

Bond Dickinson

Personal attendance

Client: Post Office Limited

Matter: Horizon Challenges General

Matter no: 364065.531

Attending: See below

Name: Amy Eames

Location: 148 Old Street, London

Date: 9 January 2015

Start time: 10:00 – 13:15pm

Units:

In attendance

Ian Henderson (IH)	:	Second Sight
Chris Aujard (CA)	:	Post Office Limited
Angela Van-Den-Bogerd (AVDB)	:	Post Office Limited
Belinda Crowe (BC)	:	Post Office Limited
Phil Bowdrey (PB)	:	Post Office Limited
Sean Farrow (SC)	:	Post Office Limited
John Breeden (JB)	:	Post Office Limited
Andy Baker (AB)	:	Post Office Limited
Rod Ismay (RI)	:	Post Office Limited
Alison Bolsover (ALB)	:	Post Office Limited
Andrew Parsons (AP)	:	Bond Dickinson LLP
Amy Eames	:	Bond Dickinson LLP

Introduction

- CA explained that this was a working meeting and that the Scheme was designed to resolve the complaints of SPMRs. SS have a role in reviewing the complaints in the Scheme. The role of SS is well defined and constrained as to their terms of reference. Due to the wide range of questions raised by SS, CA sent his recent letter. The concern is that the wide-ranging questions asked by SS would put POL in the position of dealing with information in a non-compliant way and also that they did not relate to any specific cases. POL expected focused questions relevant to specific cases from SS to be able to assist with the mediation process and to be able to finalise the Part 2 report. The applicant's concerns would be with their specific cases and not how something is generally handled across the whole network.
- IH disagreed with the characterisation of SS's role and based on the introduction by CA did not see the point of the meeting going ahead. SS is an independent reviewer and that it was clear that POL was treating this as if it was litigation.
- **Bracknell Emails:** IH said that for example in relation to the Bracknell emails that these had already been provided to SS but for a different year than was requested. CA said that in his investigative experience the other side does not ask for all the emails for a set period. Keyword searches would be carried out for a defined period and then that data would be provided. Additionally those emails were given before CA was appointed.

- CA said that for example in reference to asking for data for the last 3 years there is no reference as to why POL is being asked to provide that information and the specific cases it relates to.
- IH said that the reason for the wide information requests is for SS to be able to put the cases in context. For example, if there were problems across the network in that particular area it could apply to an applicant's case. SS questions are reasonable and IH had concerns with the answers given by POL that they were unreasonable and out of scope.
- IH said that SS were unable to reach a decision on cases until they had the contextual information. IH gave the example of the SPMRs complaints about the lottery functions which resulted in procedural changes in 2012. SS argue that this is a significant contextual issue. AVDB explained that "Ping" removed the human error element and that this has already been resolved with the branches. In relation to the impact pre- 2012, POL has already answered these questions in relation to specific cases. Answering further broad unfocussed questions would take too long given the limited time available to complete Part 2.
- IH said that he would not accept a blanket refusal and that POL has an obligation to answer the questions SS put to them. CA disagreed and that SS was not an independent reviewer of POL's entire business, but a reviewer of cases in the Scheme. It was therefore not open to SS to ask any questions it wished – its questions must go to assisting the resolution of cases in the Scheme.
- AP agreed that SS focus is on the Scheme. AP did not agree that SS needed the wider context. As for example SS understand the lottery process and did not understand how the wider context would impact on an individual applicant's case. SS has not set out the link between the two.
- IH said that the questions do relate to specific cases and that the questions would not be changed.
- CA said that these questions raised a number of wider implications and that POL could not hand over volumes of raw data. IH said that this was contrary to previous assurances given by the Chairman and Chief Executive of POL. CA and AP both said that this was before their time and AP explained that the Scheme today is in relation to specific cases. CA had seen the Spot Reviews and that the mediation scheme is not a Spot Review. IH disagreed and that the process leading up to mediation is no different from a spot review.
- IH said that he would speak to Paula and BIS and that there was no point in continuing with the meeting.
- CA said that he would encourage IH to go through POL's answers to SS' questions at this meeting as a lot of work has gone into producing it. CA did not want to abandon the meeting as applicants would suffer and that there were only a small number of questions that were disproportionate and out of SS's scope.
- IH said that on the face of where detailed responses had been given that this was helpful, i.e. in relation to counterfeit notes. However there were 33 questions where information had not been provided – 22 were 'disproportionate' and 7 'out of scope'. IH gave the example of question 4.1. CA explained that it doesn't assist the applicant to know what Wincor Nixdorf (**WN**) does to prevent malware attacks. Plus POL would also have to go to WN to ask them for this information.
- CA explained that he was not originally scheduled to attend this meeting and had to leave to attend another meeting. IH disagreed with CA leaving the meeting, and that SS would need an assurance from POL to provide answers to all of SS' questions. CA said that they would need an assurance from SS to refine the questions to bring them back in scope.
- It was agreed to go through the questions where POL had been unable to provide an answer to better understand the information SS were seeking. POL and SS would "park" any questions which needed CA's input. IH would review the responses provided already by POL during the next 2-3 weeks and apply to the remaining cases. IH said that further supplemental questions could follow the current list.
- CA, BC, PB, SF, JB, AB, RI and ALB left the meeting.

