist the claimant and the Department to achieve a settlement by further negotiation. If, despite the non-binding assessment, no settlement is

199 Carl Creswell 1st **[WITN11730100]**.

200 **[BEIS0000905]** at [1/4].

201 Ibid.

achieved, Dentons refer the claim back to the panel which then has the power to issue a binding determination in respect of the matters in dispute, i.e. a determination which the claimant and the Department must accept. So far as I am aware there is no provision written into any document which specifies whether claimants (or more likely their lawyers) may, either as of right or with the permission of the panel make oral representations to the panel about the value of the claim or parts thereof before a non-binding or binding determination is issued.

- 4.219. However, the panel's binding determination is not necessarily the end of the road.
- 4.220. The *GLOS Guidance and Principles* had always anticipated the appointment of a person to perform the role of an Independent Reviewer who would have the power, in prescribed circumstances, to uphold or overturn the binding decision of a panel.²⁰² On 4 September 2023, Sir Ross Cranston was appointed as the Independent Reviewer. Sir Ross is a former

High Court Judge.²⁰³ He has considerable relevant experience for performing the role of an Independent Reviewer. In particular, in 2019 he conducted an independent assurance review of the handling of claims arising from fraud committed at the HBOS Impaired Assets office. Sir Ross's role as an Independent Reviewer is governed by Terms of Reference which were updated on 10 January 2025 (the Reviewer's Terms of Reference).²⁰⁴

- 4.221. Following a binding determination by a panel the claimant and/or the Department may, if they choose, submit a review application to Dentons.²⁰⁵ The application is considered by a senior lawyer within the Dentons team who then refers it to Sir Ross with a recommendation as to whether or not he should accept the review. He can overturn a binding determination of a panel if, but only if he considers that: (a) there has been a manifest error, procedural irregularity or substantive error of principle in the panel'

203 Sir Ross Cranston 1st **[WITN11790100]** at [2/11].

204 **[RLIT0000576]**.

205 **[RLIT0000575]** at [7/3.6.11] to [8/3.6.17].

final assessment of the claim; or (b) the panel's final assessment is substantially inconsistent with the revised guidance and principles.

- 4.222. Once a review application is submitted to Sir Ross, he first satisfies himself that the criteria justifying a review are met.²⁰⁶ If he is satisfied that they are not met he will reject the review. If he is satisfied, on a provisional basis, that the criteria are met, he notifies the parties of that conclusion and invites any further necessary written submissions about whether the criteria are met, and written submissions about whether the determination of the panel should be upheld. Upon receipt of the submissions, Sir Ross will determine whether or not to uphold the decision of the panel. If he concludes that the panel's decision should not be upheld, he makes his own assessment of the sum to be awarded to the claimant. His determination is final and binding on the claimant and the Department.
- 4.223. As of 30 October 2024, when Sir Ross made his witness statement for the Inquiry, only two claims had been considered by a panel (on a non-binding basis).

The Number and Progress of Claims and the Sums Made

- 4.224. There are currently 492 eligible claimants under this scheme. That the figure is less than the number of claimants in the Group Litigation is explained by the fact that a number of the Group Litigation claimants have made claims in OCS. I have received no evidence or information which suggests that the number of claimants will increase.
- 4.225. As of 6 November 2024 (when Mr Creswell gave oral evidence to the Inquiry) 306 persons had made completed claims in GLOS.²⁰⁷ Of that number, approximately one-half had opted to accept the Fixed Sum Offer of £75,000 with a similar number choosing to have their claims assessed. According to

207 Transcript, 06/11/2024, Carl Creswell, **[INQ00001202]** at [211/7] to [211/8]: The phrase completed claims means claims in which either the claimant opts for the Fixed Sum Offer or the claimant submits a claim which has been fully particularised and in which an assessment is sought.

Mr Creswell, nearly all the claimants who had opted to accept the Fixed Sum Offer had been paid prior to 6 November 2024.²⁰⁸ The picture was very different for those who had opted to have their claims assessed. Although offers had been made to most of those claimants, no more than about a third had accepted the first offers made to them and had been paid. A small number of claimants had accepted revised offers (with a handful of those being paid). Two disputed assessed claims had been referred to an independent panel for a non-binding determination, but the determination had not been delivered.²⁰⁹

- 4.226. On the basis of Mr Creswell's evidence there were 186 eligible claimants who had not made a claim of any kind.²¹⁰
- 4.227. By 29 November 2024, 334 claims had been submitted to Dentons. 315 offers had been made and 235 of those offers had been accepted.²¹¹

208 Ibid at [206/8] to [206/18].

209 Carl Creswell 1st **[WITN11730100]** at [37/100].

210 Transcript, 06/11/2024, Carl Creswell, **[INQ00001202]** at [207/3].

211 **[RLIT0000578]** at [5/8] to [7/8].

- 4.228. There is a paucity of evidence as to why the claims of so many eligible claimants had not been submitted by 29 November 2024. I appreciate that some claimants have been unable to instruct suitable experts without first enduring substantial delays over which they have no control. It seems unlikely, however, that this problem can be the only reason for the absence of so many eligible claims.
- 4.229. By 31 January 2025 the number of claims made had risen to 408.²¹² Offers had been made to 383 claimants and there had been 257 acceptances. The numbers had risen again by 21 February 2025 in that there were 425 claims which had been assessed as complete.²¹³
- 4.230. In respect of those 425 claims, offers in settlement had been made in 407 cases. 269 claimants had accepted their offers, and 265 claimants had actually been paid. There remained 67 claims in which full claims had not been made.

212 **[RLIT0000610]** at [4].

213 **[RLIT0000577]** at [3] and [4].

- 4.231. By 7 April 2025 there were further changes. 446 claims had been received. 432 offers had been made of which 287 had been accepted and 282 claimants had been paid.²¹⁴
- 4.232. As of 30 April 2025, 450 claims had been submitted, and 445 offers had been made. 304 offers had been accepted, and 294 claimants had been paid.²¹⁵
- 4.233. In summary, by 30 April 2025 there were 42 claimants who had not submitted a particularised claim i.e. just under 9% of those entitled to claim. By the same date offers had been made to 445 claimants, i.e. just over 99% of the claimants who had made a claim had received offers. There were 188 unresolved claims, i.e. the claims of about 38% of those entitled to claim were unresolved. It is reasonable to infer that most of those claims are at various stages of assessment. It is difficult to imagine that there are a substantial number of claimants who are waiting to opt for, or accept a Fixed Sum Offer, given that the scheme has now

214 [RLIT0000600] at [5].

215 [RLIT0000620] at [9] to [13].

been open for more than two years, and the Fixed Sum Offer has been available since January 2024.

- 4.234. I understand from Mr Creswell's fourth witness statement that there have been no further referrals to the panel since he gave oral evidence on 6 November 2024.²¹⁶ I understand that 10 more claims have been referred to the panel since 31 March 2025, bringing the total number of referrals to 12 in total. One of the claims which had been referred to the panel on a non-binding basis has now been considered further by the panel and it has issued a binding determination. Following that binding determination a review was sought; the review has been undertaken by Sir Ross who has issued his decision.²¹⁷
- 4.235. By 30 April 2025, the Department had paid the total sum of £160m to claimants.²¹⁸ This figure includes all full and final awards and interim payments. Since Mr Creswell's fourth statement, I am informed that as of 30 April,

216 Carl Creswell 4th **[WITN11730400]** at [2/4].

217 Ibid.

218 **[RLIT0000620]** at [3].

the Department had paid approximately £4.7m to its lawyers Addleshaw Goddard and £1.8m to Dentons.²¹⁹

e. The Horizon Conviction Redress Scheme - HCRS

- 4.236. This Scheme was launched on 30 July 2024. Those whose convictions have been quashed by the Post Office (Horizon System) Offences Act 2024 in England, Wales and Northern Ireland, and by the Post Office (Horizon System) Offences (Scotland) Act 2024 in Scotland, are eligible to claim financial redress.
- 4.237. The steps which must be taken in order to claim financial redress are to be found in the *Horizon Convictions Redress Scheme (HCRS): applying for financial redress*.²²⁰ In summary, claimants are entitled to register for redress if (a) they have received notification from the relevant justice authority within the UK that their convictions have been quashed by reason

219 Carl Creswell 4th **[WITN11730400]** at [2/5] which sets out amounts paid up to 31 March 2025. I did not consider it necessary to obtain a further witness statement on this point.

220 **[RLIT0000307]**.

of the legislation identified immediately above or (b) and, just as importantly, they believe that the legislation applies to them. Following registration, Departmental officials liaise with the relevant justice authority to confirm that the convictions of the claimants have been quashed and, assuming that to be the case, the claimants are asked for proof of identity.

- 4.238. Once identity is proved, a claimant becomes entitled to claim a preliminary payment of £200,000. Payment of that sum is made once a preliminary payment claim form is completed and submitted to the Department.
- 4.239. Under HCRS, Claimants may choose between a Fixed Sum Offer of £600,000 or applying for a full assessment of their claims. As at the dates when Mr Creswell made his first two witness statements, no claimant had opted to have a claim assessed.²²¹ That was still the case on 6 November 2024 when Mr Creswell gave oral evidence to the Inquiry.

221 Mr Creswell made his witness statements on 2 October 2024, 22 October 2024, 12 November 2024 and 7 May 2025.

4.240. If assessments of claims are sought in the future, they will be determined by reference to a comprehensive assessment framework which was first published by the Department on 30 July 2024.²²² As with all other schemes, those who opt to have their claims assessed lose their entitlement to opt for the Fixed Sum Offer.

4.241. From the launch of HCRS, the Department made it clear that legal fees incurred by claimants would be recoverable; they are recoverable in accordance with a published framework.²²³ It is worthy of some note that Band 1 relates to the scenario in which a claimant opts to accept the Fixed Sum Offer. Legal fees of up to £30,000 may be awarded with an additional £4,000 available if advice is necessary in relation to the effects of bankruptcy or an IVA. Nine law firms have indicated their willingness to act for claimants in accordance with the published framework and it is open to others to express their willingness to act. In the event that a claimant registers for the scheme without legal

222 The current version of the assessment framework is **[RLIT0000363]**.

223 **[RLIT0000362]**.

representation, the Department encourages that person to engage a lawyer.

- 4.242. The Department has instructed Addleshaw Goddard LLP as its lawyers and Dentons as the scheme facilitators. This followed an open recruitment process, notwithstanding that these law firms were already engaged in GLOS.
- 4.243. If a claimant accepts the Fixed Sum Offer, a Settlement Deed is concluded and payment made to the Claimant. The process is intended to deliver redress very promptly and, so far as I am aware, it does so.
- 4.244. As at the date of Mr Creswell's witness statements, and 6 November 2024, (when he gave oral evidence) a handful of claimants had submitted claims to accept the Fixed Sum Offer.²²⁴
- 4.245. As of 29 November 2024, the number of claims had risen to 98. All the claimants had opted to accept the Fixed Sum Offer and 82 had been

224 Transcript, 06/11/2024, Carl Creswell
[INQ00001202].

paid.²²⁵ By February 2025, there were 417 claims for interim payments of £200,000 all of which had been paid. 299 of those claims were "*full and final claims*".²²⁶ Offers had been made in each of those claims and the offer had been accepted in each case. That must mean, I infer, that 299 claimants had accepted the Fixed Sum Offer.

4.246. As of 31 March 2025, 432 claimants had made claims for preliminary payments and all except one had been paid. 339 claimants had opted for and received the Fix Sum Offer of £600,000.²²⁷ By 30 April 2025 the number of claimants who had received preliminary payments had risen to 447 while the number opting for the Fixed Sum Offer had risen to 360. All except seven claimants who had opted for the Fixed Sum Offer had been paid.²²⁸

4.247. There is as yet no indication that any postmaster whose convictions have been quashed under the 2024 Acts has opted for

225 [RLIT0000565].

226 [RLIT0000580].

227 [RLIT0000600].

228 [RLIT0000620].

assessed claims²²⁹. Nonetheless, in his first witness statement Mr Creswell described the process intended to apply if claimants opt for an assessed award.²³⁰

- 4.248. Mr Creswell's evidence about how disputes about assessment would be resolved was, inevitably, skeletal. No more than a few months had gone by since the launch of the scheme when he gave his evidence. On 18 December 2024 an announcement was made to the effect that Sir Gary Hickinbottom would chair the panel which it was then envisaged would come into existence in HCRS. However, so far as I am aware, there had been no published material relating to appointments to such a panel by the time that a further announcement was made on 3 March 2025 to the effect that remaining claimants in OCS would be transferred to HCRS

229 I note that there are approximately 90 claimants who have received a preliminary payment who have not yet opted for the Fixed Sum Offer. There is therefore at least a reasonable possibility that some requests for assessed claims will be forthcoming.

230 Carl Creswell 1st **[WITN11730100]** at [65/194] to [68/203].

as from 3 June 2025, and that from that date there would be one scheme for all persons whose convictions had been quashed.²³¹

4.249. Given the merger between HCRS and OCS, I presume that the process for resolving disputes in assessed cases in the merged scheme will follow the process currently existing in OCS. Claims for non-pecuniary losses will be resolved between the claimants and the Department by reference to Lord Dyson's neutral evaluation. Claims in respect of pecuniary losses will be resolved by negotiation. If they cannot be agreed between a claimant and the Department (facilitated by Dentons, if necessary) the panel chaired by Sir Gary, can be asked to issue a non-binding determination.

4.250. By 30 April 2025 the Department had paid out to claimants the total sum £229m in respect of Fixed Sum Offers and preliminary awards.²³² It had paid £152,315 to its lawyers Addleshaw Goddard.²³³

231 I assume that those claimants within OCS who were prosecuted but not convicted will remain claimants in the merged scheme.

232 **[RLIT0000620]** at [3].

233 Carl Creswell 4th **[WITN11730400]** at [3/6].

f. Discrete topics relevant to all schemes

Insolvency

- 4.251. A number of claimants in HSS, OCS and GLOS became insolvent. In many instances, that was a direct consequence of such claimants being held liable for illusory shortfalls at their branches. The majority of those claimants were, in due course, declared bankrupt. Some claimants entered into an IVA.
- 4.252. By the time of the hearing I conducted on 8 December 2022, it had become clear that the fact of bankruptcy or the existence of an IVA was, potentially, a significant complicating feature in seeking to finalise financial redress under the schemes then existing. In the Chair's Statement, I indicated that I would obtain my own legal advice about a range of issues likely to arise in claims made by persons who had been made bankrupt or who had entered into IVAs.²³⁴

234 Chair's Statement on Issues relating to Compensation, 09/01/2023, **[INQ00002033]** at [6/10].

- 4.253. On or about 20 March 2023, I received written advice from Ms Catherine Addy KC.²³⁵ In due course, Ms Addy KC's advice was disclosed to Core Participants and published on the Inquiry's website.
- 4.254. The primary issue for claimants who had been declared bankrupt or who had entered into IVAs was how much of any payment made to them under HSS, OCS or GLOS would be claimed on behalf of their creditors.
- 4.255. Ms Addy KC was able to provide me with an authoritative opinion about matters of principle. As she pointed out however, in relation to some claims in HSS and OCS, there were relevant factual circumstances to be taken into account in individual cases about which she had no knowledge.
- 4.256. Ms Addy KC's elucidation of the relevant principles accorded, essentially, with the views held about those principles by the Department. However, on one issue, there was a difference of view as between Ms Addy KC and the representatives of the Department on the one hand, and the Trustee in Bankruptcy of a number

of claimants in GLOS on the other. The issue was whether payments received by claimants who had been declared bankrupt would form part of their estate in bankruptcy. Ms Addy KC's view, subject to qualifications which I need not explain, was that they would not; that was principally because such payments were being made voluntarily, and because the claimants had no legal entitlement to the same.

- 4.257. In her advice, Ms Addy KC made the practical suggestion that this disputed issue could be resolved using the vehicle of an application to the Court under Section 303 Insolvency Act 1986. In the Interim Report, I recommended that such an application should be made.²³⁶
- 4.258. The Minister accepted the recommendation. She brought proceedings against the Trustees in Bankruptcy of Ms Suzanne Palmer in which she sought Directions pursuant to Section 303 Insolvency Act 1986.²³⁷

236 The Post Office Horizon IT Inquiry, First Interim Report: Compensation, 17/07/2023, **[INQ00002027]** at [32/140].

237 See the *Secretary of State for Business & Trade v Abdulali and Dingley* [2024] EWHC 1722 (Ch).

- 4.259. Ms Palmer had been declared bankrupt (and discharged from bankruptcy) many years prior to GLOS being established. The Trustees in Bankruptcy had assigned to her the various causes of action which had permitted her to participate as a claimant in the Group Litigation. In the proceedings brought under Section 303 of the 1986 Act, her Trustees in Bankruptcy maintained the position that Ms Palmer's right to apply for or receive financial redress under GLOS constituted "*property*" forming part of her bankruptcy estate and that they were contractually entitled to recover a proportion of any payment to her under the terms of the assignment by which relevant causes of action had been assigned by the Trustees to Ms Palmer.
- 4.260. His Honour Judge Cawson KC (sitting as a High Court Judge) did not agree. Following a detailed analysis of the relevant statutory provisions and case law, the learned Judge concluded that Ms Palmer's entitlement to claim and receive compensation under GLOS, and any compensation she received under that scheme, did not constitute "*property*" which vested in the Trustees and, further, that Ms Palmer was under no liability to account

to the Trustees for any part of any sum that she might receive under GLOS by virtue of the terms of the assignment.

4.261. From time to time during the course of the Inquiry, I have received correspondence from claimants who have asserted that their Trustees in Bankruptcy, and/or the Official Receiver have claimed and, indeed, received sums which constitute a significant proportion of the financial redress which would have been paid to such claimants had they not been declared bankrupt. I understand fully the frustration of claimants who, as they see it, have been and are being deprived of a significant proportion of the sums which would have been paid to them had they not been made bankrupt. However, as I have said on numerous occasions in many different contexts, it is simply not open to me to adjudicate on individual claims or, in effect, to provide advice to claimants as to how they should act in their individual claims. I am aware that the Post Office in HSS and the Department in OCS/HCRS and GLOS may pay for claimants to obtain advice about their insolvency issues which affect them personally. All I can do is encourage affected claimants to obtain such advice.

4.262. Finally, a word, in brief, in respect of claimants under HCRS.

4.263. I have no idea whether there are claimants in this scheme who were, at some stage, insolvent and who were made bankrupt or concluded an IVA. It would be very surprising, however, if there were no such claimants, given that the number of claimants in this scheme will eventually constitute many hundreds. Certainly, the scheme anticipates that there will be such claimants, since, as I have said, HCRS makes provision for the recovery of legal fees by those claimants who seek advice about insolvency issues. At first blush, at least, the principles which have been applied in claims under OCS, should be equally applicable in claims under this scheme. To date, I have received no indication that the issue of bankruptcy will be treated any differently in HCRS to OCS. In accordance with Ms Addy KC's advice, any cause of action for the tort of malicious prosecution will have crystallised no earlier than 25 May 2024 (the date of the coming into force in England and Wales of the 2024 Act). That will have been many years, in all probability, after anyone eligible under HCRS was declared bankrupt and discharged therefrom.

The Horizon Compensation Advisory Board

4.264. This narrative is taken, primarily, from the written evidence provided to the Inquiry by Professor Christopher Hodges OBE.²³⁸

4.265. The Horizon Compensation Advisory Board (“the Advisory Board”) was constituted in late 2022 or early 2023 in order to advise ministers in relation to GLOS. Professor Hodges was appointed as the Chair of the Board; its other members were The Right Honourable Lord Arbuthnot, The Right Honourable Lord Beamish (at the date of his appointment, Kevan Jones MP) and Professor Richard Moorhead (Professor of Law and Professional Ethics at the University of Exeter). By the spring of 2023, the remit of the Board was extended in that it was asked to provide advice to Ministers in relation to all the redress schemes then existing.

4.266. In his witness statement, Professor Hodges identified four parts of the Board’s Terms of Reference. They are:

“1. The Board’s aim is to help DBT to ensure fair and prompt compensation

238 Professor Christopher Hodges 1st
[WITN11710100].

to Postmasters affected by the Horizon scandal and related issues.

2. *It will advise DBT Ministers on how best to manage the delivery of the **GLO Compensation Scheme** announced in December 2022, with the aim of ensuring that it:*
 - *provides **fair compensation to GLO Postmasters***
 - *does so **promptly** – and certainly before the deadline of August 2024; and*
 - *does so consistently with the expectations of Parliament that public money is spent in line with the **Accounting Officer's Duties**.*
3. *It will advise DBT Ministers in respect of **DBT's oversight of other strands of Horizon-related compensation** by the Post Office, including the Historical Shortfall Scheme, arrangements for compensation in respect of overturned historic convictions and compensation for Postmaster detriment.*

4. *The Board will not consider individual cases for compensation.*"²³⁹

4.267. As its name suggests, the function of the Advisory Board is to advise. It has no executive, administrative, managerial, governance, policymaking or implementation roles. It does not exercise "*oversight*".²⁴⁰

4.268. In the early months of its existence, the Advisory Board considered whether it should recommend "*architectural changes*" to Ministers with a view to combating delays in the delivery of the schemes. It considered three options: (a) removing the Post Office from the governance, administration and delivery of the schemes in which it was involved in those capacities; (b) replacing all schemes with a single new scheme; and (c) changing the existing schemes from an "*adversarial*" model to an "*inquisitorial*" model.²⁴¹

239 Professor Christopher Hodges 1st
[WITN11710100] at [5/6].

240 [RLIT0000270].

241 Professor Christopher Hodges 1st
[WITN11710100] at [21/34].

4.269. To quote Professor Hodges:

*“Highly attractive as one or all of these options may have been, we concluded that such major changes were not feasible in view of the circumstances of the history of this scandal and the established status of the HSS and OC schemes, plus the established reliance of many victims on their lawyers. A significant number of claimants under the HSS scheme had already reached resolution. Any major structural changes would upset the expectations of claimants who are currently in the system, raise concern for the significant number who had already concluded settlements, all leading to destabilisation and issues of trust...”*²⁴²

4.270. Notwithstanding its rejection of the options described above, the Advisory Board has constantly sought to suggest constructive reforms. Over its lifetime the Advisory Board has advised that: (a) a reviewer should be appointed for GLOS; (b) an appeal process should be created in HSS; (c) a reviewer should be appointed for HSS; (d) a leading former Judge should be appointed to chair

the Pecuniary Loss Panel in OCS; and (e) a culture change should occur within all schemes which would involve a departure from a strictly legalistic approach to the assessment of financial address to a *“more flexible and compassionate approach”*. Such a culture change, in the view of the Advisory Board, would be wholly in keeping with the stated aim of Ministers that financial redress provided to claimants should be *full and fair*.²⁴³

4.271. In the Interim Report, I made the following recommendations:

“Recommendation 1: *The Horizon Compensation Advisory Board should not be prevented from monitoring individual cases in which compensation has been or is to be determined by paragraph 4 of its Terms of Reference. It must be one of the core duties of the Board that it monitors whether compensation payments are full and fair.*

[...]

