

Witness Name: Marie Cockett  
Statement No.: WITN 08960100  
Dated: 15 May 2023

**POST OFFICE HORIZON IT INQUIRY**

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**FIRST WITNESS STATEMENT OF MARIE COCKETT**

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I, Marie Cockett, will say as follows:

Introduction

This Witness statement is made to assist the Post Office Horizon Inquiry with the matters set out in the Rule 9 Request dated 12<sup>th</sup> April 2023. This witness statement sets out the facts either within my own personal knowledge or from information contained in the documents provided by the Post Office Horizon IT Inquiry. However, as I left Product & Branch Accounting in 2009 and Post Office Ltd in 2011, there are several areas that I do not recall. Where that is the case, I have said so.

Relevant Background

1. I was employed by Post Office Ltd (POL) for almost 25 years from March 1986 to February 2011. I started as a Postal Assistant and ended my career

as a Senior Manager. I worked in various departments during my time with POL, including:

- i. March 1986 – 1992/3, I was in several admin roles which involved checking the supporting documents against the summary document submitted by Post Office Branches
  - ii. 1992/93, I was promoted to Team Leader covering several roles in the same area.
  - iii. I was trained as a Project Manager within Post Office Ltd and managed the first outsourcing project (Cheque Processing) in 2002/2003. I then undertook some smaller internal process reviews on behalf of the Finance Director and Management Team.
  - iv. In 2006, I was appointed to the role of Branch Accounting Manager, in Product & Branch Accounting (P&BA).
  - v. In May 2009, I moved away from Product & Branch Accounting and became Senior Finance Business Partner for the remainder of my employment with Post Office Ltd. which ended in February 2011.
2. I was the Branch Accounting Manager in P&BA from 2006 and was trained by and took over from Jennifer Robson, until May 2009 when I handed over to Alison Bolsover. I managed a team of 5 managers, who managed around 50 administration staff. In this role, my team and I were responsible for: addressing non-conformance; recovering monies owed; documenting processes; developing Service Level Agreements; building and managing relationships with partners (e.g., WH Smith) and the National Federation of Subpostmasters. My main focus was building relationships and

documenting processes and agreements. My teams managed the day to day debt recovery and non-conformance.

#### Contractual Liability of Subpostmasters for Shortfalls

3. I have been asked to consider the documents provided with regards to contractual liability of Subpostmasters for shortfalls.
4. When I worked in the P&BA team, my understanding of the contractual position was that Subpostmasters were responsible for all shortfalls or losses within their branch, caused by negligence, carelessness or error. This is my recollection from my training in 2006 and is also documented in "Losses at SPSO's: Guidelines on responsibilities and recovery arrangements" (understood to be issued in 1988) (POL00083939), paragraph 2 (Contractual Position)
5. In a Crown Office, as the staff were Post Office Ltd employees the process was different than the process for Subpostmasters. I have never worked in a Crown Office, my limited understanding was that there was an investigation and escalation process in place. This is documented in "Mandatory Losses & Gains Policy Crown Office Network" (September 2008) (POL00084075);

#### The Role of the P&BA Team in relation to the developments of policies applicable to losses and gains within the Crown Network.

6. My role and the role of the P&BA team in relation to the formulation and implementation of policies / guidance to losses and gains within the Crown

Office Network was to ensure that the processes within P&BA could support the policies.

- i. My contribution in the formulation and implementation of the “Mandatory Losses & Gains Policy Crown Office Network” (September 2008) (POL00084075) was to work with Team Leaders in the wider P&BA Team to develop any processes required to support this policy. The agreed processes are included in the said document, on pages 7 and 8, Section 5 – Branch Trading, under the heading Transaction Corrections. Once the process had been agreed, I then communicated this within P&BA and monitored its implementation.
  - ii. The reason for the introduction of this policy was to standardise processes for dealing with losses and gains in the Crown Office Network.
  - iii. I am unfamiliar and don't recall being involved with the previous documents that governed losses and gains in the Crown Office Network, therefore I am unable to comment on the differences.
7. I cannot remember the specific role of the Losses and Gains Action Group. I would think it was to develop, implement and monitor the documented processes.

