POL00101571

148 Old Street
London
EC1V 9HQ
T 0207 012 3378
GRO

The Rt Hon James Arbuthnot MP
House of Commons
LONDON
SW1A 0AA

5 November 2014

Dear James,

Re: Complaint and Mediation Scheme

I wanted to follow up on our telephone conversation on 28 October. You raised a number of concerns over Post Office's engagement with the Scheme and I am grateful to you for doing so. I am also grateful to you for accepting that there are two sides to every story.

As we discussed, Post Office has gone to great lengths to respond to the issues raised by Members of Parliament, the Justice for Subpostmasters Alliance (JFSA), and now individual applicants about the Horizon system.

You will recall that both JFSA and Second Sight were involved in the design of the Scheme, the establishment of the Working Group and the appointment of the independent chair.

To date, Post Office has investigated over 100 cases and is on course to complete all investigations by Christmas. We provide the funding and Secretariat for the Working Group and we also provide funding for applicants to obtain professional advice in preparing their complaints. On any reasonable view, the measures we have taken cannot be characterised as being suggestive of bad faith.

As I said when we spoke, we have found no evidence of a fault with Horizon in any of those cases. I am clear that this is not cause for complacency and we will be as rigorous in investigating the remaining cases as we have been with those we have investigated.

However, Post Office cannot ignore these investigation findings in determining its approach to mediation in each case. In particular, Post Office cannot be expected to accept responsibility for matters where there is no evidence that it is at fault and where, instead, errors (and sometimes dishonesty) on the part of an applicant or their staff have been shown to have caused or contributed to the losses in the branch. To my mind, that is not a legalistic but a fair-minded and rational approach.

POL00101571

I am also concerned at the size of some of the claims for compensation, many of which are unrealistic or opportunistic or both. Especially in the absence of evidence of a fault with the Horizon system, this sort of claim can only serve to weaken the prospects for resolution for the applicants. Whilst Post Office is keeping an open mind to all possibilities for resolution, with compensation being one, the Scheme is not and has never been a compensation scheme. Whilst I realise that speculation about Horizon continues, Post Office must base its position on substance and facts and the need to ensure it spends taxpayer money prudently.

However, I can assure you that where the facts and the applicants' expectations offer a reasonable chance of resolution, the Post Office has and will continue to enter into those discussions positively and try to achieve a mutually acceptable resolution.

I also believe that the success or otherwise of the Scheme does not rest solely with Post Office. It seems that, despite the agreement of all parties on the need for confidentiality, that commitment is not being honored and this has the potential to undermine the Scheme. Similarly it is regrettable, as you say, that JFSA is not now fully participating in Working Group discussions as it undermines the role of the Working Group which it played such a key part in establishing.

Given that some people may have been expecting that a fault with Horizon would be found it is perhaps not surprising that they may be disappointed. However, in view of the considerable effort Post Office has gone to in establishing, funding and supporting a Scheme that JFSA and Second Sight helped to design, I am naturally disappointed to hear the concerns you set out. However I am confident that Post Office has, at every stage of the process, acted in good faith in taking forward the work of the Scheme. Indeed, it is not at all clear to me what more Post Office could reasonably have done.

Nevertheless, I have listened to your concerns and will reflect on them very carefully.

Finally, further to our discussion about your letter of September 4th, I can confirm that I have asked Angela Van Den Bogerd to look into the case. Once her enquiries are complete, one of the team will be in touch with your office to discuss next steps, including the possibility of a meeting.

I look forward to our meeting on 17 November and I imagine your office will be in touch with mine with a suggested agenda and a list of attendees in due course.

Yours sincerely,

GRO

Paula Vennells
Chief Executive