243 Ibid at [24/38].

Recommendation 3: *The Horizon Compensation Advisory Board shall, as part of its advisory role, consider whether, in its view, full and fair compensation is being paid out to applicants under the three schemes, and shall advise the Minister and the Post Office accordingly at three monthly intervals.”*²⁴⁴

4.272. The Advisory Board resisted the acceptance and implementation of those parts of my recommendations which would have involved it in the scrutiny of individual cases. There was an exchange of correspondence between the Board and me.²⁴⁵

4.273. In its response to recommendations 1 and 3, which was published on 26 October 2023, the Department wrote:

“3. Recommendations accepted in part

The Advisory Board’s aim is to help the department to ensure fair and prompt

244 The Post Office Horizon IT Inquiry, First Interim Report: Compensation, 17/07/2023 [INQ00002027] at [32/139].

245 [WITN11710101] and [WITN11710102].

compensation to postmasters affected by the Horizon scandal and related issues. The department agrees that, in delivering this aim, it may be helpful for the Advisory Board to be given anonymised information about individual cases.

However, the department endorses the view expressed by the Board in the report of its 31 July meeting, and in its letter of 15 August 2023 to the Inquiry, that it would not be 'possible or advisable for us to intervene in the determination or outcomes of individual cases, nor to give an opinion on individual outcomes, or an opinion that full and fair compensation is being paid out to individuals'.

4. *The Terms of Reference allow the Advisory Board to advise the Minister whenever it sees fit. Reports of its six-weekly meetings are communicated to the Minister and published."*²⁴⁶

- 4.274. I understand the reasons why the Advisory Board resisted my recommendations and why the Department accepted my recommendations in part only. However, as I will develop more fully in my conclusions, one of the consequences has been a complete lack of appropriate independent scrutiny of offers and settlements in HSS. That is of particular concern given that many claimants in HSS have never been and are not represented by lawyers.
- 4.275. During the course of the last calendar year, the Advisory Board met on 10 occasions. It held its first meeting of 2025 on 22 January and most recently, so I believe, it met on 24 April 2025. I have read and considered the minutes of all those meetings and without doubt, the Advisory Board continues to keep a careful eye (so far as it can) on the administration and delivery of financial redress under the schemes with which the Inquiry is concerned, and it continues to advise the Department on the reform of processes within all schemes. By way of example, at its meeting on 22 January 2025, the Advisory Board expressed the firm view that it supported the aim of ensuring HSS claims were administered separately

from the Post Office. That was a view which might be thought to be at odds with views it expressed previously. (See paragraph 4.269 above). However, I note that the Board was careful to qualify its support for the change by suggesting that such an aim should be implemented *“as far as possible”*.²⁴⁷

Parliamentary Oversight – Select Committees

- 4.276. The Business and Trade Committee has issued two recent reports relating to the financial redress schemes under consideration in the Inquiry.
- 4.277. On 5 March 2024 it published a report entitled *“Post Office and Horizon redress; Instructions to Deliver”* which followed evidence sessions before the Committee on 16 January and 27 February 2024.²⁴⁸ Its main conclusions and recommendations were: (1) That the Post Office should be removed from the administration and delivery of HSS and OCS; (2) HM Government should legislate to create legally binding time limits for delivering financial redress to postmasters and pay *“financial penalties”* to postmasters in the

247 [RLIT0000579] at [2/7].

248 [RLIT0000603].

event that time limits are not met; and, (3) HM Government should review and then simplify the evidential requirements of the claims processes in each scheme, especially as they related to medical evidence for personal injury, consequential loss and reputational damage.

- 4.278. On 5 November 2024, the Committee received significant further evidence from three persons who have made claims under three different schemes, their lawyers and Sir Gary.²⁴⁹ On 19 November 2024, the Committee received evidence from Ministers, Departmental officials, lawyers who act for the Department and the Post Office, and as the Scheme facilitator for GLOS and Mr Nigel Railton and Mr Recaldin.²⁵⁰ On 1 January 2025, the Committee published its report which contained 17 recommendations together with the reasoning underpinning them which are of obvious relevance to the Inquiry.²⁵¹ I have read the transcripts of the evidence given to the Committee and I have considered the report of the Committee with care.

249 [RLIT0000604].

250 [RLIT0000442].

251 [RLIT0000582].

4.279. The Committee regarded HSS as *“the worst of the redress schemes”*.²⁵² It was so concerned about the administration of HSS and the delivery of redress thereunder that it devised what it described as *“a ten-point plan”* for the future delivery of redress under the scheme. It recommended that the Government should implement that plan as soon as possible which was in the following terms:

- “1. The Post Office should be removed from delivering redress to claimants through the HSS.*
- 2. If the Post Office cannot be taken out in a timely way, complex cases should be transferred to the Department immediately, while the Post Office looks to automate standard payments for simple cases.*
- 3. Claimants should be provided up-front legal advice, paid for by the scheme’s administrators.*
- 4. There should be an explicit over-riding instruction to lawyers to use best endeavours to assess claims and deliver justice that is swift and fair.*

5. *The Independent Panel must meet full time until the majority of cases have been assessed.*
6. *An independent adjudicator should be appointed to act as a case manager throughout the scheme.*
7. *Claimants should be given the benefit of the doubt with the evidence provided in support of a claim.*
8. *Offers should be made at the top of the range for each category of loss.*
9. *Challenged offers should move into external mediation rather than be reassessed by the Independent Panel.*
10. *Binding timeframes for each stage of the process should be imposed, with financial penalties awarded to the claimant if those deadlines are not met.”²⁵³*

4.280. The Committee’s report went on to provide 10 specific recommendations (Recommendations 1 to 10) which “fleshed out” the plan and the reasons underpinning it. I do not consider it necessary to quote each of those recommendations word for

word. They are sufficiently summarised by the terms of the plan itself.²⁵⁴

- 4.281. In relation to GLOS, the Committee had three concerns which it translated into three specific recommendations.
- 4.282. The Committee was particularly concerned about delays in the administration and delivery of the scheme. Specifically, it was concerned about "*the slow speed*" of tabling final offers to claimants, i.e. the length of time which occurred between the making of a first offer and further offers culminating in a final offer. The Committee recommended (Recommendation 11) that the Department should aim to achieve the goal of completing GLOS by March 2025, albeit that it recognised that for some cases this would not be possible. It recommended, too, that binding timeframes should be specified for each stage of the scheme with financial penalties awarded to individual claimants if timeframes were not met in that claimant's case.
- 4.283. The Committee's second concern was that the role of the Independent Reviewer

was *"too restrained"*. It recommended (Recommendation 12) that Sir Ross Cranston should be given greater powers to *"case manage Group Litigation Order claims throughout the whole process"*.²⁵⁵

- 4.284. Finally, the Committee was concerned that the Department and its lawyers made unnecessary requests for further information following submission of claims. These unnecessary requests contributed to a delay in the making of offers to claimants and also had the effect of offers being made which were *"unfair"*. The Committee sought to eliminate requests for further information, save in very specific circumstances when a case facilitator agreed. It recommended (Recommendation 13):

*"... requests for information should only be made in order to increase the offer value to claimants, or in the rare instance where there may be reasonable concern about a claim's basis of calculation. A claim's named case facilitator should have a defined role in swiftly considering whether request for information is reasonable for the above purposes."*²⁵⁶

255 Ibid at [22/49].

256 Ibid at [23/52].

4.285. A major concern of the Committee in respect of HCRS was the evidence which suggested that there were difficulties in identifying and notifying individuals that their convictions had been quashed. The Committee considered itself hampered by a lack of data surrounding this issue. Accordingly, it recommended (Recommendation 14) that the Government should *“set out a plan for how it [would] notify postmasters in the scope of the Act of their right to redress plus timeframes in which these issues would be resolved”*. It also recommended that the Government should update the Committee on a monthly basis with data in respect of England and Wales, Scotland and Northern Ireland as to:

- “(a) How many people are under consideration as qualifying for remedies under [the relevant legislation].*
- (b) How many people have been confirmed as qualifying for the reliefs specified by the Acts?*
- (c) The number of people who have been written to about their right to redress.*

- (d) *How many people that have been paid under [HCRS].*
- (e) *The total amount that has been paid to claimants under [HCRS] and the total cost of administering the scheme.”²⁵⁷*

4.286. The Committee made two further recommendations in relation to HCRS. It recommended (Recommendation 15) that the Department should ensure that redress offered under *“a full assessment settlement”* was never valued at below the optional Fixed Sum Offer which was initially available to a claimant.²⁵⁸ In the words of the Committee, the *“fear factor”* should be removed. It also recommended (Recommendation 16) that the Government should introduce binding timeframes for each stage of the process with financial penalties awarded to a claimant if the deadlines were not met.²⁵⁹

4.287. Recommendation 15, the removal of the *“fear factor”*, was not confined to HCRS.

257 Ibid at [25/58].

258 Ibid at [26/61].

259 Ibid.

The Committee recommended that it should be removed in respect of all four schemes which the Inquiry is considering. That is clear from its wording.

“The Department should act swiftly to remove the fear factor from the [HCRS], ensuring that the redress offered under a full assessment settlement is never valued at below the optional fixed-sum redress which was initially available to a claimant. It should further communicate this change to current claimants and consider whether undue pressure may have formed a part of the decision of some settled claimants to opt out of a full assessment. The approach established under this recommendation for fixed-Sum settlement offers should be applied as a matter of general principle across all schemes.”²⁶⁰

- 4.288. For the avoidance of any doubt, let me spell out what this recommendation would mean if implemented. The Fixed Sum Offer available in each of the schemes would become a guaranteed minimum payment for every eligible claimant. Those who opted for a full assessment of their

claims would do so knowing that they would either receive an award in excess of the fixed sum or the fixed sum.

- 4.289. For completeness I should mention Recommendation 17. This was a recommendation to the effect that the Department should publish *“a regular transparency report detailing external legal costs incurred under all schemes”*.²⁶¹
- 4.290. The Department published its response to the Committee’s report on 25 March 2025.²⁶² It accepted in full two of the recommendations made in respect of HSS (points 4 and 6 of the 10 point plan) and accepted aspects of recommendations 1 and 2 (which it considered together), 5, 8 and 9. Recommendations 3, 7 and 10 were not accepted. None of the recommendations made in respect of GLOS or HCRS were accepted save that some of the reasoning underpinning Recommendation 11 was accepted. Recommendation 17 was accepted. It is worth stressing that the Department did not reject, outright, the recommendation made by the Committee

261 Ibid at [23/66].

262 **[RLIT0000592]**.

that the Post Office should be removed from the administration and delivery of HSS. Rather it signalled its intention to *“continue to consider whether it should take responsibility for making first offers”* under the scheme.²⁶³

4.291. On 25 March 2025 the Committee took the unusual step of asking the Department “to re-consider and re-draft its response to [the] report and address [the] recommendations in full, especially the future of the [HSS] oversight”. At the time of writing, I am not aware of any further response from the Department.²⁶⁴

4.292. I do not regard it as any part of my function to adjudicate between the Committee and the Department. However, in formulating my own views, I have given appropriate weight to their competing views. Although the report and the response do not form part of the evidence (strictly so called) adduced before the Inquiry they are sources of information and informed opinion which cannot be ignored.

263 Ibid at [6].

264 Ibid at [2/6].

Delaying Financial Redress

- 4.293. In his witness statement dated 6 September 2024, Mr Henry Staunton, the chair of the Post Office Board between December 2022 and January 2024, described his early dealings with the Department and, in particular, the then permanent secretary, Ms Sarah Munby.²⁶⁵ Mr Staunton received a letter from her dated 9 December 2022; they met on 5 January 2023. Mr Staunton maintained in his statement, and repeated in oral evidence, that he made a note of what had been said at the meeting more or less contemporaneously.
- 4.294. Mr Staunton described the contents of his conversation with Ms Munby at paragraphs 19 to 23 of his witness statement. In those paragraphs he also identified the documents which are acknowledged to be records of the conversation.²⁶⁶ In summary, Mr Staunton

265 Henry Staunton 1st **[WITN11410100]**.

266 The relevant documents are **[RLIT0000254]** (Mr Staunton's note); **[RLIT0000255]** (a note made by Ms Munby approximately one year after the meeting) and **[BEIS0000752]** (a note made on 6 January 2023 by Ms Munby's private secretary who attended the meeting with Ms Munby).

maintained that Ms Munby gave him the clear impression that the Government wanted the Post Office to “go slow” on delivering redress to postmasters.²⁶⁷

4.295. Mr Staunton was questioned about the passages in his witness statement and the documents identified in footnote 265 during the course of his oral evidence on 1 October 2024.²⁶⁸ I do not think it necessary to quote extensively from the transcript of Mr Julian Blake’s questions and Mr Staunton’s answers. I say that for this reason. Mr Staunton readily conceded that neither in his own note of the meeting, nor in the note of the meeting prepared by Ms Munby’s private secretary on 6 January 2023, was there any express reference to financial redress for postmasters. Further, there was no reference to remediation (even obliquely) more generally. If, as Mr Staunton would have me conclude, Ms Munby had even hinted at it being the desire of Government that the Post Office should “go slow” on compensation, either at that time, or at

267 Henry Staunton 1st **[WITN11410100]** at [11/20].

268 Transcript, 01/10/2024, Henry Staunton, **[INQ00001189]**.

some future time in the lead up to a general election, I would have expected that to have been clearly recorded in the notes of the meeting. His suggestion in his oral evidence that his notes were never intended to record all that was said was I fear, unconvincing.

- 4.296. The conversation between Ms Munby and Mr Staunton took place just a few days before I published the Chair's Statement. It was also just a few weeks after the Leading Counsel for the Post Office and Counsel for the Department had sought to provide reassurances at the hearing on 8 December 2022, that financial redress in HSS had speeded up substantially in 2022, that settlements of non-pecuniary losses in OCS had started to pick up and that settlements could be made to all claimants in GLOS by August 2024. The stance adopted by the Department, in particular, at the hearing on 8 December 2022 was wholly at odds with their encouraging Mr Staunton to the view that there should be a "go slow" on providing redress to postmasters. Such a stance would have been disingenuous and cynical. That is not a conclusion which I would reach without compelling evidence.

4.297. Ms Munby has made two witness statements for the Inquiry.²⁶⁹ In the first of those statements she dealt in detail with her meeting with Mr Staunton on 5 January 2023. Paragraph 17 of her statement is a denial, in the strongest terms, that she told Mr Staunton or implied that the Post Office should stall on making redress to postmasters. In her words *“I did not say anything that could sensibly be understood to convey that implication”*.²⁷⁰

4.298. No useful purpose would be served by a detailed recital of the points made by Ms Munby in support of her denial of Mr Staunton’s allegation against her. It suffices that I say that having considered this discrete issue with care, I cannot accept that Ms Munby said anything which could, reasonably, have been interpreted as a suggestion by her that the Post Office should stall or delay the delivery of compensation.

269 Sarah Munby 1st **[WITN11520100]** and 2nd **[WITN11520200]**.

270 Sarah Munby 1st **[WITN11520100]** at [6/17].

Full and Fair Compensation

4.299. Paragraph 9 of Mr Creswell's First Witness Statement reads as follows:

"The Department recognises that the appalling effects of the scandal on its many innocent victims will be long-lasting, and some can never be reversed. Ministers intend:

(i) ...

(ii) ...

*(iii) To provide financial redress to postmasters that is full and fair, whilst recognising that no amount of money will turn back time."*²⁷¹

This paragraph of Mr Creswell's witness statement was not a surprise. From the launch of HSS, the Department and Ministers repeatedly asserted that postmasters and other eligible claimants in the various schemes should be awarded financial redress which was "full and fair".

271 Carl Creswell 1st **[WITN11730100]** at [4/9].

- 4.300. The Horizon Advisory Board, very soon after it came into being, *“stated our core belief that compensation should be “full and fair””* and that *“Board members agreed that.....as with the general law, the goal should be to restore the claimants to the position that they would have been in if the scandal had not happened.”*²⁷²
- 4.301. In its written submissions to the Inquiry at the conclusion of Phase 7, the Post Office insisted that the governing principles underpinning awards of financial redress to those eligible under both HSS and OCS were that such awards should be *“full and fair”*. In relation to HSS, the Post Office relied upon the Terms of Reference of the Independent Panel which contained the overriding objective that the Panel should *“assess and recommend to Post Office a fair outcome for eligible claims”*.²⁷³ In OCS, the Operations Agreement between the Post Office and the Department confirmed that the *“shared objective of POL and DBT [was] to see that affected Postmasters received swift and fair compensation for credible claims against POL”*.²⁷⁴

272 Professor Hodges 1st **[WITN11710100]** at [25/40].

273 **[SUBS0000064]** at [75/262].

274 **[BEIS0000902]** at [1/3].

4.302. However, the reality is that the words “*full and fair*” are capable of meaning different things to different people. That is acknowledged explicitly by Professor Hodges in his witness statement and I can do no better than quote what he says on this issue:

“42. Individuals’ views on what constitutes ‘full and fair’ can differ, since these concepts are principles and values that involve individual judgement in concrete situations, especially in complex situations. In giving practical reality to individual outcomes that are ‘just’ or ‘fair’, a number of considerations apply that may require fine judgement in balancing different considerations and different values such as delivering speed and closure.

43. For example, the following considerations might arise:

a. The need to ensure that all elements of loss and damage have been identified and compensated. This can be assisted by having checklists of types of loss and damage (heads

of damage). However, this can result in lengthy and legalistic lists that can seem confusing to a non-lawyer.

- b. The need to ensure that every type of loss receives full and fair compensation. This requires consistency in several dimensions – between different claimants whose individual circumstances have both similarities and differences, and between the Horizon victims and all those who receive compensation awards from the courts generally. This leads to two broad categories of loss:*
 - i. Individual sums that have been 'lost' and need to be 'repaid', such as sums paid by SPMs to the Post Office, or other specific sums that can usually be quantified fairly readily (pecuniary damages).*
 - ii. Elements of loss or damage that present much greater*

challenges of quantification (non-pecuniary damages), such as sums paid for mental distress, for loss of income that would have been earned had the original wrong not occurred. These situations need:

- 1. Firstly, precedent in order to achieve consistency (and to be aligned with the extensive list of sums, ranges and considerations set out in the Judicial College Guidelines (currently 17th Edition) as applied by the courts), and*
- 2. secondly, evidence from experts, especially medics and psychiatrists in relation to the nature – duration and severity of psychological and physical damage, and from accountancy professionals in relation*

*to the quantification of what a person or business would have earned if they had continued to operate without closure or bankruptcy (quantifying the counter-factual situation)."*²⁷⁵

- 4.303. More succinctly, the assessment of what constitutes an award which is, full and fair, may differ markedly between different decision makers unless strict criteria are laid down and applied consistently. It would be most unfortunate if the amount of redress payable to a particular claimant was, to a degree, dependent upon which panel or decision maker considered the claim.
- 4.304. I am also conscious that on occasions, there can sometimes be a conflict between what is considered to be full redress and what is assessed as 'fair'. If all decision makers within

275 Professor Chris Hodges 1st **[WITN11710100]** at [25/42] to [27/43].

all the schemes assess awards to claimants by adhering strictly to the legal principles which would be applied in the courts, I am convinced that many objective and well-informed observers would probably conclude that the assessed awards were both *"full and fair"*. If, however, such applicable legal principles had the effect of reducing the sums claimed or, in some instances, extinguishing heads of loss completely, some might suggest that the legal principles themselves were unfair. In their evidence, both Mr Recaldin and Mr Read came close to suggesting that some legal principles applied in the courts would be unfair if applied to claims under the schemes. They certainly considered that the application of some of the legal principles applied in the courts might lead to awards which were *"ungenerous"*.²⁷⁶

- 4.305. As I have said already, I have always understood that decision makers under all the schemes may depart from legal principles applied in the courts in order to achieve an outcome which is fair. The problem is that there is very limited statistical evidence available as to whether that ever occurs and, if it does, how

frequently. The one strand of evidence which might suggest that it occurs on occasions comes from the survey of claimants in HSS. That evidence demonstrated that 8% of those who completed the survey and who had submitted claims valued in the range £20,000 to £60,000, received offers which were higher than the sums which they had claimed. It would be very unusual, at the very least, for a claimant in a court case to be awarded more than the sum claimed!

- 4.306. The issue of whether financial redress awarded to claimants is *“full and fair”* is most likely to arise as a cause for concern in claims which have been or will be the subject of assessment. In OCS, GLOS and HCRS, all claimants have the opportunity to obtain legal advice, paid for by the Post Office/Department before they make a choice between assessment and opting for the Fixed Sum Offer. It is very likely that with appropriate advice the claimants in those schemes are able to make proper judgments about whether the Fixed Sum Offer is *“full and fair”* for them, or at the very least, acceptable to them. However, the opportunity to obtain legal advice which is paid for is not afforded

to claimants who wish to consider the merits of the Fixed Sum Offer in HSS. How is that fair as between the claimants in HSS and the claimants in each of the other schemes? How is a claimant in HSS, to make an informed decision about whether the Fixed Sum Offer constitutes acceptable redress, never mind redress which is *“full and fair”* when the claim as calculated would exceed the Fixed Sum Offer by a modest amount? What is the justification for the Department’s steadfast refusal to countenance funding legal advice for those who wish to make an informed decision about the merits of the Fixed Sum Offer in HSS? These are questions to which, in my view, the Department has provided no answers which convince me that its stated position is justified.

4.307. I say “the Department” and not “the Department and the Post Office” in the sentence immediately above quite deliberately. The Post Office explicitly supports the view that claimants in HSS who are contemplating accepting the Fixed Sum Offer should be afforded the opportunity of obtaining legal advice on that issue which is paid for by the Department in advance of

making the decision.²⁷⁷ There will no doubt, be many claimants for whom the choice between assessment and the Fixed Sum Offer will be obvious. It is most unlikely that they will wish to engage a lawyer just because the Department will pay. For some claimants however, the choice between assessment and accepting the Fixed Sum Offer will be very difficult.