The Role of the P&BA Team and the policies / practices in place in relation to error notices, transaction corrections, transaction acknowledgements, branch discrepancies and recovery of debt.

8. During my time as Branch Accounting Manager, the role the P&BA team played in the policies / practices relating to error notices, transaction corrections, transaction acknowledgements, branch discrepancies and recovery of debt was to ensure that the processes within P&BA could support the policies. This role did not change during my time in it.

Error notices, transaction corrections, transaction acknowledgements and branch discrepancies

9. I have been asked to consider the documents provided with regards to error notices, transaction corrections, transaction acknowledgements and branch discrepancies.
10. With reference to the documents provided and my recollections, my understanding is as follows:
  - i. An Open Item managed account, was an account that matched two streams of data.
  - ii. I worked with error notices for about 5 years (1987-1992), from what I recall, an error notice was created when two streams of data did not match, one of these was the cash account, the other could be from a client source or from supporting documents sent by the branch. The teams would investigate these and if they concluded it was a branch error, they would issue an error notice to the branch. The teams involved had a number of names over the years, but eventually would become P&BA (approximately 2006).

- iii. I never worked with Transaction Corrections, but had a basic understanding of the process, which I believe was similar to the error notice process. It is my understanding that when items hadn't matched in an Open Item managed account, then an Open Item was identified, and the P&BA teams investigated the difference. If this was found to be a branch error, then the team would create a Transaction Correction and send to the branch via Horizon to correct the error. I do not remember the term Transaction Acknowledgement.
- iv. As described in the two previous points an error notice or Transaction Correction was issued when investigations concluded in a branch error.
- v. Error notices and Transaction Corrections were issued by the teams within P&BA.
- vi. When an error notice was issued to a Crown Office or Subpostmaster, there would be instructions included on how they were expected to account for it. I cannot remember the exact options available to them
- vii. When a Crown Office or Subpostmaster received a Transaction Correction, there would be instructions included on how they were expected to account for it. I cannot remember the exact options available to them.
- viii. Having never worked in a branch I am unfamiliar with the process for deficiencies / surpluses in cash held when balancing. My understanding is that the Crown Office employees or

subpostmasters would need to: investigate, escalate and account for them.

- ix. When I worked as Branch Accounting Manager if a subpostmaster had a deficiency or surplus, the minimum amount where they were able to Settle Centrally was £150. My understanding of Settle Centrally was that it allowed the subpostmaster to either settle the debt with a cheque or credit / debit card or agree to deductions from their remuneration. For amounts under £150 they had to accept and make good either by putting the cash / cheque in or taking the cash out.
11. From what I remember, prior to the introduction of the end-to-end accounting process via Horizon, all branches had the use of a suspense account. If they had identified a deficiency or surplus on balancing and they were able to show that an error notice was likely be issued, they would request authority to use the suspense account. However, it was known by the teams involved with error notices and their managers that the suspense account was used in some instances, without following the process. The process was reiterated on several occasions within the branch network
12. When I took over as Branch Accounting Manager in 2006, the 'Debt Recovery Process under Branch Trading' (October 2005) (POL00085794) document was still in use. The Subpostmaster would contact the issuer within the P&BA Team, if they did not understand it or wanted to challenge it, as this document explains.
13. If, at the time of the call, the Subpostmaster could not provide information to show that the Transaction Correction was issued incorrectly, they would

be asked to “Accept and Settle Centrally” and further investigation would take place by the relevant P&BA team. The team would check to see if there was any more evidence of the error that could be provided or if a compensating error had been found on another team and then respond to the Subpostmaster.

