

Complaint Review and Mediation Scheme - Horizon 15 January 2015

Following very serious allegations made through some sections of the media and during a Westminster Hall debate about the Complaint Review and Mediation Scheme, established to help resolve the concerns of a number of subpostmasters about the Post Office's Horizon computer system, Post Office wishes to make the following statement.

The Horizon System

To date, and after two and a half years of investigation and independent review, Post Office has found no evidence, nor has any been advanced by either a Scheme applicant or independent forensic accountants Second Sight, which suggests that Horizon is not working as it should. There is also no evidence of malicious remote tampering with Post Office branch transaction data in subpostmasters' accounts. Post Office cannot edit, manipulate or remove transaction data once it has been recorded in a Post Office branch's accounts.

Criminal Convictions

There has also been no evidence found to suggest that the criminal conviction of an applicant to the Scheme is unsafe. It should also be noted that the majority of Scheme applicants do not have criminal convictions.

Options for Subpostmasters where losses are incurred

Subpostmasters have never been instructed to commit criminal offences, including false accounting whereby false figures are deliberately and dishonestly entered into Horizon, hiding the true position from Post Office. If there are discrepancies - either surpluses or losses - subpostmasters have clear choices to accept these or dispute them for investigation. This does not affect their ability to continue trading.

The Contractual Position

Subpostmasters' contracts with Post Office do not make them responsible for all losses at their branches. The core principles of the contracts are broadly similar to those used in franchising arrangements across the UK and reflect well-established legal principles. This is the basis on which Post Office and thousands of subpostmasters have successfully conducted business for decades.

Subpostmasters are only responsible for the losses caused by those they employ or by their own negligence, carelessness, or error.

Large organisations, regrettably, occasionally have to address criminal conduct. Post Office has no special powers of prosecution for suspected criminal activity - it

has the same rights as every citizen or organisation and is subject to the scrutiny of defence lawyers and the Courts' processes, checks and balances if it exercises that right.

Background to the Complaints Review and Mediation Scheme

The Scheme was developed by Post Office, Second Sight and the Justice for Subpostmasters Alliance which represents some of the subpostmasters involved. It is supervised by a Working Group, independently chaired by Sir Anthony Hooper, a former Court of Appeal Judge.

Every individual complaint in the Scheme is comprehensively investigated for independent review, following which there is a process for cases to be considered for suitability for mediation. Every case is considered on its merits, including cases involving a criminal conviction, whether or not an individual has pleaded guilty.

It was always been made clear that cases do not automatically pass to mediation, which is a voluntary process, designed to help reach resolution. Where a case does reveal genuine and substantiated areas of dispute potentially capable of being resolved, Post Office will mediate and has already done so in a number of cases. Every mediation is conducted by an experienced and entirely independent mediator appointed by the Centre for Effective Dispute Resolution (CEDR).

At the start of the Scheme, both Post Office and the Justice for Subpostmasters Alliance made clear that mediation cannot overturn a conviction. This can only be done through established Court procedures. Post Office is under an absolute duty to disclose any evidence that might undermine a prosecution case or support the case of a defendant. It takes its responsibilities in this regard very seriously and the investigations have been carried out with this very important duty firmly in mind. Post Office has written to everyone who has suggested they have or have seen evidence that a conviction is unsafe and asked them to disclose this so that it can be acted on. To date no-one has provided that evidence.

There has been no secrecy about what Post Office is doing to address the complaints brought forward by Applicants to the Scheme. However, it will not discuss the details of individual cases or matters from the Scheme's Working Group. From the outset, this confidentiality was agreed as an essential part of the Scheme to encourage a full and frank assessment of the issues and is balanced by the fact that the Scheme was designed to be, and is, overseen by a Working Group with an independent Chair. Many cases involve sensitive, personal information which should not be made public. In addition, confidentiality is an integral part of all mediations, not just those in this specific Scheme. The requirement for confidentiality is in line with CEDR's own Code of Conduct and the European Code

of Conduct for Mediators which the Civil Mediation Council requires all UK providers to observe in order to maintain accreditation.

The Scheme was established following Post Office instigating an independent inquiry into Horizon in 2012 to investigate allegations from some subpostmasters about the reliability of the Horizon system. Following a year's work with a number of subpostmasters, Second Sight published an interim report in July 2013.

The report set out some preliminary conclusions, including that there is no evidence of system wide problems with the Horizon software, but that they identified a small number of areas where individual subpostmasters may have encountered difficulties.

To address the remaining issues in the report, Post Office established the Scheme to provide an avenue for any Subpostmasters to raise their specific concerns directly with Post Office.

There are 104 cases remaining in the Scheme, from the original 150 applications. A breakdown showing the progress of cases was provided in a letter from Sir Anthony Hooper to Parliamentary Under-Secretary of State for Employment Relations, Consumer and Postal Affairs Jo Swinson and was placed in the Library of the House in December 2014.

Post Office has now completed its investigations into the vast majority of cases. Many thousands of pages of documentation have been retrieved, investigated and reviewed and each and every case continues to be considered on its facts.

We have acted in good faith in voluntarily setting up, with the Justice for Subpostmasters Alliance, a scheme in which concerns about a system relied on by millions of people could be raised and investigated. However, just as it would be wrong to fail to respond to allegations of flaws in Horizon, we cannot ignore clear evidence which shows the opposite.