Value for Money

4.308. *Managing Public Money* is a Treasury document which sets out the main principles for dealing with financial resources in the public sector.²⁷⁸ These principles were examined in evidence to assess what impact they may have had on the delivery of financial redress to claimants. In particular, I wished to understand whether value for money considerations played a part in individual assessments of claims or was a general concept which applied to the schemes looked at in the round.

4.309. In her evidence Ms Munby provided an overview of the structure and application of

277 [SUBS0000064] at [80/275].

278 [POL00413475].

these principles and her role as Permanent Secretary and the Principal Accounting Officer for the Department. Ms Munby informed me that there were four core concepts which the Accounting Officer had a requirement to test: regularity, propriety, value for money and feasibility. Any new and major initiatives needed to be assessed by each of these criteria. That assessment had taken place as the schemes were being established.²⁷⁹

- 4.310. Whether value for money was directly linked to the level of redress offered was said to be dependent on the ministerial steer as to the objective, policy goal or intent.²⁸⁰ The intent throughout her tenure as Permanent Secretary was the same: financial redress was to be *“full and fair”*. That did not mean, however, that steps would not be taken to minimise the costs associated with each scheme. By way of example steps were taken to minimise administration costs and prevent fraudulent claims and technical errors.²⁸¹ She was adamant however, that this should not

279 Transcript, 05/11/2024, Sarah Munby
[INQ00001201] at [122/18] to [124/21].

280 Ibid at [126/4] to [130/4].

281 Ibid at [127/7] to [128/14].

be taken to imply that an individual claim would be settled at anything less than “*full and fair*”, which, she repeatedly maintained, was the ministerial intent throughout.²⁸²

4.311. Ms Munby’s evidence was essentially consistent with the evidence given by Ms Gratton, Mr Creswell and the current and former Departmental Ministers.²⁸³ Each, in their own way, maintained that value for money considerations did not impact upon individual assessments of financial redress so as to reduce those assessments below what was “*full and fair*”.

4.312. Not surprisingly, a number of questions were addressed to Ministers and Departmental witnesses about whether the Fixed Sum Offers represented value for money. All of those called to give oral evidence supported the view that, in the round, the Fixed Sum Offers represented value for money even though each acknowledged that individual

282 Ibid at [142/9] to [177/12].

283 Former ministers: The Rt Hon Kemi Badenoch MP, Kevin Hollinrake MP, Current ministers: The Rt Hon Jonathan Reynolds MP and Gareth Thomas MP.

claimants were sometimes much better off than would have been the case had their claims been assessed.

4.313. The most detailed account of how the concept of value for money was considered in practice was given by Mr Creswell.²⁸⁴ In particular he referred to the discussions which occurred within the Department and between the Department and HM Treasury in the summer of 2023 relating to the proposed Fixed Sum Offer for claimants in GLOS. He said the Department's objective was to achieve *"timely and successful delivery of full and fair compensation for GLO claimants"*. The Department considered and analysed different policy options including a proposal for a Fixed Sum Offer for £100,000. The policy went through a value for money assessment by the Accounting Officer and HMT before a decision was reached that Fixed Sum Offers would be offered in the sum of £75,000.²⁸⁵

284 Carl Creswell 2nd **[WITN11730200]** at [9/30 to [10/35].

285 Carl Creswell 2nd **[WITN11730200]** at [9/30 to [10/35]; **[BEIS0000888]**, **[BEIS0000707]**, **[BEIS0000727]**, **[BEIS0001189]**.

When questioned on this in oral evidence he highlighted the repercussions on other schemes as a consideration.²⁸⁶

- 4.314. In his closing submissions on behalf of the Department, Mr Chapman vigorously disputed any suggestion that the concept of “*value for money*” had ever played a role in the assessment of payments to individual claimants. He defended the Fixed Sum Offers introduced in all the financial redress schemes and maintained that they represented value for money overall, even if in individual cases, some claimants received substantially more than they would ever have received had their claims been assessed.
- 4.315. The written closing submissions of the Post Office were to the same effect.²⁸⁷ They strongly asserted that the concept of value for money had not been a factor in diminishing or depressing offers made by the Post Office to claimants either in HSS or OCS. “*Value for money*” was a concept relevant only to the administration and delivery of the schemes as a whole.

286 Transcript, 6/11/2024, Carl Creswell
[INQ00001202] [204/16] to [205/13].

287 [SUBS0000064] at [76/263] to [76/264].

4.316. The Post Office sought to make good that point by reference to the Terms of Reference of the Horizon Redress Overturned Convictions Board.²⁸⁸ At page 1 of that document, the following appears:

“Both redress schemes [HSS and OCS] share two main objectives:

To see Postmasters whose convictions are overturned be offered full and fair financial redress.

To design and operate the redress schemes in a manner which represents Value for Money (“VfM”) for the taxpayer.”

4.317. In its closing submissions on this issue the Post Office made no reference to evidence given by Mr Alisdair Cameron, its former Chief Financial Officer and Mr Staunton, its former chair.

4.318. At paragraph 22 of his second witness statement, Mr Cameron expressed concern about decisions being made on financial redress which he felt, prioritised the interests of the Department over the treatment of

postmasters.²⁸⁹ He expressed the view that decisions were being made slowly and, for convicted claimants, less generously than originally forecasted.²⁹⁰ At paragraph 142 of his first witness statement, Mr Cameron stated that the Post Office had the financial incentive to pay compensation quickly and generously because they carried the burden of the costs of administration. His concern was that the processes to which the Post Office had to adhere to receive that payment from Government were bureaucratic and complex.²⁹¹ In his oral evidence he came close to asserting that value for money considerations did play a part in individual assessments. Mr Staunton quite explicitly said so.²⁹²

4.319. Finally, I should record that there seemed to be an acceptance in oral evidence that until late 2023, greater emphasis was placed

289 Alisdair Cameron 2nd **[WITN09840200]** at [6/22].

290 Ibid at [15/50].

291 Alisdair Cameron 1st **[WITN09840100]** at [34/142].

292 Transcript, 01/10/2024, Henry Staunton **[INQ00001189]** at [168/4] to [168/9].

by Ministers upon the delivery of financial redress which was “*full and fair*”, whereas from late 2023 to the present time the emphasis has been placed upon delivering compensation *promptly*. In that regard the Post Office expressly asserted in closing submissions that it welcomed this shift in emphasis. It maintained that in HSS it had hired more individuals to process more claims, increased the frequency of escalation meetings, offered face-to-face negotiations rather than resubmitting disputed claims to a panel, and explored whether the process of analysing shortfalls should be automated. I have no reason to doubt the accuracy of those submissions. Following their oral evidence, written statements were received from Mr. Hollinrake and Mr. Creswell which appeared to row back from that part of their oral evidence which had suggested the shift in emphasis described in the first sentence above.²⁹³

293 **[WITN11460200]** at [1/2] to [1/3] and
[WITN11730300] at [1/2] to [3/6].

g. Restorative Justice

4.320. The idea of restorative justice has been in the contemplation of postmasters and others adversely affected by Horizon since the opening of the Inquiry, when Mr Stein KC requested that each postmaster should have the opportunity to meet with senior representatives of the Post Office.²⁹⁴ As of 4 September 2024, there had been 64 meetings between postmasters and the Post Office.²⁹⁵ The meetings had been attended by Mr Recaldin and members of the Senior Executive Group. I was not surprised to be told that the meetings described as both difficult and enlightening.²⁹⁶ Mr Recaldin, in evidence, described some of the small steps that POL have taken to address concerns that were not related to financial redress, for

294 Transcript, 13/10/2022, Sam Stein KC
[INQ00001046] at [63/11] to [64/3].

295 Simon Recaldin 6th **[WITN09890600]** at [15/38]
“at the time of writing 64 (of which 12 in HSS, 44 in the GLO Scheme and eight in the OC Process) restorative Justice meetings have taken place...”.

296 Transcript, 02/10/2024, Chris Brocklesby
[INQ00001190] at [90/4] to [91/19].

example offering references, presumably in an employment context, and placing articles in the local press explaining the exoneration of a postmaster.²⁹⁷

4.321. In submissions, Mr Stein KC advocated for a funded restorative justice programme which he envisaged would include:

- a) ongoing psychiatric and counselling support for postmasters and their families;
- b) bursaries to assist with the retraining of postmasters and for the education of their children whose education was disrupted by this scandal;
- c) a tangible memorial scheme to mark what he described as the largest miscarriage of justice in British legal history; **such a scheme should sympathetically record the experiences of postmasters and how profoundly they and their communities were failed by the Post Office and others;**

297 Transcript, 05/11/2024, Simon Recaldin [INQ00001201] at [48/1] to [48/19].

- d) restitution and restoration of reputation: **in many cases postmasters' reputations were traduced in their local communities and regionally; postmasters' reputations must also be restored within their own local communities through engagement with those communities and the local press;**
- e) an entrepreneurial fund; and,
- f) **a fund for affected family members.**²⁹⁸

4.322. Mr Stein KC further submitted that I should not close the Inquiry until it has received and considered the proposals of the Post Office and Fujitsu on restorative justice and Core Participants have had an opportunity

298 I note that measures (a)-(e) were included in Submissions 02/12/2024, Howe & Co **[SUBS0000014]** at [34/101] to which the Post Office took the position that such a programme was outside my terms of reference. See Transcript, 08/12/2022, Kate Gallafent KC **[INQ00001055]** at [40/15] to [40/24].

to respond to those proposals. Mr Recaldin made a commitment to provide such a report to the Inquiry, although it is yet to be received.²⁹⁹ Mr William Paul Patterson, a director of Fujitsu Services Limited, who made a total of five witness statements and gave oral evidence to the Inquiry on two occasions declined to make a similar commitment Fujitsu have maintained the position that they will deal with issues pertaining to monetary contribution to financial redress after the publication of my Report.³⁰⁰ This position had been explained to Ms Badenoch MP (then the relevant Secretary of State) who described having early discussions with Fujitsu about the issue of restorative justice.³⁰¹ With a degree of reluctance, in my view, the

299 Transcript, 05/11/2024, Simon Recaldin
[INQ00001201] at [51/6] to [52/3].

300 Submissions, 09/12/2024, Fujitsu
[SUBS0000067] at [42/76] *“Fujitsu will engage with Government on contribution to the Government’s compensation costs. The timing of this engagement will commence once this Inquiry has published its findings.”*

301 Transcript, 11/11/2024, Kemi Badenoch MP
[INQ00001205] at [159/3] to [162/3].

company has agreed to re-open discussions with representatives of the Department about its engagement in restorative justice in advance of the publication of my Report.³⁰² I understand that a meeting has now taken place between representatives of the Department, Mr. Patterson and Mr Takahito Tokita, the chief executive officer of Fujitsu Limited, following which a joint statement was issued as follows:

“Ahead of the completion of Sir Wyn Williams’ Horizon IT Inquiry, the Secretary of State and Mr Patterson agreed to progress discussions regarding Fujitsu’s contribution, acknowledging many parties are involved.”³⁰³

4.323. To date I have received no indication from Fujitsu or the Department as to how and when the discussions will be progressed, although to be fair to them both, I have not explicitly sought that information.

302 Transcript, 11/11/2024, William Paul Patterson [INQ00001205] at [227/6] to [232/13].

303 [RLIT0000633].

4.324. In submissions from Mr Tim Moloney KC, he invited me to recommend that work towards restorative justice programmes should be founded on moral responsibility and that such work should not be hindered by other legal proceedings. He also invited me to seek a commitment from the Government and Fujitsu to the effect that they would publish the final monetary contribution made by Fujitsu to the Department/Government, and/or the Post Office and any other relevant commitments made by Fujitsu.

5. SUBMISSIONS ON BEHALF OF CORE PARTICIPANTS AND OTHERS

- 5.1. Oral and written evidence relating to the schemes for financial redress was adduced before me as part of Phase 7 of the Inquiry. Following the completion of the evidence relating to that phase of the Inquiry, I invited Core Participants to make closing written submissions about Phase 7 (and earlier phases). I also permitted the legal representatives of Core Participants to make oral submissions, thereby providing an opportunity for them to emphasise issues which particularly concerned their clients, and/or to amplify points which they had made in writing. I received written and oral submissions ranging over a number of issues considered at the Inquiry (i) on behalf of the Core Participants represented by Hodge Jones & Allen (ii) on behalf of the Core Participants represented by Howe+Co and (iii) on behalf of the Core Participants represented by Hudgell Solicitors. I also received written and oral submissions in relation to a range of topics on behalf of (iv) Ms Susan Sinclair (v) NFSP (vi)

UKGI(vii)thePostOffice(viii)MsPaulaVennells (ix) Mr Gareth Jenkins (x) Fujitsu and xi) the Department. I received written submissions on behalf of the Communications Workers Union.

- 5.2. The Core Participants who provided detailed submissions in relation to redress were those represented by Hudgell Solicitors, Howe+Co and Hodge Jones & Allen, the Post Office and the Department. I have considered all the submissions relating to redress with care and I have taken them into account in reaching my conclusions and formulating my recommendations.
- 5.3. I do not consider it is necessary to summarise in this volume what was written and said about redress save in one limited respect. It is important, in my view, that I put on record the main suggested recommendations advanced on behalf of Core Participants who are former or current postmasters and others affected by Horizon.³⁰⁴

304 Hodge Jones & Allen: **[SUBS0000074]**; Howe & Co: **[SUBS0000079]**; Hudgell Solicitors: **[SUBS0000089]**.

5.4. In his written submissions, Mr Moloney KC suggested that I make the following recommendations.³⁰⁵ First, a centre of expertise should be established within government in order to provide guidance, expertise or a framework for public bodies seeking to set up any compensation scheme. Second, the Government should create a standing public body to act as a compensating authority to administer future compensation schemes. Third, all claimants, in whatever scheme, should have the option of obtaining funded legal advice prior to the acceptance of a Fixed Sum Offer. Fourth, claimants who opt for an assessed offer should be able to change course at any time and accept the Fixed Sum Offer in their scheme. Fifth, the Post Office and the Department should take steps to stop the seemingly normal practice of first offers being pitched very low. Sixth, the Post

305 I am sure that many and perhaps all of the members of the legal team who act for the Core Participants represented by Hudgell Solicitors contributed to the writing of submissions. However, for convenience only, I attribute the submissions to Mr Moloney KC since it was he who made the oral submissions.

Office and/or the Department should cease the practice of applying repeated discounts in their assessment of appropriate offers where, as they perceive, there is a want of evidential sufficiency.

They should, rather, give claimants the benefit of the doubt. Seventh, in HSS, claimants should have the option to either proceed to the Dispute Resolution Procedure or to return the claim to the independent panel following good faith and/or escalation meetings. Eighth, the proposed appeals mechanism to be incorporated within HSS should include an entitlement to appeal in relation to any settlement where legal advice had not been available (or where there is evidence that the claimant was unaware of a right to secure funded legal assistance). Ninth, family members adversely affected by Horizon should receive redress (possibly as part of a restorative justice programme). Tenth, there should be a restorative justice framework and eleventh, HM Government should make a public apology. Mr Moloney KC did not add to his list when making his oral submissions.

- 5.5. Mr Stein KC made points, both in writing and orally, which supported the proposed recommendations which I have summarised above.³⁰⁶ Additionally, however, he asked me to consider two discrete recommendations of his own. First, he invited me to recommend that redress should be provided to assistants in branches as well as family members. Second, he invited me to adopt a monitoring role in relation to the financial redress schemes, even after I have delivered this and the subsequent volume of my Report. He sought to persuade me that I have the power to proceed in that way.³⁰⁷
- 5.6. Mr Edward Henry KC, on behalf of the Core Participants represented by Hodge Jones & Allen, generally aligned himself with Mr Moloney KC and Mr Stein KC. He did not formulate any discrete recommendation which was separate from those already listed.

306 Mr Stein KC represents the Core Participants represented by Howe & Co. See the previous footnote which applies equally to the writing submissions made on behalf of his lay clients.

307 **[SUBS0000079]** at [5/13] to [5/17].

- 5.7. Following the publication on 8 April 2025 of details relating to the newly created appeal process in HSS, I considered whether to hold a hearing so that oral submissions could be made on behalf of Core Participants about the process. After some reflection, I decided that it was sufficient to afford Core Participants the opportunity to make written submissions.
- 5.8. I have received written submissions from the Core Participants represented by Hodge Jones & Allen, Howe + Co and Hudgell Solicitors and from the Post Office, the Department and NFSP. I have considered them with care and taken them into account as will become obvious, I hope, from Section 6 below. It is worthy of some note that the submissions on behalf of the clients of Hodge Jones & Allen suggested, in terms, that the Department "*is not independent and therefore should not be arbiter of appeals*".³⁰⁸ I considered again whether I should hold a discrete hearing on issues relating to financial redress, but I reached the firm conclusion that the publication of this volume of my Report should not be delayed (as, inevitably, it would be if I were to convene a hearing) beyond late June/early July.

- 5.9. From time to time during the whole course of the Inquiry, I have received detailed (sometimes very detailed) written submissions from Mr Paul Marshall, a barrister who acts for some of the most well-known and adversely affected Core Participants in their respective claims for financial redress. However, Mr Marshall does not represent these Core Participants in the Inquiry.
- 5.10. In paragraphs 123 to 129 of the Progress Update I wrote about written contributions made by Mr Marshall up to that point. Paragraph 127 is of particular importance.³⁰⁹
- 5.11. The views which I expressed in paragraph 127 of the Progress Update remain unaltered. Mr Marshall raises all sorts of interesting arguments about the assessment of financial redress in most of the communications which he has addressed to me since I published that Update. Those arguments must be addressed to the decision makers in the schemes in which his clients (under any direct access arrangements) or lay clients are claimants.

309 Progress Update on issues relating to Compensation 15/08/2024 **[INQ00002032]** at [31/127].

I must resist his attempts to draw me into the debate about individual claims and awards and the applicable legal principles which may underpin them. As I wrote in paragraph 127 of the Progress Update, I am precluded by section 2(1) of the Inquiries Act 2005 from ruling upon or determining any person's civil liability. It would not be appropriate for me to circumvent or seek to circumvent that statutory provision by making "recommendations" about, or reaching "conclusions" upon the proper measure of financial redress to be awarded in particular claims or in particular circumstances. Further, and very importantly, since the Progress Update was published, an appeals mechanism has been announced in HSS (HSSA), and dispute resolution processes have been incorporated into OCS/HCRS, and provided in GLOS which ensures that difficult factual or legal issues in individual cases can be thoroughly investigated and determined.

- 5.12. I should also record that during the course of Phase 7, and following the close of the evidence hearings on 13 November 2024, I received a number of letters and emails from claimants which contained criticisms of the schemes for delivering financial redress and, in particular, about alleged inadequacies relating to HSS

and GLOS. Between 1 September 2024 and 31 March 2025, I received representations from not less than 25 different people. Some representations were intended primarily for Ministers (including the Prime Minister) and copied to me.

- 5.13. All the representations sent or copied to the Inquiry were unsolicited; many, if not all were sent by persons who are Core Participants, or are relatives of Core Participants. Many of the representations contained valid points about delay within the schemes, although as I hope will be clear, I am very well informed about the issue of delay in the delivery and administration of HSS, OCS and GLOS. Some of the representations made criticisms of how individual claims were being assessed or administered. As I trust is well known, I cannot investigate the circumstances of individual claims with a view to solving such problems as exist in the claims brought to my attention. A number of correspondents pointed to what they regarded as discrepancies between the schemes which might lead to a lack of equal treatment between claimants in different schemes. All that said, the information provided to me in these communications has reinforced the views which I am about to express and my conclusions.

6. CONCLUSIONS AND RECOMMENDATIONS RELATING TO REDRESS

6.1. As is obvious from the heading above, this section contains my conclusions and recommendations relating to redress. It is vitally important in my view, that these matters are addressed as soon as can be. No purpose would be served by HM Government or the Department delaying consideration of my recommendations until the remainder of my Report is delivered. The whole reason for delivering this volume of my Report in advance of the remaining volume is that appropriate action in relation to the schemes for redress can be taken as soon as is reasonably possible. Accordingly, the first recommendation which I make is that:

1. HM Government and/or the Department and where appropriate the Post Office and Fujitsu shall provide written responses to my recommendations by 10 October 2025.

- 6.2. The Terms of Reference of the Inquiry, as I have interpreted them, require me to assess whether the schemes for providing financial redress described above have “*properly*” delivered financial redress to all eligible claimants. In the revised List of Issues which I published on 10 January 2022, I made it clear that such an assessment would involve considering (i) whether, and if so, to what extent, the schemes provided an adequate means for providing financial redress and (ii) whether in fact, claimants were being compensated adequately.³¹⁰
- 6.3. As it happens, before I had finalised the List of Issues, the Post Office, the Department and Ministers had announced that they were committed to providing financial redress to claimants which was *full and fair*. They had also committed to delivering such financial redress *promptly*. Following the publication of the List of Issues, there was no rowing back from those commitments. Indeed, throughout the course of the Inquiry, all three continued to assert that they were committed to providing financial redress to claimants which was *full and fair* and that their aim was to provide

payments to the claimants *promptly*. In its written submissions following the evidence in Phase 7, the Post Office stressed that the overarching aim had always been, and continued to be, that postmasters should receive full and fair redress, promptly.³¹¹ In his written and oral submissions at the close of Phase 7, Mr Chapman vigorously defended the Department's commitment to deliver redress which was full and fair. He relied, in particular, upon the evidence of Ms Munby that "*she had never encountered anything that could be described as resistance or opposition to that intent, from anyone*".³¹² Ms Munby's tenure as Permanent Secretary at the Department spanned the period July 2020 to February 2023, a time during which there were repeated pronouncements that financial redress should be *full, fair and prompt*. It was also during that time that I drew attention to the phrase in the Progress Update and emphasised its significance.

- 6.4. The evidence adduced at the Inquiry satisfies me that the commitments to provide financial redress which is full and fair and to provide

311 **[SUBS0000064]** at [75/262] regarding *full and fair* and at [77/265] regarding promptness.

312 **[SUBS0000075]** at [85/228].

it promptly were made in good faith and represented the genuinely held aims of the Post Office, the Department and Ministers. I am satisfied too, that the Post Office, the Department and Ministers continue to adhere to the aims of providing financial redress, which is *full, fair and prompt*. I say that on the basis of the witness evidence of Ministers, Departmental Officials, and the Board members of the Post Office who provided written and oral evidence to the Inquiry.

- 6.5. That said, I am also satisfied that the commitment to provide financial redress promptly became a particular priority for Ministers and the Department from early/ mid 2023. This change in mindset took place in the face of mounting delays in the delivery of all the schemes then existing, and a growing realisation that the process of assessing offers was, on any view, taking far too long in some instances. Many high value and complex claims in all schemes could not be resolved within a reasonable timescale. Hence the advent of Fixed Sum Offers, first in OCS and thereafter, in GLOS and HSS.