14. I cannot remember a specific process for a discrepancy where the Subpostmaster considered it to be caused by a system error, but would expect it to be the same as the previous point but with the call being made to Network Business Support Centre Helpline.
15. According to the heading “Legal” in the document ‘TC / Debt Recovery Review’ undated (POL00026854) “Settle Centrally” signifies acceptance of debt liability. This was also my understanding, except in circumstances where further investigation was being undertaken and that a block had been put on debt recovery.
16. The only thing I can remember to distinguish a disputed debt from an undisputed debt was the application of a block on steps being taken to recover the debt.
17. I have no opinion regarding Subpostmasters being required to settle centrally transaction corrections / discrepancies, even if they were disputed. This was the documented process.
18. I would agree that the process for challenging transaction corrections / discrepancies meant that a deficiency or “loss” / Gain was assumed to have been caused by an error or wrongdoing on the part of the Subpostmaster, unless they proved otherwise.

19. As I recall, if a Subpostmaster challenged a transaction correction or discrepancy through the NBSC Helpline, the role played by the P&BA Team would be to investigate, either by rechecking the original error or looking for a compensating error and respond to the Network Business Support Centre (NBSC) or subpostmaster, and where applicable, suspend the debt recovery process. The document quoted 'Working agreement – Finance Service Centre and Network' (version 2.12, undated) at POL00088897 was post my time in POL. (Version 2.10 dated 12/12/2012)
20. I have never worked in a Crown Office, so my understanding was that the process in section 6 of the 'Mandatory Losses & Gains Policy in the Crown Office Network' (September 2008) (POL00084075) was the process followed in a Crown Office.
21. The Branch Conformance Team within P&BA monitored the Crown Office Losses and Gains posted at Branch Trading. They provided various reports to the Finance Analysts, Crown Regional and Area managers and members of the Security Team. This would enable them to address any issues within the Crown Office Network. I have no recollection of an S&E Team.

#### Recovery of Current and Former Agents' Debt

22. I have been asked to consider the documents provided with regards to recovery of current and former agents' debt.
23. During my time as Branch Accounting Manager, in Product & Branch Accounting (2006 - May 2009), my teams included the Current Agents Debt Team and the Former Agents' Debt Team. Most of the documents provided

are dated after May 2009 or undated, so therefore this section is based on what I remember.

- i. If a current Subpostmaster chose to "Settle Centrally", the process followed by the P&BA team was: An initial request for payment would be sent, then a reminder sent or a phone call, also contact would be made with their Contract Manager. I am unfamiliar with the term "dunning" process.
- ii. If no response was received to letters sent, and following discussions with the Subpostmasters Contract Manager, deductions would be taken from their remuneration.
- iii. If a Subpostmaster would / could not pay then an agreement could be made with the Contract Manager, for monthly deductions from remuneration.
- iv. The Current Agents Team would provide a report of the branches with high debt, who were paying through deduction from remuneration, to the Branch Conformance Team. They would add this into their branch analysis to provide information to the Fraud Team.
- v. If a former Subpostmaster had debt owing, I recall the process to be: An Initial letter and statement of debt would be sent, followed by a second reminder and a third and final letter if necessary. If no settlement was made, then a case bundle was prepared and passed to the solicitors to follow the Civil Recovery Process on behalf of POL.

- vi. The Product & Branch Accounting Team had no role in recovering debt from current or former Crown Office Employees, to my knowledge.
24. Other teams within the Post Office would have been involved to some degree in debt recovery and branch conformance. These teams would have included; Network, Security, Cash Inventory and Legal. I do not recall the actual team names and the details of their roles in the process. Part of the role of the Branch Conformance Team (within P&BA), was to undertake detailed Branch Investigation. This team developed fraudulent indicators along with those teams. These indicators were then monitored and reported to those teams on a regular basis. I understand this information was then fed into their own risk models.

#### Relief from Accounting Losses / Write Off Process

25. There are three exceptional circumstances when relief could be granted from a Subpostmasters accounting losses and/or debts and when write off by POL could be considered. In all circumstances the Retail Line Manager / Area Performance Manager would have carried out checks and authorised the write off. My recollections are that the P&BA Team would carry out any write offs as advised by the Retail Line Manager / Area Performance Manager. These exceptions were:
- A new Subpostmaster (without previous experience) within the first six weeks of appointment.

