

Message

**From:** Scully, Minister (Private Office) [GRO]  
**Sent:** 06/07/2020 08:45:31  
**To:** Scullycorrespondence, Minister (Private Office) [GRO]  
**CC:** Post Office Team [GRO]  
**Subject:** FW: Another Post Office scandal? Convicted claimants paid no compensation by the Post Office  
**Attachments:** Note Post Office.pdf

**Flag:** Follow up

Hi Team,

Please can you log the attached/below for info?

Copying the policy team for awareness.

Thanks,

[GRO]



Department for  
Business, Energy  
& Industrial Strategy

[GRO]

Locum Senior Private Secretary to the Minister for Small Business,  
Consumers & Labour Markets and Minister for London  
Department for Business, Energy and Industrial Strategy  
1 Victoria Street, London, SW1H 0ET

[GRO]

**From:** HOLLINRAKE, Kevin (2nd Mailbox) [GRO]  
**Sent:** 05 July 2020 10:09  
**To:** JONES, Darren [GRO] Business, Energy and Industrial Strategy Committee  
[GRO]  
**Cc:** BRIDGEN, Andrew [GRO] JONES, Kevan [GRO] ALLAN,  
Lucy [GRO]; Paul Marshall [GRO] Paul Pascoe  
[GRO] Nikki Turner [GRO] James Arbuthnot [GRO]  
BUCHANAN, Heather [GRO] alok.sharma.mp [GRO] BUCKLAND,  
Robert [GRO]; SCULLY, Paul [GRO] Scully, Minister (Private  
Office) [GRO]  
**Subject:** Another Post Office scandal? Convicted claimants paid no compensation by the Post Office

Darren, thank you for the fine work you and the select committee are doing with regard to the Post Office Scandal.

You may be aware of the above issue already, but I have been contacted by Paul Marshall, a barrister who has been informally assisting some of the Post Office victims, about a further injustice relating to this scandal in that *convicted* claimants have been paid no compensation by the Post Office and are specifically excluded from the Historic Shortfall Scheme. Paul originally contacted me as a result of my work as Chair of the APPG on Fair Business Banking on the Lloyds Bank/HBOS Reading Scandal where he highlighted clear parallels between this affair and the similarly disgraceful abuse of power in the Post Office Scandal.

That someone should be prosecuted by a state institution and imprisoned on the basis of false evidence, known to be false, is antithetical to everything that liberal democracy and the 'rule of law' stand for. Such things are rightly associated with authoritarian and despotic regimes. And yet, for 20 years, the Post Office conducted such prosecutions.

Tracy Felstead was imprisoned aged 19 in 2002. Mrs Seema Misra was imprisoned when 8 weeks' pregnant in 2010. Their cases have been referred to the Court of Appeal by the Criminal Cases Review Commission (CCRC), together with 47 others, following Sir Peter Fraser's judgments in the *Bates v Post Office* litigation. Post Office *Fujitsu* witnesses have been referred to the Director of Public Prosecutions. The CCRC has described these prosecutions as 'an affront to the public conscience'.

It has now emerged that, while many assumed that the Post Office paid about £58 million (the vast majority of which went to pay costs and expenses) in compensation to its sub-postmasters and sub-postmistresses, *including to those who had been convicted and imprisoned* as a result of its seriously flawed prosecutions, this assumption is incorrect. Astonishingly, it is now apparent that under the terms of settlement, negotiated between Freeths LLP, for the 550 claimants, and Herbert Smith Freehills LLP, for the Post Office, it was agreed that the Post Office was to pay *no compensation at all* to claimants in the *Bates v Post Office* litigation who had been convicted of criminal offences. The explanation for this remarkable conclusion is provided by a note written by Paul, a copy of which is attached to this email.

Putting to one side any legal justification for that extraordinary outcome (none being immediately obvious), it is one that will offend anyone with a sense of justice. Many of those convicted and imprisoned, perhaps understandably, have suffered serious ill-health, including mental illness, as a consequence.

I am also very concerned at the involvement of Herbert Smith Freehills, who I understand are advising on the design and implementation of the Historic Shortfall Scheme. The mere fact that HSF acted on behalf of the Post Office in the legal action with the responsibility to minimise losses should prohibit them from taking any role in a compensation scheme. Even more worryingly, however, HSF are the subject of a complaint from the APPG on Fair Business Banking to the Solicitors Regulatory Authority for their role in disgraceful discrediting of whistleblower Sally Masterton in the Lloyds/HBOS Reading Scandal and for their part in providing advice relating to the design and implementation of the Lloyds Banks Customer Review compensation scheme. After years of complaint about the scheme by the APPG, the SME Alliance and victims of the scandal, this was eventually determined by the independent reviewer, [Sir Ross Cranston](#) as "not open and transparent" "did not achieve purpose of delivering fair and reasonable offers of compensation" "had serious shortcomings" "took an overly adversarial approach in assessment of Direct and Consequential Loss" was "an unacceptable denial of responsibility" and "was inappropriate and neither fair nor reasonable". I fear that history is about to repeat itself. In the APPG's view, the scheme should be run entirely independently and completely without the perimeter and jurisdiction of the Post Office and their legal advisers.

I urge the select committee to lead the calls for a proper compensation scheme that will enable all the victims of this terrible tragedy and injustice to receive reparation for the injury done to them by the Post Office that is, shorn of niceties, a state institution. The continuing absence of such a scheme will augment injustice with injustice and be inexcusable. It is an outrage that some victims should now be left to their own devices to pursue an uncertain claim against the Post Office for malicious prosecution. Further, the circumstances of settlement, and the denial of recompense to those most grievously injured by the Post Office, now adds to the requirement for a proper public inquiry into this shameful episode.

At the very least the time period for the Historic Shortfall Scheme should be extended by 3 months to 14 October 2020. This will provide a reasonable opportunity for those affected to be able to properly evaluate the courses open to them. The issues demand careful and mature consideration.

Amongst those I have cc'd in to this email are Business Secretary, Rt Hon Alok Sharma MP, Small Business Minister, Paul Scully MP and Justice Secretary, Rt Hon Robert Buckland MP, who clearly have an interest and I hope will also take up these matters.

Kind regards

Kevin Hollinrake MP  
Member of Parliament, Thirsk & Malton Constituency

Co-Chair, APPG on Fair Business Banking

**GRO**

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