- 6.6. Notwithstanding this change in mindset however I accept that the Post Office, the Department and Ministers remain committed to the aims of providing redress which is *full and fair* and delivering it *promptly*.
- 6.7. Ultimately of course, whatever aims the Post Office, and the Department have embraced, the real question is whether they have been able to fulfil those aims. Having reviewed the evidence with care, I have concluded that there have been too many instances in the past in which the aims have not been fulfilled and that, as things stand, there are many formidable difficulties in the way of achieving those aims going forward.
- 6.8. What has led me to those conclusions? I begin my analysis with some general observations.
- 6.9. I deal first with a linguistic point in case there is any confusion about the use of descriptive terms in this volume. In my view, redress which is *full and fair* is at least equivalent to adequate redress, (the description I use in my List of Issues) indeed it is probably more generous. If claimants (or at least most of them) receive financial redress which is *full and fair* that will also be a significant indicator

that the schemes themselves, are capable of delivering redress adequately. However, in making a judgment in respect of the adequacy of the schemes to deliver redress, there is a further factor to be considered, namely, whether redress has been and is being delivered promptly.

- 6.10. Accordingly, in order to undertake the assessment required of me by the Inquiry's Terms of Reference and my List of Issues, and in order to assess whether the Post Office, the Department and Ministers have fulfilled their stated aims, I propose to answer the following question:

“Have the Post Office, the Department and Ministers delivered financial redress to claimants which is full and fair, and have they done so promptly?”

- 6.11. In order to answer that question sufficiently, there are sub-questions to be considered and answered. How should the phrase *full fair and prompt* be understood by claimants and the public at large. Considered objectively, what did the Post Office, the Department and Ministers intend the phrase to mean? Once the meaning of the phrase has been established,

has the aim of providing redress which is *full and fair* in that sense been achieved? Has redress been delivered promptly?

a. The meaning of the phrase 'Full and Fair Redress'

- 6.12. At paragraphs 4.303 and 4.304 above I expressed the view that the phrase *full and fair* redress might mean different things to different people, and that it would be most unfortunate if the awards made to claimants were dependent upon how the phrase was interpreted by different decision makers in particular claims. In my view, there is a clear and compelling need for consistency in the interpretation of the phrase given its centrality in this redress process. I also take the view that such consistency can be achieved only by there being a common understanding of the phrase *full and fair*.
- 6.13. That view is reinforced by my experience that in our adversarial system of civil justice, the assessment of financial redress should be considered as an art rather than a science. Even though the assessment of compensation in litigation or arbitration is

governed by established legal principles, different judges or arbitrators might apply those principles to the facts of a particular claim so as to produce results which differ, sometimes quite markedly. No doubt, that is why lawyers often speak of "*a range of awards open to a judge*" when advising clients upon the value of their claims. The phrase "*a range of awards open to a judge*" itself implies that there must be an upper and lower end of the range. That too, is a concept much explained by lawyers when advising their clients.

- 6.14. How then is the phrase *full and fair* to be understood?
- 6.15. It seems to me that the context is all important. The schemes are intended to provide redress to persons who have suffered disastrous harm, loss and damage on one end of the scale, and comparatively modest financial loss at the other. The decision makers under each of the schemes are obliged to apply legal principles which appear to be identical, or at least very similar to the legal principles which govern the assessment of damages in civil litigation. Lord Dyson's *neutral evaluation* in OCS was commissioned on the basis that he would predict likely awards of damages

by judges for non-pecuniary losses in claims for the tort of malicious prosecution. The *Consequential Loss Principles and Guidance* in HSS, the *GLO Scheme Guidance and Principles* in GLOS and the *Assessment Framework* in HCRS all conform to the legal principles which would govern the assessment of damages by a judge in claims for breach of contract or various torts. I understand that all these documents (but for the *Consequential Loss Principles and Guidance*) were, to a greater or lesser extent, the subject of consultation with claimants' groups and their representatives before being finalised and published.

- 6.16. When the phrase *full and fair* was first used in the context of financial redress all claims were assessed. Now of course, the claimants in all the schemes can choose between an award which is assessed by decision makers, or they can opt for the Fixed Sum Offer. The fixed sum on offer in any given scheme may constitute full and fair redress for a particular claimant. All will depend upon the facts of the case. Undoubtedly however, there will be cases in which it is not *full and fair* – either because it is too much or too little – yet there may be a variety of reasons why the fixed sum

in a particular scheme may be acceptable to a claimant. In my view, since the introduction of Fixed Sum Offers, it must follow that the commitment to provide redress which is *full and fair* must be understood to relate, at least primarily, to claims which have been, and are to be, assessed.

- 6.17. In all the circumstances, I take the view that the informed lay observer would conclude that the use of the word *full* was intended to convey to claimants that they would receive financial redress at the top end of any range which it would be open to a decision maker to award. In my view too, that is what the Post Office, the Department and/or the Minister must have intended should be understood by the use of the word *full*. There is however, the need for further clarification. Each of the schemes make clear the principles upon which the assessment of redress must be undertaken. Essentially, the principles which are articulated in each scheme are those which would be applied in civil litigation in a court in England and Wales. Accordingly, in my view, the range of awards available to a decision maker under the schemes would be that which would be considered appropriate by a judge in a civil claim in that jurisdiction.

- 6.18. Set against the background, and in the context which I have just set out, I consider that the word *full* when applied to the phrase financial redress must be understood as meaning that each claimant in each scheme whose claim has been, or is to be assessed, is entitled to receive a monetary sum which would be at the top end of the range of damages which would be awarded to that claimant by a court, always assuming that the facts established as supporting the claim under the relevant scheme, were the facts established before a court.
- 6.19. What if anything, does the word *fair* add in the phrase *full and fair*? In very many cases it adds nothing. In a high proportion of claims, redress which is *full* in the sense I have explained, will also be *fair*. Accordingly, in my view, whether an award in any given case is *fair* must be determined in the round on a case by case basis giving the word *fair* its ordinary and natural meaning.
- 6.20. All that said, I can envisage circumstances in which the word fair becomes important. There will undoubtedly be claims in which the claimant is unable to provide written evidence in support of aspects of a claim.

The most obvious circumstances in which this arises is when a claimant cannot produce documents because, for example, they have been destroyed, lost or seized by the Post Office and are now not available. Depending on the circumstances in which the evidence has become unavailable, fairness might easily demand that the claimant be given the “benefit of the doubt” as to a particular aspect of the claim. In civil proceedings in a court or arbitration, the judge or arbitrator will usually have the advantage of hearing oral sworn evidence from a claimant about missing documents. That evidence can then be used as the basis upon which to assess the explanation for documents being missing and more generally in relation to the claimant’s credibility on disputed aspects of a claim. The decision makers in the schemes under consideration do not hear oral sworn evidence. Consequently in my view, decision makers in the schemes should be prepared to make proper allowance in favour of a claimant who cannot produce supporting documents, and they should be willing to accept explanations as to why documents are missing unless there is clear evidence which contradicts the explanation. I doubt very much if a decision maker will be acting

fairly if a claim, or an aspect of a claim, is discounted by a percentage which is more or less arbitrary simply because documentation which once existed cannot be produced in support of a claim.

6.21. More generally, it is important that decision makers keep well in mind that it is permissible, if fairness demands it, for them to depart from established legal principles in reaching a decision in a particular claim. This principle, which was explained to me by Ms Gallafent KC is not made explicit in any of the documents which underpin the various schemes. However, I have no reason to doubt what I was told by Ms Gallafent KC, and I note that the Department has never sought to contradict what she said.

6.22. In light of the foregoing, I recommend:

2. The Minister and/or the Department in conjunction with the Post Office shall make a public announcement explaining what is meant by the phrase “*full and fair financial redress*”. Such an explanation should indicate that claimants should be awarded sums which are equivalent to those which they would receive in

civil litigation brought before a judge in England and Wales assuming that the judge hearing the civil claims awarded damages at the top end of the appropriate range of damages. The explanation should also include a statement to the effect that, if fairness demands it in a particular case, a decision maker may depart from the established legal principles which would normally govern the assessment of damages in civil litigation.

3. The Post Office, the Department and the Minister shall ensure that all decision makers in HSS, GLOS and OCS/HCRS apply the meaning to be given to the words “*full and fair*” when assessing the amounts to be awarded to individual claimants.

6.23. I regard the recommendations set out above to be necessary because they will ensure a much greater degree of clarity as to the basis upon which assessed awards overall are made. They will also help to provide a greater degree of consistency. Finally, and most crucially, they will help to ensure that the awards to claimants conform with the commitment to provide financial redress which really is *full and fair*.

b. Has “Full and Fair Redress” been delivered to Claimants in all schemes?

6.24. I deal with this issue scheme by scheme.

HSS

6.25. Between the spring of 2021 and the summer of 2024 all claims in HSS were assessed. I propose to consider first whether the claimants who submitted claims during that period received financial redress which was *full and fair*.

6.26. By 31 July 2024 at least 4,087 eligible claims had been made in HSS. A total of 2,895 offers in settlement had been made to those claimants of which 2,424 offers had been accepted i.e. nearly 84% of claimants had accepted the offers which had been made to them.³¹³ The figure of 84%, derived from data supplied by Mr Recaldin, is very similar to the percentage of claimants who had accepted offers as derived from the survey evidence (87%). On any view therefore, the

313 Simon Recaldin 10th [WITN09891000] at [3/8]. I do not know the breakdown between those accepting a first or subsequent offers.

available evidence shows that a very large proportion of the claimants who submitted claims before 31 July 2024 and had received offers in respect of their claims had accepted those offers. That statistic is sometimes used to justify or support the conclusion that *full and fair* redress had been delivered to a substantial majority of claimants, at the very least, whose claims were received by the Post Office before 31 July 2024.

- 6.27. In my view, the evidence before me, taken as a whole, does not justify that conclusion.
- 6.28. My starting point is the survey evidence. It just so happens that it was commissioned in July and August 2024, so that it is probable that virtually all of those responding will have submitted their claims prior to 31 July 2024.
- 6.29. 59% of those who responded to the survey and who had accepted the offers which had been made to them, were either very or fairly dissatisfied with the amount they had been offered. A mere 15% of those responding who had accepted offers had done so because they were satisfied with the amount offered.

- 6.30. The survey evidence also provided important data about offers made as compared with the amounts originally claimed. 39% of claimants who responded to the survey had originally claimed less than £20,000. 73% of those claimants received an offer which was identical to their own valuation of their claims. Of those claimants who had submitted claims in the bracket £20,000 to £60,000, 37% received an offer which was identical to the claim which they had submitted, and 8% received offers which exceeded their claims. Only 26% of those who had submitted claims valued at more than £100,000 received an offer which was equivalent to the claim submitted.³¹⁴
- 6.31. This survey evidence points clearly to the following. In claims under £20,000, a high percentage of claimants received an offer which was equivalent to the claim submitted. A small but significant percentage of claimants who had made claims in the bracket £20,000 to £60,000 received offers which exceeded their claims. In my view, that statistic provided some support for

314 Phase 7 Surveys - Report produced by YouGov on behalf of the Post Office Horizon IT Inquiry [**EXPG0000007**] at [49/5.2].

the proposition that the Post Office, and/or their advisors, and/or the independent panels making recommendations to them were sometimes astute to identify legitimate heads of loss which had not been claimed. However, overall, the survey evidence clearly demonstrated that the higher the value placed upon a claim by a claimant, the less likely it was that the claimant would receive an offer which was equivalent to the claim which had been submitted to the Post Office.

- 6.32. The conclusion which I have just derived from the survey evidence chimes with much of the other evidence I received, and the submissions made to me on behalf of claimants who are also Core Participants. I say that for the following reasons.
- 6.33. I am persuaded that in the difficult and substantial claims, on too many occasions, the Post Office and its advisors have adopted an unnecessarily adversarial attitude towards making initial offers which have had the effect of depressing the level at which settlements have been achieved. I accept the evidence to that effect given to me by Ms Gratton, who, as I previously noted has been a director of the Post Office since 2023 and continues in

that role.³¹⁵ I accept too, that although it has been open to the Post Office, the Department and their advisors to depart from established legal principles when appropriate in order to achieve an outcome which was fair, based upon the evidence explored at paragraph 4.37 above, such departures have likely been quite rare and usually confined to decisions about the weight to be attached to evidence (or the lack of it) as opposed to whether or not substantive legal principles should be applied or disapplied. In my view, I received no evidence (statistical or otherwise) which demonstrated unequivocally that there had been a departure from a substantive legal principle in order to achieve fairness in a particular case. Certainly, there is no such evidence in the written statements of those persons, such as Mr Recaldin or Mr Creswell who might be expected to know if such departures had occurred.

- 6.34. I pause at this stage to make a tangential point about the power conferred upon decision makers to depart from established legal principles. In some respects, I have sympathy with the view that offers to postmasters

315 Outlined at paragraph 4.103 above.

and others should only be formulated by reference to established legal principles. I can see why some might question whether wronged postmasters and others wronged by Horizon should be in a better position in terms of financial redress than if their redress had been adjudicated upon in the courts. That thought process has troubled me on more than one occasion. However, in my view, the answer to this troubling thought, in the end, is quite straightforward. It was the Post Office, the Department and Ministers who committed to providing financial redress which was *full and fair*. On any view, the Post Office, as a corporate entity, was substantially to blame for the wrongs perpetrated upon postmasters and others, and it was the Post Office which announced publicly that fairness might justify a departure from established legal principles. The Department is and was at all material times, the only shareholder of the Post Office and it was the Department which committed to funding all the financial redress. It has never contradicted what the Post Office has said about departing from established legal principles in order to achieve fairness. If a corporate body has caused harm on a very substantial scale, it, and its sole

shareholder, is entitled to provide redress as it thinks appropriate in all the circumstances, subject only of course, to acting within its lawful powers.

- 6.35. There is a substantial body of evidence produced to the Inquiry which suggests that a first offer made on behalf of the Post Office, once rejected, is sometimes followed by an offer which is substantially increased. Those who act for claimants who are also Core Participants have demonstrated (primarily by examples set out in their written submissions) that first offers are sometimes increased very substantially if rejected; they have pointed to increases exceeding £100,000 between first and subsequent offers.³¹⁶ Obviously, such increases suggest that there are instances in which those who have been involved with advising and deciding upon an appropriate initial offer have not been sufficiently focussed upon making offers in settlement which are *"full and fair"*.

6.36. In the Progress Update, I wrote that the commitment to provide financial redress which was "*full and fair*" was not the traditional stance adopted by a Defendant in our adversarial system of civil litigation. I made it clear that by using that phraseology, the Post Office, the Minister and the Department had created an expectation that the offers made to claimants in all financial redress schemes would be a genuine appraisal by the Post Office and/or the Department of what was full and fair monetary compensation. When I was told by Ms Gallafent KC that, if appropriate, offers would be made to claimants that were based upon fairness as opposed to strict legal principle, that reinforced the view that compensation would be "*full and fair*". Yet, according to Mr Cooper, from more or less the launch of the scheme, the expectation was that apart from taking a more relaxed stance towards certain evidential issues (because it was realised that postmasters had often been deprived by the Post Office of important records) the independent panels would determine offers on the basis of the likely awards which would be made if the issues before the panels were instead being litigated in court.

6.37. There are approximately 1500 complex and standard cases to be resolved in HSS. Of those cases, 314 were submitted to the Post Office between May 2020 and 27 November 2020, less any claims settled recently.³¹⁷ I will return to that state of affairs in the context of the speed of delivery of financial redress later in this volume. However, the number of unresolved cases submitted so long ago is also relevant to an appraisal of whether financial redress is being delivered which is *full and fair*. In my view, the number of such unresolved cases demonstrates quite clearly that the resolution of the high value claims causes significant difficulties because the claimants on the one hand, and the Post Office on the other, have markedly different views about what constitutes *full and fair*. Furthermore, at least some of these cases are still at various stages of negotiation under the current Dispute Resolution Procedure and, so far as I can judge, they are stuck, or they are proceeding very slowly. That demonstrates further, the difficulties involved in valuing some of the substantial claims.

6.38. When the Fixed Sum Offer became available in HSS, top-up payments were made to those who had already settled their claims for less than £75,000. In total 1,800 claimants became eligible to receive such payments.³¹⁸ What, if any, significance does that statistic have? It might tend to show that a large number of claimants settled their claims at too low a sum. That is at least possible given that very few had obtained legal advice before submitting a claim and many accepted offers without obtaining the paid for legal advice which was available. Alternatively, of course, it might demonstrate that very many claimants received a total payment of £75,000 when that was not justified. In their written closing submissions, the Department in particular, acknowledged this latter possibility as being more probable than not.³¹⁹ My own view is that it is very likely that a significant number of claimants had undervalued their claims, especially in the claims valued at under £20,000 and claims valued in the bracket £20,000 to £60,000. However, it is also likely that many claimants who received the top-up payment received something of a windfall.

318 Ibid at [5].

319 **[SUBS0000075]** at [88/237].

- 6.39. I return to the significance which should be given to the high rate of accepted offers. Common sense dictates that there is very likely to be a whole host of reasons as to why a claimant may accept an offer. One such reason of course, is that the claimant is satisfied with the offer. That happy state of affairs is most usual in my experience, when the offer matches the claim submitted or is very close to it. Experience has taught me however, that offers are sometimes accepted which are substantially less than the sum claimed. There can be a variety of reasons why claimants accept offers in these circumstances. For example, they might be worn down by negotiating tactics and/or delay, they may be desperate to receive redress in order to avoid financial ruin, they may be unduly anxious about the process or just unwilling, for a combination of reasons, to carry on the struggle to achieve a better offer.
- 6.40. Just as a claimant may accept an offer which is less than the sum claimed, there will no doubt, be instances in which the decision maker makes an offer to a claimant which is less than the claim submitted for proper and appropriate reasons. Two obvious examples

are when a claimant erroneously calculates the claim, or makes claims which are, on any view, unsustainable.

- 6.41. Making reasonable allowances for all these possibilities, the evidence adduced before me does not support the view that the Post Office and the Department successfully implemented their aim of providing financial redress which was *full and fair* by the process of assessment which was undertaken prior to 31 July 2024. In my view, the true picture is that a high percentage of the most modest claims were settled for sums which were claimed. Whether some of those settlements were, in reality, *full and fair* is a matter of conjecture. Many claims in the bracket £20,000 to £60,000 were likely assessed at sums which were not *full and fair*. On any view, many of the larger claims have proved very difficult to settle. On the available evidence, I certainly cannot confirm that a majority of those high value claims which were resolved on, or before 31 July 2024 were settled for sums which were *full and fair*.

- 6.42. I am fortified in these conclusions because legal advice, paid for by the Post Office or the Department, has never been available prior to an offer being made by the Post Office. Undoubtedly, in my view, that has meant that some claimants have failed to particularise all potential heads of claim either fully, or at all. It is likely, too, that some claims have been formulated much less persuasively than would have been the case had a lawyer been involved.
- 6.43. The advent of the Fixed Sum Offer in HSS has brought about a very significant transformation for many of those claimants whose claims were resolved on, or before 31 July 2024. To repeat, 1,800 claimants became eligible for top-up payments up to £75,000.³²⁰ That is a figure of some interest. As I have said, by 31 July 2024 the number of claims which had been settled was 2,424. It follows that just under 75% of claimants who had settled their claims in HSS became entitled to top-up payments on the introduction of the Fixed Sum Offer.

320 I understand that the vast majority of this cohort have received top up payments. Simon Recaldin 10th **[WITN09891000]** at [5].

6.44. That statistic raises a number of possibilities each of which is plausible, but two of which, at least, would be unpalatable. The first unpalatable possibility is that many of the claimants who settled their claims with the Post Office received awards which were neither *full* nor *fair*. If that is right, these claimants have, very belatedly, received more appropriate redress. The second unpalatable possibility is that many of the claimants who reached settlements with the Post Office have now received additional payments which in reality, have provided them with financial redress which is more, and in some instances, substantially more, than their entitlement. There is of course a third possibility which is somewhat less troubling. Some claimants have received too much, some have received (more or less) the correct amount and some have still received too little. The evidence before me is not sufficiently clear for me to make a definitive judgment, but my strong inclination is to conclude that the top-up payments have resulted in many claimants receiving more than their entitlement.

6.45. Be that as it may, I should record that those who accepted an offer in settlement which was for a sum greater than £75,000, but

who may consider that the sum accepted was not *full and fair* will be able to mount an appeal in HSSA. In consequence, if my rather gloomy conclusion about how complex and standard claims have been concluded thus far is correct, there will be an opportunity to put right any failures to deliver redress which is *full and fair*.

- 6.46. Over the last nine months or thereabouts, the number of claimants in HSS has more than doubled. As of 30 April 2025, the total number of eligible claims submitted to HSS stood at 9,437. I understand that 4,699 of those claims have opted for the Fixed Sum Offer.³²¹ It follows that it is likely that about 50% of all the claims in HSS are for the Fixed Sum Offer.
- 6.47. Most of those who have come forward since 31 July 2024 in order to claim the Fixed Sum Offer, have done so because they have been actively encouraged by the Post Office to apply. All the claimants must demonstrate that they suffered shortfalls due to Horizon before they qualify for a payment, so they will have suffered some harm which should be

321 [RLIT0000620] This data was published by the Department on 7 May 2025.

the subject of redress. However, I find it very difficult to believe that thousands of people who have always had eligible claims under HSS would have decided against making a claim during the period between May 2020 and July 2024 if their true losses were anything like £75,000. Of course, I understand that some former or current postmasters would have been deterred by completing the claim form, assembling the relevant evidence and dealing with the Post Office. I very much doubt however, whether such matters would have deterred approximately 5,000 people. In my view, it is far more likely that many of the claimants who have emerged recently, i.e. since July 2024, have done so because (a) they have been actively encouraged to apply and (b) £75,000 represents for them a substantial windfall as opposed to *full and fair* financial redress.

- 6.48. I have thought it appropriate to dwell on this possible adverse consequence of Fixed Sum Offers in HSS not to criticise the claimants who have benefitted from the way the scheme has unfolded, but rather to introduce a fear which has grown stronger as the Inquiry has delved deeper into all issues related to financial redress. My fear is that the advent

of Fixed Sum Offers in HSS (and perhaps in other schemes) has made it more difficult for claimants with genuine substantial claims which exceed the Fixed Sum Offer to receive offers which are *full and fair*.