- Where there was clear evidence of financial hardship (where the cost of making good the loss is higher than the value of the working capital of the business).
- There were distressing personal circumstances incurred at the branch that impacted the Subpostmasters ability to function on the day in question.

#### Civil Claims and Other Debt Recovery Proceedings

26. If a former Subpostmaster had debt owing, and the three letters sent to recover the debt had failed, then the case would be passed to the solicitors to follow the Civil Recovery Process on behalf of Post Office Ltd. I cannot recall any circumstances where proceedings were brought to recover debt from current Subpostmasters.
27. I am not aware of any circumstances where civil claims / debt recovery proceedings were brought on behalf of Post Office Ltd to recover debt from current or former Crown Office employees.
28. No one person made the decision to bring proceedings; it was a business wide agreed process that was followed. The process was already defined when I took over the Branch Accounting role in 2006, I cannot remember any detail of the process or the persons involved.
29. My only role in the decision making process was to ensure that my teams provided the information requested to support any claims.
30. If current or former subpostmasters raised issues or were going through mediation, then the debt recovery process was stopped pending the outcome. The outcome of the investigation / mediation would inform the

decision making in respect of debt recovery. Debt recovery proceedings would be either reinstated or the debt would be cleared. I am unable to remember the exact process.

31. As part of the "Back Office Efficiency Programme: Debt Review Workshop Output" (version 1.0), (13 October 2009), (POL00084995). I was not involved in any analysis or review of the debt recovery process.

#### Cases against Subpostmasters

32. I have no recollection of any of the criminal cases mentioned in the witness request.
33. I did not have a role in any prosecutions relevant to the matters being investigated by the public inquiry.
34. I was not involved in any criminal cases. My role would only have been to ensure that debt recovery was stopped by my team, whilst these took place.
35. I do not have any recollection of the civil actions mentioned in the witness request.
36. I was not involved in any civil actions. My role would only have been to ensure that debt recovery was stopped by my team, whilst these went ahead.
37. As the previous point, I was not involved in any civil actions therefore had no concerns.

#### Knowledge of bugs, errors and defects on the Horizon system

38. During my time working for Post Office Ltd, I was not aware and did not have any concerns regarding the “robustness” of the Horizon IT system and saw no evidence of bugs, errors or defects.
39. I had no concerns to report.

Other Matters

40. There are no other matters that I wish to bring to the attention of the Chair of the Inquiry.

I believe the content of this statement to be true.

Signed

**GRO**

Date

15 May 2023

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| <u>No.</u> | <u>URN</u>         | <u>Document Description</u>   | <u>Control Number</u> |
|------------|--------------------|---|-----------------------|
| 1.         | <u>POL00083939</u> | Post Office Ltd Guidance on Losses at SPSO's: Guidelines on Responsibilities and Recovery Arrangements dated 01/05/1988 | <u>POL0080997</u>     |
| 2.         | <u>POL00084075</u> | Post Office Ltd Mandatory Losses &  | <u>POL0081133</u>     |

|    |                    |  |                   |
|----|--------------------|--|-------------------|
|    |                    | Gains Policy in the Crown Office Network dated Sep 2008                                    |                   |
| 3. | <u>POL00085794</u> | Debt Recovery Process under Branch Trading dated Oct 2005                                  | <u>POL0082852</u> |
| 4. | <u>POL00026854</u> | TC/Debt Recovery review - key feedback issues (undated)                                    | <u>POL0023495</u> |
| 5. | <u>POL00088897</u> | Working Agreement - "Final" - Finance Service Centre and Network v2.12 dated 20/12/2012    | <u>POL0085955</u> |
| 6. | <u>POL00084075</u> | Post Office Ltd Mandatory Losses & Gains Policy in the Crown Office Network dated Sep 2008 | <u>POL0081133</u> |
| 7. | <u>POL00084995</u> | Back Office Efficiency Programme: Debt Review Workshop Output dated 13/10/2009             | <u>POL0082053</u> |