- 6.49. Why do I say that? First and foremost because it seems very likely to me that as the bill to pay the thousands of claims for Fixed Sums Offers grows, so there will be an instinctive reaction amongst decision makers to draw in the purse strings in assessed claims in HSS, in particular. Such a reaction would be wrong, and I hope that my fear is unfounded. The rejection or acceptance of **Recommendations 2** and **3** may be an early indicator of whether the Post Office and the Department are willing to take steps to minimise the possibility which I fear may exist. Second, the fear that I have expressed is a sentiment that has been articulated to me in representations I have received since the evidence gathering closed in November 2024. At the moment, such representations are a trickle, but I can readily understand that the sentiment expressed is held by a significant number of Core Participants who are still fighting hard for what they see as appropriate redress.

- 6.50. An issue which arises in all schemes, but which can be dealt with conveniently at this juncture, is encapsulated by the following questions. Should claimants who opt to have their claims assessed be able to change course and accept the Fixed Sum Offer? If the answer to that question is Yes, at what point in the assessment process, if any, should that entitlement cease?
- 6.51. Currently, claimants make an irrevocable decision about whether or not to accept the Fixed Sum Offer when they submit their claim for financial redress. Once the *assessment process is started and the Fixed Sum Offer is rejected (or technically, not accepted) there is no going back.*
- 6.52. What is the justification for this inflexible approach? I have scrutinised paragraphs 233 to 240 of the written closing submissions made on behalf of the Department with care, but I can find no reasoned justification for the current approach. Paragraph 274 of the closing submissions of the Post Office is more instructive:

"274. ... it is POL's view that leaving the fixed sum offer open for acceptance while the Postmaster proceeded down the full

assessment route would defeat the purpose of the new offer. It is more likely than not that, understandably, a number of applicants would proceed to individual assessment given the potential to receive an amount higher than £75,000, which would incur further cost and time delay. Such a proposal cannot be compared to a version of the Part 36 regime in the Civil Procedure Rules where the cost consequences are ignored because it is the costs consequences built into CPR Part 36 which makes the regime effective. If the £75,000 offer was open for acceptance at any time, applicants would not be incentivised to accept the offer and the administrative burden and delay associated with the HSS would be unlikely to be reduced.”³²²

- 6.53. At first blush, there appears to be much force in what the Post Office say about this issue. However, I remain instinctively uncomfortable about the inflexibility of the current position. Indeed, my instinctive discomfort has grown in recent weeks following the announcement of HSSA, given one of its specific provisions. I refer here to the so-called ‘best offer’ principle.

- 6.54. Under this principle an eligible claimants in HSSA will never receive less redress than was offered at *the HSS Panel Stage* or if they have entered the Dispute Resolution Procedure, the best offer made in that Procedure. That is so even if the appellate panel determines that a lesser sum would be *full and fair* redress. To an extent, at least, the “*fear factor*” to use the words of the Business and Trade Committee, has been removed from the appeal process. Every claimant who chose to have a claim assessed (and who was not topped-up to £75,000) may appeal the offer made or the settlement concluded, safe in the knowledge that there is no risk of losing a prior better offer made in the stages I have mentioned. Going forward, every claimant who has yet to receive an offer will know that the offer “at first instance” (when it comes) is in the bag, and there is nothing to lose by appealing.
- 6.55. Why is it appropriate to remove the *fear factor* from HSSA but rigidly retain it in relation to the choice made by claimants between the Fixed Sum Offer and assessment? Try as I might, I cannot see the justification for these different approaches.

- 6.56. Some may think that I should hold another hearing to deal with this and other redress issues. There have certainly been calls for such a hearing. As I have explained however, I have decided against convening such a hearing.
- 6.57. I have reached that conclusion for two interlinked reasons. First, as I have said already, I consider it more appropriate to publish this volume as soon as I reasonably can rather than risk any kind delay to its publication in order that a further hearing can be convened. Second, I have reached a clear conclusion about whether the *fear factor* should be removed or, at least reduced, in respect of the choice for claimants between the Fixed Sum Offer and assessment.
- 6.58. I think it reasonable to suppose that no claimant in HSS would choose assessment over the Fixed Sum Offer if the value of the claim to be presented was less than £75,000. I very much doubt whether assessment would be chosen, with all that it entails, if the claim as calculated came out at say 10% or 15% above £75,000. If the claim as formulated was substantially above £75,000 – say at least £100,000 – I can well imagine that many

claimants would pursue assessment. The number opting for assessment would no doubt, grow as their claims increase in value beyond £100,000.

- 6.59. If the supposition advanced above is correct, it must follow that there are likely to be a comparatively modest number of claimants who have a genuinely difficult choice to make about whether to opt for the Fixed Sum Offer or assessment.
- 6.60. At the moment of course, claimants have to make their choice without the benefit of legal advice unless they are prepared to pay for it themselves. The survey evidence demonstrates that about 12% of those who responded to the survey obtained legal advice at some stage during the process of making their initial claims. A slightly smaller percentage (9%) obtained legal advice prior to formulating their claims. This was at a time when the Fixed Sum Offer was not available to claimants, but it is a useful reminder that claimants in HSS have been reluctant to obtain legal advice when no funding for such advice has been made available by the Department.

- 6.61. I regard it as unconscionable and wholly unfair that claimants in HSS are unable to obtain legal advice, paid for by the Department, about whether they should opt for the Fixed Sum Offer or assessment of their claims. Yet the Department continues to resist this as if its life depended upon it.
- 6.62. In OCS, GLOS and HCRS claimants can obtain legal advice paid for by the Department before deciding whether to accept the Fixed Sum Offer. All that distinguishes those claimants from the claimants in HSS is that the numbers of claimants in HSS are many times more than the combined numbers in OCS, GLOS and HCRS. Presumably, the Department is worried about the potential cost of funding the legal fees payable in respect of large numbers of HSS claimants. Yet it is prepared to spend up to £30,000 for each claimant to have advice about whether to accept the Fixed Sum Offer in HCRS!
- 6.63. In my view, the Department's stance on this issue is indefensible. I appreciate that in most cases the choice of Fixed Sum Offer or assessment facing a claimant will be easily resolved, as the Department maintains. That is not really the point. The decision is equally

easy to resolve in most instances in the other schemes. Just as in the other schemes, however, there will be claimants who will face really difficult decisions, those decisions, inevitably, will be much easier to make with legal assistance.

- 6.64. It is of some note that the Department's stance on this issue is not even defended by the Post Office. In its written closing submissions, the Post Office supported unequivocally, the suggestion that claimants in HSS should be entitled to legal advice funded by the Department before making a choice between assessment and the Fixed Sum Offer.³²³
- 6.65. It is also worth stressing that if funded legal advice is made available (for those who wish to take it up) in order to choose between the Fixed Sum Offer and assessment, the need for funded legal advice "up front" probably becomes unnecessary. The process of choosing between the Fixed Sum Offer and assessment, with the aid of a lawyer, should inevitably, ensure that a claimant's claim is properly evaluated from the outset.

6.66. I recommend that:

4. All claimants in HSS shall be entitled to obtain legal advice funded by the Department prior to choosing between accepting the Fixed Sum Offer or seeking financial redress which is assessed. The remuneration for such advice shall be in accordance with a scale of fees commensurate with the scale which is operative in GLOS.

6.67. If, as I hope, the recommendation above is accepted and implemented swiftly, claimants will choose between the Fixed Sum Offer and assessment only after they have had the benefit of legal advice (or having made a conscious decision that such advice is unnecessary). In those circumstances is there a need to reduce still further or remove the *fear factor* which currently subsists in relation to the choice between the Fixed Sum Offer and assessment? I have found this a very difficult issue to determine. I am acutely aware that there are many who think that the Fixed Sum Offer in HSS (and all the other schemes) should be the bottom rung of a ladder below which no eligible claimant should fall. I am aware

too, of the cogent arguments to the opposite effect which are succinctly summarised in the written closing submissions of the Post Office. (See paragraph 6.52 above).

- 6.68. After much thought, I have reached the following conclusions. First, it is not appropriate for all eligible claimants in all schemes to be able to abandon assessment at any stage of the process of assessment and opt to take the Fixed Sum Offer instead. I cannot convince myself that the Fixed Sum Offer should, in effect, become a guaranteed minimum payment for all claimants regardless of when they make a choice to revert from assessment to the fixed sum. Second, the current position whereby claimants must make an irrevocable choice between the Fixed Sum Offer and assessment at the very beginning of the process i.e. when claim is submitted too inflexible. Third, claimants who opt for assessment when submitting a claim should be able to revert to a Fixed Sum Offer once a first assessed offer is made. If, however, they do not make that choice within a reasonable time of the first offer being made, there can be no going back to the Fixed Sum Offer at a later stage. In this context I

would regard three months after receipt of the first assessed offer as being a reasonable time in which to make a decision. In my view an arrangement of this sort would provide a sufficient degree of flexibility and greater fairness without, at the same time, driving a coach and horses through the rationale of Fixed Sum Offers.

6.69. Accordingly, I recommend:

5. Any claimant who opts to have a claim assessed when the claim is submitted to the Post Office or the Department may decide to accept the Fixed Sum Offer at any time thereafter, up to and including the date which is three calendar months following the receipt by the claimant of a first assessed offer. For the avoidance of any doubt, (1) this recommendation applies to all relevant schemes i.e. HSS, OCS/HCRS and GLOS and (2) once the time period specified in the first sentence hereof has expired, the claimant will have no right to accept the Fixed Sum Offer.

6.70. There are currently many hundreds of claims in HSS which are still to be assessed. There may yet be a significant number of additional

claims to be assessed over and above those which exist. The aim will be to deliver assessments which result in financial redress which is *full and fair* for each claimant. Self-evidently, all these will be claims in which the claimant has reached the decision that the offer of £75,000 does not constitute *full and fair* financial redress i.e. the claims which remain to be assessed will all be substantial claims and no doubt, some will be very substantial. This will undoubtedly prove to be quite some test for the claimants and their advisors and the decision makers.

- 6.71. That said, I anticipate that the greater clarity relating to the application of the phrase *full and fair* which I recommend (**Recommendations 2 and 3**) will have a significant beneficial impact upon the offers which are made to claimants following assessments by the independent advisory panels.
- 6.72. On its own however, the implementation of those recommendations will not be enough. I say that because over a period of very nearly five years HSS has had no completely independent person or organisation tasked with facilitating or, if necessary, imposing a

settlement upon the claimants and/or the Post Office and the Department which can, objectively be regarded as being *full and fair*. In my view, that has been a serious omission in respect of the governance, administration and delivery of HSS. It has also been a serious obstacle to the aim of ensuring that all offers made by the Post Office to claimants are *full and fair*. In OCS/HCRS and GLOS former distinguished judges have been brought in to perform such functions as I describe in this paragraph.

- 6.73. I stress that I am not suggesting that the independent advisory panels lack impartiality. Much of the evidence I have heard suggest that they seek to perform their function objectively and appropriately. No one has suggested that they should be removed from the process of formulating offers to claimants. However, given that they are convened for specific cases only, it is difficult for individual panels to take a broader view as to how they should operate.

6.74. Accordingly, I recommend:

6. A suitably qualified senior lawyer shall be appointed to HSS as soon as is practicable with the aim that any such appointee will take appropriate action to ensure that first offers to claimants (a) are full and fair (b) made to those who have submitted claims to the Post Office and which are to be assessed as soon as is reasonably practicable and (c) are made to future claimants whose claims are to be assessed within a reasonable time.

7. The appointed person shall be given appropriate powers to ensure that these tasks can be performed and carried into effect. If it is considered necessary by the appointing authority, it should consult with the Advisory Board, Dentons, Sir Gary Hickinbottom, Sir Ross Cranston and an appropriate number of claimants' representatives(aswellasitsownadvisors) before determining the appropriate powers.

- 6.75. I am conscious, of course, that the number of cases which it will be necessary for the appointee to supervise will run into four figures. Accordingly, powers of delegation to selected panel chairs will be essential in order that the monitoring and supervisory functions of the appointee can be carried out expeditiously. I return to the functions of the person appointed in accordance with **Recommendations 6 and 7** at paragraph 6.177 below.
- 6.76. Currently, the advisory panels are just that. Their determinations about offers to be made do not bind the Post Office and/or the Department. I accept the evidence that to date, the Post Office has never made an offer to a claimant which is less than the offer suggested by a panel. I accept too, that the Post Office occasionally makes an offer which exceeds that which has been suggested by a panel. However, I can see that the fact that the Post Office and the Department has the discretion, in effect, to veto the view of a panel (albeit it has not been exercised) could lead some to question the independence and impartiality of the process as a whole. I consider that confidence in HSS would be enhanced if

the Post Office and the Department were bound to make an offer which was at least equivalent to the offer suggested by a panel. Accordingly, I recommend:

8. In HSS the Post Office shall be obliged to make, and the Department shall be obliged to approve (when necessary) a first offer to a claimant which is no less than the sum recommended by the Independent Advisory Panel.

- 6.77. I record, specifically, that this recommendation does not preclude the Post Office from making an offer which exceeds the sum suggested by a panel.
- 6.78. In my view, **Recommendations 2 to 8** inclusive should be seen as a package of measures which, if implemented together, would substantially improve the prospect that first offers in HSS will be *full and fair* going forward.
- 6.79. I turn to evaluate the newly created appeals process, so far as that is possible, given that it has been created very recently. An attempt at evaluation is necessary, however, since it is at least possible that there will be quite a substantial number of appeals under HSSA,

especially given the introduction of the 'best offer principle'. If there are obvious problems which need to be fixed, the sooner they are identified (and the fix applied) the better. Each appeal will involve an intricate assessment process which ultimately, will have as its goal the delivery of financial redress which is *full and fair*. A substantial number of claims under appeal will prove to be quite a test for all those involved both numerically and substantively.

- 6.80. The principle of an appeal process is welcomed by all Core Participants, who responded to my invitation to make written submissions about HSSA. That is hardly a surprise given the length of time the process has been under consideration and the level of support it received as soon as it was announced approximately two years ago. Nonetheless, Core Participants have, through their representatives, voiced a number of criticisms or concerns. I list those which I regard as most important. First, the suggestion is made that the Department should be removed from the appeal process and, instead, it should be administered and delivered by a body or group of persons which is completely independent of the Post Office

and the Department. Second, a number of concerns are expressed about the eligibility criteria. It is suggested that there are cohorts of claimants in HSS who are excluded from the appeal process. Numerically the most significant number who are excluded are those who have accepted the Fixed Sum Offer, and/or will accept such an offer in the future.

- 6.81. The involvement of the Department in the appeal process relates to its early stages. Immediately following the submission of an appeal, the Department will carry out what is described as a *“fresh assessment of [the] case”* which may result in an increased offer or a decision to the effect that the Department is satisfied with the offer previously made. Negotiations may then ensue between the claimant and the Department facilitated by Dentons. If those steps fail to produce an agreement the dispute reaches a panel which is appointed by Dentons.
- 6.82. I am not surprised that some Core Participants consider that any re-assessment should be undertaken by an independent third party given that the Department may have been involved in decision making in relation to previous offers. However, this is in effect,

the model which is followed in GLOS. In that scheme the Department formulates and makes a first offer. If that is unacceptable to the claimant, a negotiation between the claimant and the Department takes place which either culminates in a settlement or a referral to an independent panel. I would be loathe to suggest that there should be different processes as between HSSA and GLOS five years on from the launch of HSS, and three years on from the launch of GLOS.

- 6.83. I have reached the view that if the first stage of the appeal process is to be a re-assessment followed by a negotiation, there is no need to remove the Department from that part of the process. The decisions made by the Department at this stage do not bind anyone and, in reality, this stage is no more than a facilitated negotiation. I do not accept that the Department is, in reality, *the arbiter of appeals*, as suggested on behalf of the clients of Hodge Jones & Allen. Only the independent appeals panel (and/or the reviewer) can issue a binding determination.
- 6.84. I have given close consideration to whether this *re-assessment* stage is necessary at all. I infer that its main justification is that it avoids all appeals being considered by an independent

panel with all the attendant expense, time and effort that will entail. However, set against that consideration it should be noted that an assessment process will already have been undertaken by an advisory panel constituted by independent experts in their respective fields. Assuming that the basis of the appeal is not “additional or fresh evidence” what is the purpose of the Department carrying out its own fresh review? That is particularly so if the offer made by the Post Office (on the advice of the independent panel) is one that has been approved by the Department. It might well be argued with some cogency that this first step is unnecessary, and its main effect, in practice, will be to introduce avoidable delay.

- 6.85. However, no one has suggested that the *re-assessment* stage should be removed from the process. In these circumstances, I have decided against making any recommendation which would alter the process envisaged for HSSA very significantly and which could have a knock-on effect upon what occurs in GLOS. I note too, that the Department intends to produce its response in 90% of cases within 40 working days “*of submission of a substantially*

completed appeal". While I acknowledge that this target may not always be met, the period of time spent on this first phase is likely to be comparatively short.

- 6.86. I turn to the criticisms which are levelled against the eligibility criteria for an appeal.
- 6.87. There is substantial support for the view that those who accept the Fixed Sum Offer should not be prevented from appealing against their award. It is said that claimants who accept the fixed sum may have undervalued their claim very substantially and, accordingly, fairness demands that the settlement at undervalue should be put right on appeal.
- 6.88. I acknowledge the possibility that claimants may opt for the Fixed Sum Offer when, in reality, their true claims are worth more. That possibility is greater if, as is currently the case, it is unlikely that a claimant will be in receipt of legal advice before making the decision to accept the Fixed Sum Offer. On the other hand, the possibility will recede significantly going forward, if **Recommendation 4** is accepted.

- 6.89. Until the arrival of the Fixed Sum Offer option all settled claims in HSS had been assessed. 1800 of those claims (out of a total of approximately 2,400) were settled for less than £75,000 and, as I understand it, the majority of those claimants have now received top-up payments. On the evidence made available to the Inquiry, there is no means of knowing whether any of those claimants had seriously undervalued their claims. I simply do not know whether the possibility I referred to in the first sentence of the last paragraph is theoretical or real life. The same applies to those who have accepted the Fixed Sum Offer since July 2024 to the present time. Going forward, as I have said, **Recommendation 4**, if implemented, would reduce the risk very greatly if it turns out that in some circumstances it is real life.
- 6.90. In these circumstances, I cannot persuade myself to recommend that all claimants who accepted the Fixed Sum Offer should have an unrestricted right of appeal to HSSA.
- 6.91. However, that does not mean that I rule out the possibility that claimants who have accepted the Fixed Sum Offer should be afforded a right to appeal against their acceptance of the offer if they are granted permission to do so.

I appreciate that the appeal rights created in HSSA are currently unrestricted in the sense that permission to appeal is not required. That is to be contrasted with the process for appealing in the courts in which permission to appeal is much more often than not required as a first step both in civil and criminal cases. A right to appeal only if permission is granted has the considerable advantage that proper arguments have to be advanced at an early stage to justify an appeal.

- 6.92. On the basis of the available evidence, I do not feel able to recommend without reservation that there should be a right of appeal relating to the acceptance of the Fixed Sum Offer, provided permission for such an appeal is granted. I do consider however, that this possibility should be considered as a matter of urgency by the Department following consultation with the Advisory Board, claimants' legal representatives and others considered appropriate by the Department. About one thing however, I have no doubt. If an appeal with permission is introduced, the person considering the issue of permission **must** be wholly independent of the Department and the Post Office. An obvious candidate would be the person appointed in

accordance with **Recommendation 6** (if that Recommendation is accepted) but it could just as easily be the Reviewer. Accordingly, I recommend:

9. The Department, following consultation with the Advisory Board, claimants' representatives and any other persons or bodies it thinks appropriate, shall give urgent consideration to whether claimants who have accepted the Fixed Sum Offer in HSS should be afforded the opportunity to appeal against their acceptance of such an offer, if they are granted permission so to do. If a right of appeal with permission is introduced, the issue of permission to pursue such an appeal must be considered by a person who is wholly independent of the Department and the Post Office.

- 6.93. As I have already said, HSSA is described as operating under the 'best offer' principle.³²⁴ There are however, two scenarios in which this statement may need clarification.
- 6.94. In scenario one the claimant has received an offer at *the HSS Panel Stage* and has also

324 See paragraphs 4.89 to 4.91 above.

received an offer in the Dispute Resolution Procedure. If the offer in the Dispute Resolution Procedure is greater than the offer at *HSS Panel stage* no problem arises. If however, the offer in the Dispute Resolution Procedure is less than the offer at the HSS Panel Stage, what follows? Is the offer at the HSS Panel stage still the 'best offer' if the appeal produces no better result than the offer at the Dispute Resolution Stage? While this scenario may be more theoretical than real there is a need for clarity.

- 6.95. In scenario two the claimant has received an offer at the HSS Panel Stage and then an offer in the Dispute Resolution Procedure which is higher. The claimant is not satisfied and so appeals. The Department makes an offer which is higher than any offer received thus far, but it still proves unsatisfactory to the claimant who take the claim to the independent appeal panel which recommends an offer which is lower than the offer made by the Department. All subsequent attempts to have the offer first made by the panel increased, fail. As a matter of fact, the 'best offer' made to the claimant is the offer made to the claimant by the Department. On a strict reading of HSSA

however, that offer will have been lost by the claimant taking the claim to the appeal panel. Further, which is the 'best offer' which can be accepted – the offer at the HSS Panel Stage, or the offer at the Dispute Resolution Stage?

- 6.96. The Department's written submissions of 14 May 2025 are silent on these points relating to the 'best offer' principle. Indeed, they do not mention the principle at all. The sum total of the relevant written material about the 'best offer' principle is that which I have set out at paragraphs 4.89 to 4.91 above. I recommend:

10. The Department shall issue a supplementary document/announcement clarifying the meaning and intent of the 'best offer' principle in the Horizon Shortfall Scheme Appeal ("HSSA") process demonstrating how it is intended to operate in practice with appropriate examples, if thought necessary.

OCS

- 6.97. There are currently a total of 114 claimants in OCS. 111 claimants are persons whose convictions were quashed by the Courts. Three claimants were prosecuted but not

convicted. All the claimants in OCS (save one) are represented by experienced barristers and solicitors. The fees of those lawyers are paid for by the Department. Inevitably, all the claimants who are eligible in OCS have suffered very severe detriment and all of them have very substantial claims.

- 6.98. The Fixed Sum Offer of £600,000 in OCS was the first to be introduced in any scheme. It was announced on 18 September 2023. The Inquiry has not explored in detail the basis upon which the sum of £600,000 was determined but, no doubt, it was based upon an acceptance of Lord Dyson's evaluation of likely awards in the courts for non-pecuniary losses for the tort of malicious prosecution together with an assessment of an appropriate additional sum to cover likely pecuniary claims.
- 6.99. The Fixed Sum Offer is open only to persons who were convicted and whose convictions have been quashed. The three claimants in OCS who were prosecuted but acquitted cannot opt to accept it.

- 6.100. At the time of writing, 62 claimants have accepted the Fixed Sum Offer. Assuming that remains the case, there are a total of 49 claimants who are eligible for the Fixed Sum Offer but who have yet to decide whether to accept it, or have taken the decision to have their claims assessed.³²⁵ I shall assume that to be accurate for the purposes my Report.
- 6.101. Of those who have chosen assessment, eight claimants have reached full and final settlements of their entire claims, seven claimants have reached settlements of parts of their claims, and there are seven claimants who are in dispute over all aspects of their claims (22 claimants in total). I am aware that there are 14 claimants who have made claims in respect of certain heads of loss (nine of which have been settled) but who must have opted for their claims to be assessed. There are 13 claimants who have yet to make any claims (save for claims for interim payments).
- 6.102. In summary, of the 111 claimants eligible to accept the Fixed Sum Offer (i) a majority of claimants have opted for the Fixed Sum Offer (62) (ii) 36 claimants have opted to have their

325 Simon Recaldin 11th [WITN09891100] at [2].

claims assessed and (iii) 13 claimants have yet to make a decision about assessment compared with the Fixed Sum Offer. Of those who have opted to have their claims assessed, there are still only eight claimants who have reached full and final settlements.

6.103. One of the claimants who was prosecuted but not convicted has reached a full and final settlement following an assessment. The other two claimants have yet to submit their claims (save in respect of interim payments).

6.104. It is impossible for me to judge whether the Fixed Sum Offer in OCS provides financial redress which is *full and fair* in respect of all the of claimants who have accepted it. I say that because there are many possible reasons why claimants will have accepted the Offer. For some, the Fixed Sum Offer may represent an over-payment of redress. For those claimants, the decision to accept the Offer would be very easy. For many claimants (I hope) the sum of £600,000 was sufficiently close to the true value of their claims (one way or the other) that it was an easy decision to accept it. For others (I hope very few) they could not endure the prospect of a long, drawn-out assessment process and

so they concluded that they should accept a substantial sum (albeit less than their full entitlement). Unless I were to investigate the details of every claim (which is neither permissible nor practicable within any kind of reasonable timescale) I simply cannot determine the true position.

6.105. All that said, I believe that all those claimants who have accepted the Fixed Sum Offer have instructed lawyers to act for them throughout the process. While I acknowledge that lawyers are no more likely to be infallible than other professional advisors, I am satisfied that the majority of claimants will have accepted the Fixed Sum Offer having received full advice on the merits of so doing. That, at least, provides a degree of comfort that most claimants who have accepted the fixed sum will have considered all the pros and cons of so doing before they make their decision.

6.106. I have no means of knowing whether those claimants who have opted for assessed claims have received financial redress which is *full and fair*. The number of claimants who have negotiated settlements of both pecuniary and non-pecuniary losses is still a very low percentage of those who have chosen to

have their claims assessed. They have not disclosed their settlement sum to the Inquiry and I have not thought it appropriate to ask for that information or to compel its disclosure. It has been obvious throughout the life of OCS that most of the claimants value their privacy on the topic of financial redress.

- 6.107. In any event, of course, all the claimants who have opted for assessment of their claims have, as a backstop, the right to bring a claim for damages against the Post Office in civil proceedings. Further, since the appointment of Sir Gary Hickinbottom in February 2024, they have the right to bring that part of their claim which is concerned with pecuniary losses before the panel chaired by Sir Gary. Although the panel's view of the amount to be awarded to a claimant for pecuniary losses does not bind either the claimant or the Post Office, I would anticipate that the panel's view would be very persuasive. I should say that this view was reinforced when I read the report of Sir Gary to the Department referred to at paragraph 4.177 above. It is clear that the independent panel which determined a point of principle relating to *"loss of opportunity"* did so after receiving both oral and written submissions from parties.

- 6.108. Naturally, I have thought about why the neutral evaluation of Lord Dyson, in relation to non-pecuniary losses, and the decisions of the panel chaired by Sir Gary, in respect of pecuniary losses, do not bind the claimants and the Post Office. I have not explored this in evidence at the Inquiry because none of those Core Participants who are claimants in OCS have invited me to do so and, in the main, they have always conveyed the impression via their recognised legal representatives that they are content with the process in OCS, if not necessarily the speed of delivery of redress.
- 6.109. However, I assume that claimants are not bound by the evaluation of Lord Dyson and the decisions of the panel because the Post Office and the Department recognise that this would cut across the preserved rights of the claimants to bring claims for malicious prosecution in civil proceedings. It is less obvious to me why the Post Office should not be bound by Lord Dyson's evaluations or the decisions of the panel. Indeed, I have given serious consideration to whether I should recommend that a proposed offer which is the product of the application of Lord Dyson's

neutral evaluation and a decision by the panel on pecuniary loss should bind the Post Office and the Department. However, I have decided against such a recommendation because, in my view, the same is unnecessary. I simply cannot think of any circumstances in which the Post Office and the Department would seek to avoid making such an offer given their commitment to providing financial redress which is *full and fair*.

- 6.110. All the claims which are now unresolved in OCS will, shortly, be transferred to HCRS and the two schemes will, in effect, be merged. The Minister had announced that Sir Gary had been appointed to chair the panel which was to come into existence in HCRS to issue non-binding decisions about claims for pecuniary losses before the merger of the two schemes had been announced. My assumption is that Sir Gary will now chair a panel which deals with all assessed claims for pecuniary losses in the merged scheme. I have seen or heard no indication to the contrary. The panel's decision in the merged scheme will not bind the claimant.

6.111. I understand that the merged scheme will be administered and delivered by the Department. On the face of it, that is a significant difference for those claimants who would otherwise have initiated claims in OCS since their first offers will now come from the Department as opposed to the Post Office. That, however, may well prove to be a change more of form than substance. Offers in all the complex or exceptional cases in OCS had always to be approved by the Department before they were made to claimants.

6.112. As the recommendation itself makes clear, **Recommendation 5** set out at paragraph 6.69 above should be equally applicable in the merged OCS/HCRS scheme. I can think of no reason why it should be confined to HSS.

GLOS

6.113. There are 492 eligible claimants in GLOS. By 30 April 2025 450 claims had been submitted to the Department. Offers had been made to 445 claimants of which 304 had been accepted.

6.114. A Fixed Sum Offer of £75,000 has been available for claimants to accept since January 2024. When Mr Creswell gave oral evidence

on 6 November 2024 approximately 150 claimants had opted to accept the fixed sum. As of 30 April 2025, the number of claimants who had accepted the fixed sum was 156. That must mean that 148 claimants had accepted offers following an assessment of their claims.

- 6.115. By my calculation, 188 claims remain unresolved, less any that have been settled since 30 April 2025. It is reasonable to infer that all of those claims are made up of those who are yet to submit a claim and those who have opted for assessment.³²⁶
- 6.116. All the claimants in GLOS are represented by lawyers and all claimants have and will have had access to legal advice paid for by the Department before choosing whether to opt for the fixed sum.
- 6.117. The Fixed Sum Offer in GLOS is likely to be much closer to the true value of the claims of those who have accepted it than has been

326 It is not credible that more than a handful of unresolved claims relate to the Fixed Sum Offer.

the case in HSS. I say that simply because the majority of claimants in the Group Litigation were likely to have been pursuing claims which ran into many tens of thousands of pounds as a minimum. The likelihood of many of the claimants pursuing very modest claims in such litigation seems to me to be quite remote.

6.118. It also seems likely that a very significant majority of those who have accepted the Fixed Sum Offer will have done so after taking legal advice and, at the very least, will have accepted the offer because the advantages of so doing outweigh the disadvantages. I infer that it is more probable than not that a majority of those accepting the sum will have done so because, for them, the offer was *full and fair*.

6.119. I am prepared to reach a similar conclusion in relation to those who have accepted their assessed offers following negotiations with the Department. I say that for these reasons. First, all those claimants will have had the benefit of legal advice from lawyers who are all very familiar with the scheme and its principles. Second, all those claimants would have had the opportunity to take

their offers to an independent panel if so advised and then to the Reviewer, Sir Ross Cranston if the eligibility criteria were met. The evidence, to date, suggests that there has been minimal recourse to the panel and to Sir Ross. Accordingly, there is as yet insufficient evidence upon which to form any kind of judgment about how recourse to the Panel and/or Sir Ross Cranston has worked out. I note, of course, that both the Panel and Sir Ross are wholly independent of the Department.

- 6.120. I appreciate, of course, that, currently, things can go wrong for claimants who pursue their claims to a panel or to Sir Ross. There is no 'best offer' principle in play in GLOS and I have received detailed representations from at least one Core Participant who has alerted me to the financial risks inherent in taking a claim to a panel or beyond. I am prepared to accept that some claimants may have accepted an assessed offer grudgingly to avoid such risks. Nonetheless, I infer that the numbers of claimants with that mindset is no more than a modest proportion of those who have accepted their offers.

- 6.121. There is no hiding the fact, however, that there are a very significant number of cases which are moving through the assessment process, and which are unresolved. It is difficult to imagine that many, if any at all, of the claimants who have yet to submit a claim (42) will opt to accept the Fixed Sum Offer. That means that all, or nearly all of the unresolved cases are to be assessed. There is a great deal of work to be done to resolve these cases.
- 6.122. In my view the figures set out above must demonstrate that many claims are unresolved because the valuations placed upon them by the claimants and their advisors on the one hand and the Department and its advisors on the other is markedly different. This seems to me to be a further indicator that greater clarity and certainty is required as to what is meant by the phrase *full and fair*.
- 6.123. It also seems to me that fairness now demands that two omissions should be put right. First, the 'best offer' principle should be incorporated into GLOS. I can think of no reason why that principle should apply in HSSA but have no application in the analogous procedure operating in what is, in effect, the appellate stages of GLOS. Second,

the scheme documents governing GLOS should be amended so as to confer upon the claimant the right (to be exercised either by the claimant or his/her legal representative) to make oral representations to the independent panel if the claim proceeds that far. I can think of no reason why such a right should be conferred upon claimants in HSSA and in OCS/HCRS but be omitted from GLOS. I have pondered whether such a right should be exercisable at both the non-binding and binding stages. I have concluded, not without some hesitation, that it should be sufficient to meet proper standards of fairness if it is available at any hearing which precedes the making of a binding determination. I have suggested that the scheme documents should be amended since it may be that as a matter of practice the panel already permits short oral submissions to be made. I have no evidence to suggest that is the case, but I have received some information which suggests that is a possibility. Accordingly, I recommend that:

11. The 'best offer' principle which will apply in HSSA, as explained in response to Recommendation 10, shall be equally applicable in GLOS.

12. The scheme documents governing GLOS should be amended so that a right is conferred upon claimants (exercisable by the claimants themselves or their recognised legal representatives) to make oral submissions in support of their claim at the hearing convened by an independent panel prior to that panel making a binding determination in respect of a claimant's claim or part thereof. The length of time afforded to claimants to make such oral submissions at the hearing should be no less than the time afforded to claimants for such submissions in HSSA.

6.124. **Recommendation 5** is equally justified in GLOS.

HCRS

6.125. By 30 April 2025, 360 claimants had submitted claims to HCRS. Without exception all those claimants chose to accept the Fixed Sum Offer of £600,000 which was available to them. I have no means of knowing whether the sums paid out represent *full and fair* financial redress, since there has been no opportunity to investigate that issue in the Inquiry.

6.126. I have, of course, considered whether I should seek to undertake some assessment of this issue by convening a hearing or inviting written submissions. In my view that is not justified. It is very unlikely those whose convictions have been quashed by legislation have participated in the Inquiry. I know of no Core Participant who falls into this category. I doubt whether participation would be very likely at this stage. Those accepting £600,000 will have their own reasons, no doubt, but it is extremely doubtful that they would wish to share those reasons with the Inquiry.

6.127. A little more than 10 months has elapsed since the launch of the scheme as I write this part of this volume of my Report. There has been no indication that any eligible claimant will ask the Department to assess a claim. That may be because such claims are still being formulated. Given that many more claimants have accepted a preliminary payment than have accepted the Fixed Sum Offer I cannot rule out the possibility that some claimants will come forward and pursue assessed claims, although it seems unlikely, now that there will be many such claims.

6.128. From time to time, I have become aware that voices have been raised to suggest that more should be done to bring HCRS to the attention of those whose convictions have been quashed by legislation. It has also been suggested that not enough is being done to alert persons to the fact of the quashing of their convictions. It is true that the number of claims made to HCRS may be significantly less than the number of persons whose convictions have been quashed. There have been suggestions that the Inquiry should assist in alerting potential claimants of their rights by making recommendations as to how such claimants should be alerted to their rights or informed that their convictions have been quashed. I do not accept that such activity would fall within the Terms of Reference of the Inquiry. More importantly, I cannot believe that the Post Office, the Department and the Ministry of Justice together are incapable of (a) ascertaining the names of all those persons who fall within the terms of the legislation which quashes their convictions (or at least as many as can be identified reasonably with appropriate efforts) and (b) do what is reasonable to inform those persons that their convictions have been quashed and that they are entitled to financial redress.

c. Has financial redress been delivered promptly?

- 6.129. There can be no doubt that financial redress has been delivered promptly to those claimants who have, to date, submitted claims within HCRS. The scheme was launched almost one year ago and all, or virtually all those who claimed and have accepted the Fixed Sum Offer of £600,000 have been paid. What follows therefore, is concerned only with HSS, OCS and GLOS unless I make an express reference to HCRS.
- 6.130. Following the tumultuous battle fought out in the Group Litigation it should have been obvious to the Post Office and the Department that the ending of the litigation was just the first of many staging posts which they would face before the wrongs perpetrated by and in reliance upon Horizon could be put right. Three such staging posts were signalled loud and clear in the Deed of Settlement itself. First, the Deed contained a contractual requirement imposed upon the Post Office to set up HSS. Second, it acknowledged the likelihood that at least some, if not all, of the claimants within the Group Litigation who had been convicted of criminal offences

would have their convictions quashed. The quashing of convictions, if that occurred, would very likely open the door to claims for malicious prosecution which, if successful, would lead to very large sums being paid out by way of financial redress. Third, although the Post Office had paid out a large sum of money to settle the Group Litigation (a total of £57.75m) the claimants themselves, had, individually and collectively, received modest amounts compared to the true value of their claims. The Post Office was aware of that and, in my view, the likelihood that this would be a source of considerable angst for many of them (if not all) if, or more likely, when postmasters who had not been claimants in the Group Litigation received awards in HSS which were commensurate with the true value of their claims. In such circumstances JFSA and Sir Alan Bates were very likely to demand further redress for the claimants in the Group Litigation. I would have expected that all these issues and their potential ramifications would have been considered in detail before any scheme to provide financial redress was developed and launched.

- 6.131. My observations in the preceding paragraph are not made with the benefit of hindsight. Rather, they are a description of the obvious

consequences (or, at the very least, the reasonably foreseeable consequences) of the terms of settlement of the Group Litigation.

- 6.132. Nonetheless, I can understand why the Post Office and the Department acted as they did in the immediate aftermath of and in the months immediately following the settlement of the Group Litigation. No doubt, they felt under pressure to act promptly (and to be seen to be acting promptly) to honour the commitment to establish HSS. I have no doubt, too, that the claimants in the Group Litigation and their advisors were encouraging the Post Office and the Department to set up the scheme with some speed. Further, the evidence received by the Inquiry demonstrates that by the time that HSS was opened for claims in May 2020, the Post Office and the Department apparently shared three expectations.³²⁷

327 I am here referring principally to the written and oral evidence of Mr Read and Mr Creswell. However, in as much as relevant evidence as was provided by Post Office Board members and other senior employees of the Post Office and by Ministers and senior Departmental officials the same themes emerged. Certainly, no witness provided contrary evidence.

First, that the number of claims to HSS would be of the order of a few hundred. Second, that many, if not all, of the claims would be comparatively modest in amount. Third, that all claims would be submitted to the Post Office by 14 August 2020 and dealt with expeditiously thereafter. Quite how those expectations were formed and took hold remains something of a mystery. I have no doubt, however, that this was the mind set of both the Post Office and the Department in May 2020. Given that mind set, it is easy to understand why the Post Office and the Department thought it appropriate to deliver HSS as a discrete scheme as quickly as they reasonably could.

- 6.133. All that said, it is very difficult to understand how that mind set survived beyond a few months of the launch of HSS and certainly beyond the end of 2020. By 27 November 2020, the Post Office had received 2,417 eligible claims in HSS. Discussions were in progress between the Post Office and the Department about how these claims were to be funded, although there was always only one credible answer given the financial stress under which the Post Office was

operating. Further, on 10 December 2020 the convictions of six former postmasters were quashed at the Southwark Crown Court and, by that time, (i) many cases had been referred to the Court of Appeal (Criminal Division) by the Criminal Cases Review Commission and (ii) the Post Office was poised to concede that many of the convicted persons whose conviction had been so referred should have their convictions quashed.³²⁸

At that stage, at the very latest, I would have expected a thorough appraisal of the way forward in respect of financial redress for all persons who might claim an entitlement and, in particular, whether there should be one scheme or separate schemes for all eligible claimants. By December 2020 no payments to claimants in HSS had been made. Indeed, the issue of funding such payments had still to be resolved. It was not as if HSS had begun to deliver and there could be no going back!

328 The details surrounding the timing of the referrals and the decision by the Post Office not to oppose all but a small handful of the cases before the Court is the subject of a later volume of my Report.

- 6.134. I haveno doubt that all these events combining together should have caused the Post Office and the Department to pause and think through the best way forward. However, it seems to me to be an inescapable conclusion that they did not do so. In my view, the Post Office, the Department and Ministers simply failed to grasp how difficult it would be to provide appropriate financial redress in a timely fashion to all those who were or would very likely become eligible.
- 6.135. That conclusion is supported by the way in which this Inquiry evolved. It is clear from the evidence of Sir Alex Chisholm, the Permanent Secretary at the Department between 5 September 2016 and 13 April 2020, that he favoured a non-statutory inquiry which would be over quite quickly.³²⁹ That form of inquiry was announced on 10th June 2020. I was appointed to chair such an Inquiry on 29 September 2020. The expectation, upon my appointment, was that I would report within about 9 to 12 months of September 2020. The terms of reference of that non-statutory inquiry included a requirement

329 Sir Alex Chisholm KCB 1st **[WITN00180100]** at [59/226].

that I should assess whether HSS had been delivered properly. Yet the Post Office and the Department must have known at the time of my appointment that the number of claimants in HSS had vastly exceeded their expectations, that funding of such claims had not been resolved and that no submitted claim had been considered. Realistically, an appropriate assessment of HSS was never possible in the time scale envisaged for the non-statutory inquiry.

- 6.136. Additionally, of course, by September 2020 there were a very significant number of convicted persons whose convictions would be quashed – as it happens without opposition from the Post Office in most of the cases referred to the courts. I cannot understand how this eventuality alone, did not cause the Post Office and Department to pause and reflect upon whether those who would become entitled to redress should be combined in one scheme. Yet so far as I am aware, there was no such reflection or, if there was, the possibility of one scheme was rejected.

- 6.137. On 22 April 2021 the Court of Appeal delivered its judgment in *Hamilton*. I recommended to the Minister that the non-statutory inquiry should be converted to a statutory inquiry under section 15 of the Inquiries Act 2005. He readily agreed and the conversion of the Inquiry took effect as from 1 June 2021.
- 6.138. Yet even before any meaningful step could be taken in the converted Inquiry the Minister made the announcement of 22 July 2021 about interim payments for all those persons whose convictions had been or would be quashed. The first step on the way to OCS had come into effect. However, the decision to provide interim payments (not in itself in anyway objectionable) was taken without any or any apparent consideration of whether there should be one scheme or process or more for all those entitled to redress. That is despite the Department's insistence that both HSS and OCS should be administered and delivered by the Post Office.
- 6.139. Meanwhile the claimants in the Group Litigation were complaining ever more loudly that the sums they had received in settlement of their claims were wholly inadequate. Ministers and the Department accepted that

they were right. Very properly, in my view, they worked out a way to provide additional financial redress to those claimants. So far as I am aware, however, they did not consider whether this redress should or could be delivered in one comprehensive scheme open to all eligible claimants.

- 6.140. GLOS was announced on 22 March 2022. It was made clear that this scheme would be administered and delivered by the Department. On 6 and 13 July 2022 I held the first two hearings which were concerned exclusively with financial redress. By this time, some of those addressing me were suggesting that the three schemes in being (one fledgling) were not fit for purpose and that there should be one scheme to cater for all eligible claimants. That suggested way forward had gained considerable traction by the time of the hearing on 10 December 2022. Unfortunately, the planning and development of such a scheme would have involved a complete re-appraisal of how to proceed with inevitable and substantial delay. In the Chair's Statement I wrote:

*"52. I have no doubt that if there were no compensation schemes yet in existence and that I was making a recommendation about a process for compensating wronged SPMs with a blank sheet of paper there would be considerable merit in there being one scheme with a completely independent advisory board and independent assessors determining levels of compensation. However, that is not what exists. There are 3 Schemes in various stages of their development which are functioning in substantially different ways. In my view it would not now be possible to appoint a person or board to supervise all the schemes without there being a significant risk of substantial delay as a result. In relation to all schemes that would be very undesirable. In relation to [GLOS], however, such delay could be disastrous."*³³⁰

330 Chair's Statement on issues relating to Compensation 09/01/2023, **[INQ00002033]** at [14/52]. The last sentence was written at a time when the Department was maintaining that all claimants within GLOS would receive financial redress by 7 August 2024 which was then the end date for providing such redress.

- 6.141. In due course, the Advisory Board reached a similar conclusion.
- 6.142. The failure to consider appropriately whether all eligible claimants would be better served by one scheme was compounded by further failures. First, the Post Office (in HSS and OCS) and the Department (in all three schemes) failed to understand, fully, the scale and complexity of the task which confronted them when they planned and launched each scheme. Second, as each scheme unfolded, the Post Office, the Department and Ministers laboured under misapprehensions about the speed with which they could deliver redress and the difficulties inherent in resolving many of the claims, especially those of substantial value. As HSS has unfolded, the Post Office and the Department have consistently underestimated its scale and struggled to understand the complexity of many of the claims within it. As claimants came forward in OCS, the Post Office underestimated the complexity and the magnitude of some of the claims and the time it would take to resolve the most difficult cases. In both those schemes the Department underestimated the complexity of many of the claims and the

time it would take to resolve them; in relation to GLOS it harboured expectations about how quickly it could deliver redress which were frankly unrealistic.

- 6.143. I am satisfied that the development, implementation, administration and delivery of three separate schemes (two administered by the Post Office and one administered by the Department) has caused very substantial delays in providing redress to claimants. I am confident that if the idea of developing one scheme had been considered appropriately and in detail in 2020 and/or 2021, the Post Office, the Department and Ministers would have agreed that it represented the best option for providing to all eligible claimants financial redress which was *prompt*.
- 6.144. I am satisfied, too, that had it not been for the introduction of Fixed Sum Offers in all three schemes, the Post Office and the Department would now be many years away from delivering financial redress to all of the claimants in all of the three schemes. As it is, I have very considerable doubts about whether all the unresolved claims in OCS (notwithstanding their transfer to HCRS) and GLOS will be resolved by the end of 2026. The

chances of all claims in HSS being resolved within that timescale are remote. In all probability, HSS will be in existence for some years yet, whether or not a date is set after which no further claims will be considered. In his closing submissions on behalf of the Core Participants represented by Hudgell Solicitors, Mr Moloney KC and his legal team wrote:

*“Despite public commitments on the part of the Post Office and Ministers to full, fair and prompt compensation, the Inquiry might conclude that until a change in political momentum in January 2024, behind the scenes an overly legalistic, slow and potentially obstructive attitude operated to constrain the amounts of compensation paid. Loud echoes of that obstruction continue.”*³³¹

Those sentiments are a commentary not just upon whether redress has been delivered promptly, but also whether recipients have received sums which are full and fair. It is difficult to argue that this succinct criticism is not appropriate, at the very least, for a significant number of claims.

6.145. Quite apart from the criticisms levelled against the Post Office, Department and Ministers above, the delivery of financial redress to many claimants in HSS, OCS and GLOS has been bedevilled with unjustified delays which are or have been referable to the administration of the schemes themselves. On any view, financial redress in all three schemes has not been delivered to very many claimants *"promptly"*. I turn to highlight the most egregious examples of delay in respect of each scheme.

Delay in HSS

6.146. In my view, the following are incontrovertible examples of unjustified delay.

6.147. Under the scheme as first published, claimants were required to submit their claims by midnight on 14 August 2020 which end date later became midnight on 27 November 2020. Notwithstanding the passing of that expiry date, claimants continued to submit claims. A little more than two years went by before a decision was made as to whether such *"late claims"* (as they became known) would qualify for consideration under the scheme. The underlying cause of this lengthy period of

indecision was the inability or unwillingness of the Department to conclude a funding agreement with the Post Office in respect of the late claims.

6.148. On 14 June 2023, the Advisory Board suggested that an appeal process should be introduced into HSS. As I understand it, that suggestion was never opposed by the Post Office and, I infer, it was welcomed by the claimants in HSS. More than a year went by before, on 30 July 2024, the Minister announced that an appeal process would be introduced into HSS which would be administered by the Department. On 8 April 2025 the process envisaged by the Department was published. In my view, a period of more than one year before a decision is taken upon any recommendation by the Advisory Board is far too long. Given a delay of that magnitude in the decision making process, a period of about nine months is far too long for implementing the decision.

6.149. On 25 October 2023 the Advisory Board recommended a Reviewer. That proposal was considered and implemented in the same leisurely way that occurred in respect of the appeal process.

6.150. In the Interim Report, I recommended that a time limit should be specified by which all claims to HSS should be submitted after which no further claims should be entertained. That recommendation was accepted by the Department on 26 October 2023. However, no such time limit has ever been fixed. Under questioning at the Inquiry, Ministers expressed themselves to be unwilling to specify a time limit even months into the future and even though, by the time of their oral evidence, thousands of letters had gone to current and former postmasters inviting them, in effect, to make claims to HSS if they considered that they satisfied the eligibility criteria.

6.151. As of 30 January 2025, there were 210 complex cases and 104 standard cases which had been submitted to the Post Office before 27 November 2020, but which remained unresolved. I anticipate that no more than a small number will have been resolved since that date. A period of between four years and six months and five years for resolving such claims is simply far too long. There are very likely 105 complex claims and 41 standard claims which are unresolved which were submitted to the Post Office between 27 November 2020 and 31 December 2023.

All those claims will have been in the pipeline for a minimum period of 17 months and some for far longer. That is not acceptable.

6.152. I find it difficult to pinpoint the reasons why the delays highlighted above came about. However, I am convinced that one of the principal reasons must have been a failure on the part of the Post Office, the Department and Ministers to grasp, quickly enough, just how complicated the administration and delivery of this scheme would be once claimants were numbered in thousands as opposed to hundreds. By 27 November 2020, more than 2,400 claims had been made. In my view alarm bells should have been ringing much louder than was apparently the case that there would be claims within that number which would be extremely difficult to resolve. Yet, at the compensation hearings in July 2022, both the Post Office and the Department focussed their attention on that which they had done (essentially, they had met targets for making offers by choosing to deal with modest claims) as opposed to laying bare the very difficult issues which were arising in a significant number of cases, and in which there were very significant obstacles to settlement of those cases.

- 6.153. I acknowledge that some of those issues and obstacles were debated at those hearings and in the hearings which followed in December 2022 and April 2023 – in particular, issues relating to insolvency and taxation. However, the available evidence now demonstrates that, even at that stage, the claimants on the one hand and the Post Office and the Department on the other had very different views as to the value of particular heads of claim and claims overall in a significant number of cases. While some of the submissions made on behalf of Core Participants made it clear that the parties were far apart in their valuation of some claims, the Post Office and the Department were very slow and/or reluctant to acknowledge the scale and extent of the differences.
- 6.154. I appreciate, of course, that HSS has a Dispute Resolution Procedure which could have been used to resolve apparently intractable disputes. In the Progress Update I made the point that the existence of such a Procedure was one of the features of the scheme which gave me confidence that appropriate financial redress could be delivered to the claimants. Yet no more than a handful of disputes have been the subject of successful mediation,

and no disputes have been referred to arbitration. It appears to me to be crystal clear that if claims have not been resolved by negotiation, with very limited exceptions, they have as yet not been resolved at all. I am sorry to report that the current Dispute Resolution Procedure has singularly failed to facilitate the speedy resolution of disputed claims.

- 6.155. It would be easy for me to suggest that the fault for such an impasse, to a degree at least, must rest with both the claimants on the one hand, and the Post Office and the Department on the other. While it is of course possible, and perhaps even likely, that in some individual cases the claimant, the Post Office or the Department (or all three) have been guilty of unjustified intransigence or delay, such behaviour is unlikely to account for the volume of cases remaining unresolved over ever increasing periods of time. In my view, it is far more likely that the principal reason for the volume of unresolved cases has been the absence of any person independent of the claimants, the Post Office and the Department who has taken overall and pivotal responsibility for driving the parties towards settling their differences.

- 6.156. The plain fact is that in OCS, GLOS and HCRS, specific independent persons have been appointed whose task it was and/or is to facilitate the resolution of disputes about the value of claims. In OCS, Lord Dyson showed how the appointment of a distinguished and independent person could quickly lay the ground rules for the resolution of disputes about non-pecuniary losses. Sir Gary Hickinbottom (and his fellow Board Members), in respect of pecuniary losses in OCS and, if necessary, HCRS, can provide the same sort of impetus towards resolving those disputes. In GLOS Dentons and Sir Ross act wholly independently of the claimants and the Department with each having discrete but important roles which are calculated to facilitate settlements between the claimants and the Department in cases where the assessment of losses proves genuinely difficult.
- 6.157. I have no doubt that if **Recommendations 6** and **7** are accepted and implemented swiftly there will be an immediate beneficial effect upon the speed with which claims can be resolved.

- 6.158. The Post Office now maintains that the administration and delivery of HSS should be undertaken by the Department and that if that governance change was made many more complex and standard cases would be resolved.
- 6.159. It claims that it has always held that view. I doubt whether that is correct. Mr Read maintained in his evidence that he had always been of the view that HSS and OCS should not be administered by the Post Office.³³² He has been the Chief Executive Officer during all material times. He and the Post Office are inclined to suggest that his view has represented the views of the Board of the Post Office over time.
- 6.160. There can be no doubt that Mr Read engaged in correspondence with the Minister in 2021, suggesting that it was more appropriate for the Department to administer “*the process of settlements directly*”. The Minister rejected that suggestion.³³³ However, in my view, this

332 Transcript, 09/10/2024, Nick Read,
[INQ00001193] at [101/6] to [102/20].

333 **[UKGI00047550]**.

exchange of correspondence related only to the administration and delivery of OCS. A fair reading of the closing written submissions of the Post Office conveys the impression that both the Post Office and the Department always considered that the Post Office was contractually bound to administer and deliver HSS by virtue of the GLO Settlement Deed.³³⁴ Such a view, if held in 2020/2021, would hardly suggest that the Post Office then considered that HSS should be administered by the Department. Whether the terms of the Settlement Deed did bind the Post Office, as an institution, to administer and deliver HSS for the whole time that it existed may be an interesting exercise in interpretation. If the terms do have that effect, of course the Post Office would be obliged to continue the administration and delivery of HSS even now.

- 6.161. I am satisfied that in 2021 the Post Office made an attempt to persuade the Department to administer and deliver OCS. I do not accept that it sought to persuade the Department to administer and deliver HSS, certainly not prior to its launch.

6.162. Whether the Post Office has always maintained the view that HSS should be administered and delivered by the Department is in any event of academic interest only. I say that because, for many years the Department has steadfastly resisted any suggestion that it should administer and deliver HSS. I accept the evidence which I heard of a view within the Department (and in Government more generally), that the Post Office should be responsible for clearing up its own mess.³³⁵ Further, there is certainly substantial support now for the view that the administration and delivery of HSS would be improved if the Department, as opposed to the Post Office, was responsible for those matters. This is very much the view of Messrs Railton, Read and Recaldin and the Post Office as an institution. That is also the view expressed by the Business and Trade Committee, by a number of claimants in HSS, and many former postmasters who are Core Participants.

335 Transcript, 11/10/2024, Nick Read, **[INQ00001195]** at [1/10] to [6/24] and Transcript 9/10/2024, Nick Read **[INQ00001193]** at [101/10] to [102/20].

- 6.163. The Department still does not agree with those views at least at the present time. It suggests that the Post Office should continue to administer and deliver HSS and that there should be close monitoring of the Post Office by the Department. It recently responded to the Business and Trade Committee's recommendations by asserting that it *"continues to consider whether the Department should take responsibility for making first offers"*.
- 6.164. I do not consider that the Post Office should be removed from delivering and administering HSS at this stage or in the foreseeable future. In reaching that conclusion I leave out of consideration whether the Post Office is contractually bound to continue to deliver HSS itself. I base my view only upon whether the removal of the Post Office from the administration and delivery of HSS would likely improve its administration and delivery.
- 6.165. My analysis is as follows.
- 6.166. Those Post Office employees and their legal representatives who are currently involved in the administration and delivery of HSS will, going forward, be involved, primarily, in the following functions. First, the task of assessing

the eligibility of those claimants who opt to accept the Fixed Sum Offer. Second, assuming the eligibility criteria are met, making the arrangements necessary to ensure payments of £75,000 to eligible claimants are made promptly. Third, deciding upon the offers to be made to those claimants who opt to have their claims assessed and to whom offers have not yet been made. However, it must be borne in mind that the decision about the level of offer to be made to claimants is taken after advice is received from an independent advisory panel and may also be subject to approval from the Department. Fourth, making the arrangements necessary to ensure payments are made promptly to those claimants who accept offers made to them. Fifth, (if it is not abandoned as a consequence of the roll out of the appeal process and the recommendation I make below), participating in the current Dispute Resolution Procedure.

- 6.167. No useful purpose would be served by removing the Post Office from the function of assessing eligibility for Fixed Sum Offers. The most difficult task, in the vast majority of cases, in assessing eligibility for acceptance of such offers is to ascertain whether or not

a relevant shortfall exists. That cannot be done, save by reference to information held by the Post Office themselves or obtained by the Post Office from other sources. Once that information is available to the Post Office and scrutinised by them, a decision on eligibility can be made. I can think of no reason why the administration of HSS would be improved if this function was removed from the Post Office.

6.168. Once eligibility is established, payment can be authorised. I have heard or read no suggestion that the Post Office is guilty of undue delay in making payments of the fixed sum once eligibility is established. I infer that the process for authorising payment works satisfactorily.

6.169. In summary, there is no reason why the function of administering the process surrounding the Fixed Sum Offer should be removed from the Post Office. In reaching that conclusion, of course, I appreciate that there is a cohort of claimants (or perhaps more accurately, former postmasters who are Core Participants) who distrust the Post Office to such an extent that they would wish them to be removed from all involvement in any part of all the financial

redress schemes. I understand entirely why many postmasters and former postmasters have very considerable reservations about virtually anything that is done by the Post Office. However, the administration of the Fixed Sum Offer is, in reality, an administrative and mechanical process which is far better done by the body which has accumulated approximately five years' experience of scrutinising information to ascertain whether or not relevant shortfalls exist.

- 6.170. The involvement of the Post Office in claims which are to be assessed poses more difficult problems. As explored in paragraph 4.102 above, I have received evidence, which I accept, that the approach of Herbert Smith Freehills and, by extension, the Post Office, to the assessment of appropriate offers is too legalistic and fails, too often, to give the postmaster the benefit of the doubt.³³⁶ I have also received direct evidence which shows that on occasions first offers which are rejected are followed by offers which are increased very substantially.

336 The Post Office cannot escape all responsibility for this legalistic approach. At all material times the Post Office was the client and its lawyers must act in accordance with its instructions.

That tends to suggest that the independent advisory panels, on occasions, adopt the same legalistic approach. However, as I have said, it has not been suggested by any Core Participant (or anyone else) that the independent advisory panels should be removed from the process of formulating offers.

6.171. The consistent evidence from the Post Office has been that it has never made an offer to a claimant which was less than the offer proposed by an independent advisory panel. Indeed, the Post Office has consistently maintained that, on occasions, it has made offers to claimants which has exceeded the offer suggested by an independent panel. No evidence was adduced before me which contradicted that assertion, and the survey evidence can be interpreted as providing some support for what the Post Office has said on this issue.³³⁷

6.172. I cannot see what advantage would be gained by removing the Post Office from participating in the process which results in a first offer being made to a claimant. I say that, not least, because the proposal is to replace the Post Office with the Department. What would that

337 See paragraph 4.141 above.

achieve in relation to the settlement of the complex cases? In effect, the Department already has the last word in such cases.

- 6.173. The Post Office will have no part to play in the delivery or administration of HSSA. In essence, HSSA creates an appeal process which is internal to HSS and in which the decisions which are binding on an appellant, the Post Office and the Department are made by persons who are wholly independent, namely by an appeal panel or the Reviewer.
- 6.174. AS HSSA contemplates, there may be some claimants who are making their way through the current Dispute Resolution Procedure. Those claimants will have the option to switch to HSSA. However, if they do not, the only stage of the Dispute Resolution Procedure which binds a claimant is arbitration. If any arbitration occurs the arbitrator will, without doubt, be wholly independent of the Post Office.
- 6.175. As it happens, I cannot see any advantage to a claimant in remaining in the current Dispute Resolution Procedure. That procedure does not operate under the '*best offer*' principle. In order to get to a point where a binding decision is made the claimant would have to

engage in arbitration. No one has yet done so in five years! I could, of course, recommend that fairness demands that the *'best offer'* principle should operate in the Dispute Resolution Procedure, but to what end when the only means of achieving a definitive outcome involves very costly arbitration.

- 6.176. I had presumed that the Department considered it inappropriate to remove the Dispute Resolution Procedure as an option for claimants as a route by which redress could be obtained since it had been a feature of HSS since its inception. However, I now understand that it takes the view that *"Post Office's commitments under the GLO settlement deed mean that DRP must remain open and cases cannot compulsorily be transferred into the new process."*³³⁸ While I acknowledge that this may be a possible interpretation of the Settlement Deed, this seems to me to be an unnecessarily cautious approach. Who does the Department suppose will either wish, and have the right to enforce the provisions relating to dispute resolution in the Settlement Deed, given that the parties to the Deed are the GLOS claimants, their

solicitors and the Post Office? The Dispute Resolution Procedure has singularly failed to function as it was intended. HSSA will provide for claimants an appeal system in which, it is said, they cannot lose and in which there are no costs consequences of losing, which on any view, is a very generous provision. They will also have a very generous period of time (nine months) in which to decide whether or not to appeal.

For those few claimants who might prefer a mediated settlement, a mediation could be arranged by consent during that nine month period. The good faith meetings and the escalation meetings contemplated within the Dispute Resolution Procedure are no more than opportunities for negotiation. Such meetings can occur within the same nine month period. Nonetheless, I would not go so far as to say that all claimants currently within the Dispute Resolution Procedure should be transferred to the appeal process against their will. Accordingly, I recommend:

13. The current Dispute Resolution Procedure in HSS should be closed once all claimants currently within the Procedure have either (a) settled their claims or (b) transferred to HSSA. No claimant who is

not in the Dispute Resolution Procedure when HSSA opens should be eligible to join the Dispute Resolution Procedure.

14. During the nine-month period afforded to claimants to submit an appeal to the Department in HSSA, the Post Office shall engage in negotiations and/or mediation with any claimants who notify the Post Office of a desire to seek a negotiated or mediated settlement of their claim.

- 6.177. There are two important remaining issues which I must address, which arise from the unjustified delays in HSS. The first relates to what can be done to reduce the unduly lengthy periods of time which often elapse before first offers are made in complex cases. I appreciate of course, that the Post Office has sought to combat this by increasing the numbers working in the Remediation Unit, by engaging a sufficient number of lawyers and increasing the numbers who sit on panels. These measures however, are not of themselves sufficient. What is called for, in my view, is an appointment as suggested in **Recommendations 6 and 7** i.e. the appointment of a suitably qualified lawyer to carry out the same sort of role as is performed by Sir Gary Hickinbottom

when dealing with pecuniary claims in OCS. I envisage that the person appointed might be designated as the overall chair of the independent advisory panels and be given the power to issue directions in all cases (including the power to issue directions solely with the aim of enforcing earlier directions relating to time limits). As I have already said, the Advisory Board should be invited to help formulate relevant powers and it may be that Dentons, Sir Gary and Sir Ross should also be consulted (although that is a matter best left to the judgment of the Post Office and the Department and all concerned Core Participants). Put shortly, there is a clearly established need for someone with relevant legal and administrative experience to take hold of the cases which have yet to be assessed and drive them forward to the first offer stage. Thereafter of course, the claims will either be settled or they will enter (as I believe to be appropriate) HSSA.

- 6.178. Thesecondissuereleatesto arecommendationI madeintheInterimReport. Recommendation 8 in that Report was to the effect that a date should be set after which no further claims under HSS would be entertained. That

recommendation was accepted in October 2023. Nearly 21 months has now gone by but there is no sign that such a date has been or will be set.

6.179. I cannot understand why that is. We are now about five years and six months on from the Deed of Settlement which gave birth to HSS. We are more than five years on from the date when the scheme opened. I can see no possible objection in principle to a date being set after which no further claims will be entertained. There would be a certain symmetry if the chosen date was 27 November 2025 i.e. five years after it was anticipated that the scheme would close to new claimants. Such a date would still afford some months for postmasters to make decisions about how to proceed. However, in my view there does need to be finality. Therefore, I feel compelled to recommend:

15. No claims for financial redress under HSS shall be entertained after midnight 27 November 2025.

Delay in OCS

- 6.180. Interim payments have been paid very promptly to claimants in OCS whose convictions have been quashed.³³⁹ Such payments began in the summer of 2021 and were paid promptly, as and when convictions were quashed thereafter.
- 6.181. By the summer of 2022, however, very little progress had been made in reaching full and final settlements with those whose convictions had, by then, been quashed. Indeed, until the advent of Lord Dyson's neutral evaluation in July 2022 very little progress appears to have been made of any kind, certainly so far as could be discerned in the outside world.
- 6.182. By 8 December 2022 (i.e. about four months after Lord Dyson delivered his neutral evaluation), when Ms Gallafent KC made submissions at the hearing on that date, 53 claimants had submitted non-pecuniary loss claims; 33 offers had been made by the Post Office and 26 such claims had been settled. At the hearing on 27 April 2023 Ms Gallafent KC informed the Inquiry that the number of claimants who had submitted claims for

339 Except in the public interest cases.

non-pecuniary losses had risen to 69, that 67 offers had been made and that 55 offers had been accepted. In contrast, as of 27 April 2023, there had been no more than a small number of claims which had been made for pecuniary losses. 14 such claims had been made (although three had not been fully particularised) and four such claims had been settled. If there were any claims in which both pecuniary and non-pecuniary losses had been settled completely, they were very small in number.

- 6.183. During 2023 there were three important staging posts in the evolution of OCS. First, after what can properly be categorised as a tortuous process, the *Pecuniary Principles* were more or less finalised, although they were not adopted, formally until early 2024. Second, on 18 September 2023 the Fixed Sum Offer of £600,000 was announced. Third, in October 2023 Sir Gary Hickinbottom was nominated to chair the Pecuniary Loss Panel (the nomination being confirmed in February 2024).
- 6.184. The Fixed Sum Offer was introduced with the very specific aim of speeding up financial redress in OCS. In my view it was pitched at an amount which would tempt many claimants

and quite deliberately so. Its introduction was very much supported by the Minister. As I have said, 62 claimants had accepted the Offer by 30 April 2025.

- 6.185. The data in relation to the other claims in OCS is set out in paragraph 4.195 and 4.196 above. It is disappointing to note that of the 23 claims which have been fully particularised and submitted to the Post Office (a) only 10 have progressed to full and final settlement and (b) there is complete disagreement about all aspect of the claims in seven cases. The remaining cases are ones in which agreement has been reached about certain aspects of each claim.
- 6.186. 13 claimants have yet to submit claims of any kind (save interim payment claims).³⁴⁰ However, I do not attribute the fact that 13 claims are yet to be submitted to delays on the part of the Post Office or the Department. Certainly, I have received no evidence to demonstrate that is the case.

340 I understand that the 13 claimants who have yet to submit a claim are adopting that course of action quite deliberately. They have decided to await the ending of the Inquiry and/or my Report to the Minister before submitting a claim.

- 6.187. All witnesses who addressed the issue of delay were in agreement that Sir Gary has engaged in active case management of all the claims brought to his attention with a view to encouraging claimants and the Post Office to settle their differences. Despite his best efforts however, I am aware of only one claim being referred to the Pecuniary Panel. The determination made by the Panel will bind neither the Claimant nor the Post Office, so in the event of disagreement the options are that one side capitulates, the parties engage in mediation, or the claimant engages in litigation.
- 6.188. It is very hard to escape the conclusion that progress overall in OCS has been far too slow. 28 persons whose convictions have been quashed are yet to settle all their claims.
- 6.189. I appreciate that the availability of interim payments in OCS (which have been paid promptly) may have removed the need for full and final redress to be delivered as quickly as would normally be expected. I cannot help but think however, that for too many claimants *full and fair* financial redress has not been delivered *promptly*. In this regard, I am surprised that, notwithstanding the efforts of Sir Gary, to resolve cases, the number of assessed claims which have been resolved

is still very low – a total of nine – and only one case has made its way to the Pecuniary Panel. There can be no doubt, in my view, that but for the arrival of Fixed Sum Offers, there would be many more cases which would be wholly or partially unresolved.

- 6.190. I should also record that I have received one communication to the effect that the claimant has accepted the Fixed Sum Offer simply because the prospect of assessment and the time it would take would be unpalatable (a word of my choice which summarises the sentiments expressed in the communication).
- 6.191. I welcome the fact that OCS and HCRS have been merged. It makes no sense whatsoever to have two different schemes for persons whose convictions have been quashed. I can but wonder why it was ever thought necessary to have two schemes in the first place.
- 6.192. That said, I see no reason why the merger should improve the speed of redress to any claimant who seeks to have a claim assessed. As a matter of fact, no claims have been made in HCRS in which assessment is sought and the chances of that occurring in the future seem slim when £600,000 is on offer as an alternative. If such claims are

made however, they will, I infer, probably be assessed in much the same way as they are currently assessed in OCS. Non-pecuniary losses will be assessed against Lord Dyson's neutral evaluation; pecuniary losses will be assessed in accordance with the *Pecuniary Principles*. If what I shall refer to as 'first stage' negotiations fail to produce a settlement the claim can progress to the point when a panel chaired by Sir Gary makes a non-binding determination.

- 6.193. Sir Gary was announced as the chair of a panel in HCRS in December 2024. As I have said, given the merger, I infer that he will chair one Panel which will be made up of personnel already serving the Panel in OCS and indistinguishable in terms of process from that which has been established already in OCS. In short, I infer that moving the OCS claims to HCRS simply means that assessment will continue as before but in the merged scheme.
- 6.194. I do not anticipate that an appeal structure will be established in the merged scheme or that a reviewer will be appointed. I say that for this reason. OCS has operated on the basis that settlements binding upon claimants and the Post Office are achieved only by a

consensual agreements. Binding settlements or determinations are not imposed upon claimants in OCS (I presume) in order to avoid a conflict with their rights to make claims for malicious prosecution which, in effect, is the backstop position. In these circumstances there was never a need for an appellate structure or a reviewer in OCS because if a claimant and the Post Office could not agree following a non-binding determination from the independent Panel, the claimant could engage in mediation (if the Post Office agreed) or pursue arbitration or civil litigation. For the sake of clarity however, it would be appropriate if the Department made a public announcement either confirming the inferences I have drawn, and the assumptions I have made, or explaining the true position. I recommend:

16. The Department shall make a public announcement in which (a) it clarifies whether there will be any differences in the process for assessing financial redress, as between the merged HCRS and OCS, and the process currently operating in OCS and, if so, (b) it explains what those differences in the process will be.

Delay in GLOS

- 6.195. GLOS was announced by the Minister on 22 March 2022. One year and one day later, on 23 March 2023, the scheme was launched.
- 6.196. Throughout that period the Department knew that the statutory provision upon which it intended to rely to make additional payments to the claimants in the Group Litigation mandated that those payments should be made by 7 August 2024. It knew too, that GLOS would likely attract close to 500 claimants. It also knew, or should have known that there would be many difficult and substantial claims with which it had to deal. Yet, it asserted with confidence that all those claims could be submitted, assessed and paid between its launch on 23 March 2023 and 7 August 2024.
- 6.197. I do not understand, and I have never understood how the Department could have envisaged that GLOS either could or would be launched and completed in that space of time. As it happens of course, very belatedly, the Department accepted the need for legislation which would ensure that all claimants in GLOS could be paid further

sums without there being a strict time limit by which payment had to be made. However, it was not until 25 January 2024 that the Post Office (Horizon System) (Compensation) Act 2024 became law.

- 6.198. On 10 January 2024, i.e. shortly before the Act became law, the Minister announced the Fixed Sum Offer of £75,000 in GLOS. The scheme had by then, been operating for approximately nine months. Progress in assessing claims had been slow, exacerbated by the Post Office being tardy to produce relevant documentation, and there being a shortage of accountants ready and willing to provide evidence to substantiate claims at the rates of remuneration made available by the Department. As in OCS, the impetus for Fixed Sum Offers was the need to speed up settlements under the scheme.
- 6.199. The possibility of Fixed Sum Offers had been under consideration since the summer of 2023 i.e. since a time shortly after the launch of GLOS. The Minister had yet to make his announcement of Fixed Sum Offers in OCS. Accordingly, I pause at this stage to ponder how it could have been that Fixed Sum Offers were, apparently, considered separately and sequentially in HSS, OCS and GLOS.

- 6.200. The plain fact is that Fixed Sum Offers were announced in OCS in September 2023 because progress in OCS was far too slow. In part at least, the slow progress was due to the difficulties inherent in assessing substantial claims. Yet the same problem was bound to arise in GLOS and had already arisen in HSS. I can only infer that the advent of Fixed Sum Offers unfolded as it did because a request to HM Treasury to fund Fixed Sum Offers in all the schemes then existing and prior to *Mr Bates vs The Post Office*, would have very likely been rejected.
- 6.201. More than two years has now elapsed since GLOS was launched. There is a total cohort of 492 eligible claimants which is very unlikely to increase. A total of 450 claims have been submitted to the Department, there are still 42 claimants who have yet to submit a claim.³⁴¹ 445 claimants have received offers in settlement and 304 claimants have accepted their offers.

341 It may be that these claimants are awaiting the end of the Inquiry and my Report like some of the claimants in OCS.

- 6.202. At the time of writing, 156 Claimants have accepted Fixed Sum Offers; 148 claimants have accepted settlement offers which have been assessed. When Mr Creswell gave oral evidence, no more than about a third of the claimants who had opted for assessment had accepted the first offer made to them. A small number had accepted a revised offer. Two disputed assessed claims had been referred to an independent panel for a non-binding assessment. One of those assessments was returned to the panel for a binding determination; in turn that binding determination has been reviewed by Sir Ross.
- 6.203. By my arithmetic 188 claims (or perhaps a few less by the time this volume is actually published) remain unresolved. That represents about 38% of all claims. If those accepting Fixed Sum Offers are taken out of account, the percentage of unresolved claims which have opted, or will opt for assessment, is about 55% assuming as I do, that most, if not all of those 42 claimants who have yet to submit a claim, opt for assessment.
- 6.204. In my view the rate of progress and the process of settlement of claims in GLOS are very slow. In part that is explained by the

difficulties involved in assessing the many complex claims which, presumably are alleged to have a value significantly more than £75,000. In part, the slow progress is also explained by the various non-binding stages which must be navigated before the point is reached at which a binding decision is made. In part too, claimants may be wary, understandably, about moving from stage to stage to a binding determination when there is a risk that they could end up worse off. That last problem, at least, will be alleviated if the 'best offer' principle is adopted for GLOS as I have recommended.

6.205. In summary, delivery of financial redress to many claimants who have opted for assessment has not been prompt. The number of claimants waiting for their claims to be assessed, and the number of claimants who have yet to submit a claim (likely to be of the order of 188 in total) is such that the Department will struggle to close GLOS by the end of 2026. Without the introduction of the Fixed Sum Offer, the picture would, undeniably, have been far worse.

d. Other Issues and Recommendations

- 6.206. During the course of evidence and more particularly, in written and oral closing submissions, I have been asked to make a number of recommendations which have been formulated on behalf of postmasters and others adversely affected by Horizon.
- 6.207. Mr Moloney KC and his team suggested that I should recommend that a centre of expertise should be established within government in order that, henceforth, guidance, expertise or a framework would be available to government or other bodies seeking to establish schemes for providing financial redress in circumstances in which citizens had been wronged by the actions of public bodies. Their second suggestion was that the government should create a standing public body to act as a compensating authority to administer future compensation schemes.
- 6.208. I can see a number of attractions of having a standing public body whose role it is to develop, administer and deliver schemes for providing financial redress to those who have

been wronged by public bodies.³⁴² First and foremost, so far as is humanly possible, such a body would (or should) be independent of the public body or bodies which have caused the harm for which financial redress is payable. One of the difficulties which the Post Office and the Department have had to try to overcome in administering and delivering the schemes is that they are alleged to be wrong doers who caused or contributed to the harm which has given rise to the need for redress. Not unnaturally, their every act or omission in administering and delivering the schemes has been viewed with a great deal of suspicion by many. The second very significant attraction of such a body is that it would promote consistency, not just as

342 I have used the phrase public bodies quite deliberately so as to allow those considering this issue the maximum flexibility about the meaning which that phrase is meant to convey. I do not have the evidence to make a specific recommendation about whether the phrase should be confined to the constituent departments of central government and the arms' length bodies which they control or whether it should also be concerned with public bodies such as local authorities.

between different claimants in the same redress scheme but also consistency between claimants in different schemes.

6.209. I am much less inclined to support “*a centre of excellence*” if that is a body which is separate from the standing public body referred to above. I would expect that a standing public body, appropriately constituted, would have within it personnel with experience of and expertise in all aspects of the development, administration and delivery of schemes for financial redress. In reality, the public standing body should be provided with all the expertise which is necessary.

6.210. Accordingly, I recommend:

17. As soon as is reasonably practicable, HM Government shall establish a standing public body which shall, when called upon to do so, devise, administer and deliver schemes for providing financial redress to persons who have been wronged by public bodies.

6.211. I next consider the request made of me by Mr Stein KC that I should “retain oversight of the compensation schemes”. As I understand his suggestion, it is that I should convene a hearing

or further hearings at some point after I have delivered the whole of my Report and that, in any event, I should require that the Post Office Remediation Unit and the Department should report to the Inquiry and the Business and Trade Committee at two monthly intervals providing updates on the delivery of financial redress. It is submitted that this approach is both lawful and necessary; it is said to be necessary because Core Participants fear, on reasonable grounds, that unless I maintain an oversight role there is a real risk that *“the [Department will revert] to a litigious approach when the Inquiry process concludes”*.³⁴³

- 6.212. I am prepared to accept that I have the power to act as is suggested. I do not consider however, that it is either practicable or even desirable for me to monitor the administration of the schemes over a potentially protracted period of time. There are a number of interconnected reasons why I have reached that conclusion. They are as follows.

- 6.213. I have no power (and under current legislation will never have the power) to make any binding determinations in any individual cases. The processes in all the schemes are now, for better or for worse, established. I have made recommendations in this volume of my Report which are aimed at improving the administration of the schemes and the speeding up of the delivery of financial redress to individuals. What is now needed to bring the schemes to a close, as reasonably quickly as can be achieved, is appropriate management of the remaining cases.
- 6.214. I have recommended the appointment of an experienced lawyer to undertake such a management role at the 'first offer stage' in HSS. That appointment is, in my view, crucial to the future success of HSS. The appointee will have the opportunity to 'control' the conduct of the Post Office and/or the Department and to prevent them being or becoming overly litigious. The powers to control the conduct of the Post Office and the Department are likely to be far more influential than any influence I could exert over them by holding occasional hearings and by monitoring statistical information. In the

merged OCS/HCRS scheme, Sir Gary will chair the Pecuniary Panel and, without doubt as his reports to the Department demonstrate, he is far better placed than I could ever be to drive the Department and the remaining claimants towards settlements.

If his best endeavours fail to persuade the parties to reach agreement, there is no reason to suppose that occasional hearings convened by me, and my monitoring of statistics at intervals, would meet with any greater success. If agreement cannot be reached, of course litigation will be the last resort. There would be no role for the Inquiry (or me) if litigation in individual cases occurs. In GLOS the independent panel, ultimately, reaches a decision which is binding on the claimants and the Department. I have no reason to think that the panel will not strive to achieve an outcome which is *full and fair* in individual cases, whether that phrase is interpreted as I have recommended or in some other way. If the relevant criteria are met there is recourse to Sir Ross Cranston. If, as I recommend, the '*best offer*' principle is introduced in GLOS there will be no risk to a claimant who seeks a binding decision from the panel or Sir Ross.

6.215. In any event of course, I have gone some way to adopting the approach urged upon me by Mr Stein KC by publishing this volume ahead of the remainder of my Report. If something really troubling occurs in relation to financial redress over the coming months about which I could sensibly make a meaningful contribution, no doubt I would write a short supplement to this volume and, if strictly necessary, convene a hearing before doing so. As my postscript demonstrates, there are clear signs that will be necessary.

6.216. Should family members of postmasters or other persons affected by Horizon (but not currently eligible for redress under any scheme) receive financial redress if they too, were, or are being affected adversely? In the early stages of the Inquiry this issue hardly raised its head. By that I do not intend to suggest that the suffering endured by some family members was not brought to my attention. Nothing could be further from the truth, as I hope Section 3 of this volume demonstrates. However, in those early stages of the Inquiry, there was no overt call for such family members to receive their own financial redress; that came later as the Inquiry unfolded.

6.217. The Department, as the body who would foot any bill for such redress, has studiously refrained from committing itself on the issue. Work was still being done to establish whether such redress should be made available when the final closing submissions were being delivered on 17 December 2024. So far as I am aware, that work continues; if a conclusion has been reached it had not been made public at the time of writing these words.

6.218. I am faced not just with a very difficult issue of substance. I have to say that I struggle to see how the issue possibly falls within my Terms of Reference, however flexibly they are interpreted. If that is correct, what is the purpose of me considering the matter any further? The answer to that conundrum is, ultimately, quite straight forward. I do not think I can duck revealing my own view of this issue. With these preliminary observations out of the way, I offer the following views and a recommendation.

6.219. There would be very significant difficulties to overcome in devising a scheme which commanded universal or near universal approval. I say that for the following reasons.

6.220. First, to provide redress to the family members of postmasters and others directly affected by Horizon would probably mean that many persons would receive redress who would have no real prospect of recovering compensation if this issue were before the courts. A report of this nature is not the place in which to provide an opinion about complicated legal issues. However, the lawyers who read this paragraph will understand the formidable difficulties which claimants who were/are family members would face if they sued the Post Office, Fujitsu or the Department under the law of tort for pure economic loss, physical or psychiatric illness or major distress. A claim under the law of contract would be just as difficult, if not more so, by virtue of the law relating to privity of contract.

6.221. Second, which family members would qualify for redress? It is easy to conclude that spouses and children should qualify, but what about partners, the parents or other family members tied by blood to the person directly affected? What eligibility criteria would be established for other persons affected by Horizon?

- 6.222. Third, what sort of detriment would be the subject of redress? Would a qualifying family member be entitled to the same heads of loss as the postmaster? Is it reasonable to assume that a family member who has loaned money to a postmaster/affected person in order that they could discharge a debt or debts, has/will recover that sum from the postmaster person because they will recover, or will have recovered it, in the existing schemes? In respect of others affected by Horizon what redress provisions would be put in place?
- 6.223. Fourth would there be Fixed Sum Offers and, if so, at what level would they be pitched?
- 6.224. All that said, I can see the argument that if the wrongdoers (here assumed to be the Post Office, Fujitsu and the Department) voluntarily agree to make financial redress to family members, why does it matter that such family members could not succeed in making claims for their losses in the courts? The Horizon saga has already caused there to be exceptions to the way we normally conduct our justice system, which most people would have thought very unlikely before they occurred. I refer of course, to the quashing of convictions by legislation and

Fixed Sum Offers in all the schemes. Would affording financial redress to family members be such an unacceptable departure from principle in these circumstances? If that point of principle were to be resolved in favour of family members, no doubt practical solutions could be found in respect of the issues raised in the paragraphs above.

- 6.225. In my view, there is very likely to be a number of close family members of those who have been most adversely affected by Horizon who, themselves, have endured, and may still endure considerable suffering. Having weighed up the considerations set out above, I consider it fair and proper that such family members should be able to obtain financial redress which recognises their own suffering. Accordingly, I recommend:

18. The Department shall devise a process for providing financial redress to close family members of those most adversely affected by Horizon. Such family members shall qualify for such redress only if they, themselves, have suffered serious adverse consequences by reason of their family relationship with the person or persons directly affected by Horizon.

6.226. Save in respect set out in the recommendation above, I do not consider it appropriate for me to suggest, in any detail, the qualifying criteria which should govern who is eligible for redress, nor the process by which such family members should receive redress. Further, I do not think it appropriate to offer a view about the basis upon which the redress is quantified. These issues were not canvassed before me in any or any sufficient detail at the Inquiry. However, I am sure that with the assistance of the Advisory Board and the internal and external expertise to which it has access, the Department can work out a means of providing redress to close family members which is *fair*.

6.227. I have ended the last paragraph with the word *fair* quite deliberately. I have done so for two reasons. First, reasonable financial redress to family members will probably entail a departure from established legal principles. In the schemes I have considered, such a departure is acknowledged to be permissible in order to achieve a result which is *fair*. Second, I am acutely conscious that many claimants will have received financial redress which is overly generous as a consequence of the Fixed Sum Offers. That is especially so in relation to many of those who have been

paid Fixed Sum Offers in HSS. In my view, in those circumstances, it would be most unfair if family members whose suffering has been very substantial, received no redress whatsoever.

- 6.228. I am not currently of the same mind when it comes to financial redress for others adversely affected by Horizon who do not qualify for redress under the existing schemes. Such impetus as there is for redress for those persons is focussed primarily upon employees of postmasters, or former postmasters who do not already qualify under the existing schemes. However, no such person is a Core Participant in the Inquiry. I have received no written statement or oral evidence from such an employee which describes adverse impacts in any detail. While I readily accept that there must have been employees of postmasters who lost their jobs when the contracts of postmasters were terminated, that in itself, is not a sufficient basis to conclude that such employees should be entitled to financial redress paid for from public funds. Throughout the relevant period, there were in existence employment laws relating to unfair dismissal and redundancy which could have resulted in some redress to employees who

were dismissed. However, in the postscript to this report I alert the Department to an issue of some importance which is of relevance to whether there are categories of persons affected by Horizon who are not currently eligible for redress. As will be clear from what I write, the issue has a connection to those employed to work with Horizon but had no contractual relationship with the Post Office.

Restorative Justice

- 6.229. It is clear from the Case Illustrations in Section 3 of my Report and the Human Impact evidence that I received over the course of the Inquiry, that financial loss was not the only type of suffering experienced by postmasters and their families. The restorative justice programme proposed by Mr Stein KC in opening submissions gives a strong indication of the types of harm suffered by postmasters and their families.
- 6.230. The call for a funded restorative justice programme grew louder during Phase 7 of the Inquiry. Whilst I was pleased to hear that both the Department and Fujitsu were willing to engage in discussions on this topic, I was concerned about the pace of such discussions.

- 6.231. I have noted the concerns raised by Mr Patterson that he (or Fujitsu) would not know how to execute some of the ideas put forward as part of a programme of restorative justice.³⁴⁴ There is no doubt in my mind that any such obstacle can be overcome through meaningful discussions with the Department.
- 6.232. The meetings held between postmasters and representatives of the Post Office appear to go some way towards ensuring there is continued corporate knowledge about those who are affected by Horizon. The actions taken by the Post Office (references and news articles) are important, but it seems that these actions are only available to the postmasters who wished to have meetings with the Post Office. Extending such actions to the wider cohort of postmasters affected by Horizon would have clear benefits.
- 6.233. I note from Mr Recaldin's oral evidence that he made a commitment to providing a report outlining Post Office progress and a programme of measures for restorative justice before the publication of the Inquiry

344 Transcript 11/11/2024 William Paul Patterson [INQ00001205] at [228/23] to [231/10].

report.³⁴⁵ The Inquiry was given the assurance that this was very much a live issue under discussion in October 2024. A period of seven months has since elapsed with no update being provided to date. The Post Office has acknowledged as much in a letter to the Inquiry.

- 6.234. As I have said in the introduction to this section, this volume is being delivered in advance of the remainder of my Report, so that action can be taken as soon as reasonably possible. I can see no reason why the Department, Post Office and Fujitsu need to wait for the remainder of my Report before they are in a position to update the Inquiry on progress which has been made in respect of discussions about a programme of Restorative Justice, and to inform the Inquiry of the outcome of their discussions. Accordingly, I recommend:

345 Transcript, 04/11/2024, Simon Recaldin [INQ00001201] at [51/20] to [52/4].

19. By 31 October 2025, the Department, Fujitsu and the Post Office shall publish, either separately or together, a report outlining any agreed programme of restorative justice and/or actions taken by that date to produce such a programme. For the avoidance of any doubt, the word Fujitsu in this recommendation is intended to include both Fujitsu Services Limited and Fujitsu Limited.

Sir Wyn Williams

6 June 2025

Postscript

Just as I was completing this report, I received two communications of potential importance. The first was a letter dated 28 May 2025 from Professor Hodges on behalf of the Advisory Board (seen by me on 3 June 2025). At this time, I simply record the receipt of this letter. I will consider what, if anything, I can do about its contents over the coming weeks. The second communication was from Mr Parag Patel dated 4 June 2025. Mr Patel was employed by a retail chain to manage the Post Office which was situated in one of its stores in South Wales. He says that there were Horizon generated shortfalls at the store for which he was held liable by his employer or the Post Office. He made a claim for redress in HSS but was informed that he was not eligible since he had never had a contract with the Post Office. In the face of this decision (which was made by the Post Office) Mr Patel's former employer purported to assign its right to make a claim in HSS to Mr Patel. Many months have now gone by since the Post Office was made aware of the purported assignment, but it has yet to rule upon Mr Patel's eligibility. This communication raises an important issue which I first raised in the Progress Update, namely what independent process exists to determine eligibility disputes in HSS. Mr Patel's communication, if accurate as to dates, also demonstrates very substantial delay on the part of

the Post Office in resolving the eligibility issue. In the course of the coming weeks I shall consider how this issue should be dealt with by me and, how, if at all, it relates to persons who worked with Horizon but who were not postmasters or directly employed by the Post Office.

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