Question 1

- IH said that this section on cash handling was very good but that there is more than one SPMR saying that they received cash from other branches rather than the cash centre.
- ADVB confirmed that there has never been a branch to branch cash transfer process.

Question 4.1

- ADVB said that they have answered this question in relation to specific cases and that a loss does not appear on the branch accounts.
- AP said that the ATM note provides the generic information and queried if Branch A has been subject to a malware attack and Branch A is not in the Scheme how this would affect the cases in the Scheme. IH said that the same protection would have been rolled out across the branches.
- ADVB explained that POL does not get malware attacks. POL has retract fraud which resulted in branch losses and therefore POL tightened up its procedures. In terms of hardware, we have answered those in the individual cases and that there are industry wide issues with the hardware. Hardware would not however cause a loss to a branch. POL also does not have information relating to the number of branches having hardware failures. The branch would report it through the Helpline and an engineer would be called out.
- IH said that ADVB has part answered the question and that the ATM note can be cross-referenced for this question.

Question 4.6(a)

- ADVB said that POL does not gather information in this way, as a call is made from the branch to the Helpline. ADVB also queried the meaning of “technical” whether this meant just hardware? If so, as discussed this does not result in an ATM issue loss.
- IH said that “technical fault” has a wide meaning covering software, communications etc.
- ADVB queried why SS needed this as in the cases in which this has been raised POL has investigated thoroughly. The information requested by SS cannot be tracked across the network.

Question 4.6(b)

- ADVB said that SS have the information requested in the individual case reports. It is part of the resolution process between FSC and branch. POL does not track this data.
- ADVB to provide generic process information but cannot give specific examples as POL does not have them.

Question 4.6(f)

- IH explained that SS was looking for the volume across the network that has been affected by this issue.
- ADVB said that there is no case where a customer would receive more money out of an ATM issue. Only occurs if the Bank has given it to the customer due to retract fraud. POL deals with these individual incidences as they occur and does not track them across the whole network.
- ADVB said that if the branch has not followed the retract procedure, the Bank would pay the customer, POL would pay the Bank and then claim it back from the branch.
- IH asked for any cases that the subject experts knew of to be included.

- ADVB explained that the cases in the Scheme were very representative of the ATM issues which could occur across the whole network. A great level of detail has also been provided in the individual POIRs.

Question 5.5

- ADVB said that POL could give types of errors but could not provide statistical information as POL does not track it.
- ADVB to check whether a query could be run on a report in relation to the transactional records.
- Subject experts to provide the general types of errors which would occur.
- ADVB said that they monitor the workload across FSC and then look at the root causes of TC's.
- IH asked whether any data mining could be used to show how the TC's have changed over time. AP said that this would be subject to so many different factors that would affect the profile of the network, i.e. network transformation, and so comparing data across years on volumes of TCs would not necessarily reflect process changes; it could reflect broader network changes.

Question 6.3

- In relation to the emails from Bracknell, SS had asked for emails for 2008 but was given 2009. SS were told the 2008 data were on back-up tapes.
- AP said that they have a witness statement of Martin Wolfe saying that it was a test environment. AP asked whether SS thought Martin Wolfe was lying? If not, then there is no need for the emails. IH said that Martin Wolfe's first response was that he couldn't remember.
- SS would only review those emails that are flagged by the keyword searches. It would be a benefit to POL if SS, an independent party conducted the searches and that nothing was found.
- AP said that this data would be huge and would need specialist software.
- ADVB asked whether the timeframe could be narrowed. IH said that he was originally told that it was easier to provide by year as that was how it was archived.
- ADVB said that even if nothing was found, Mr Rudkin would argue that of course they wouldn't put it in an email. ADVB asked why Mr Rudkin as fed executive at the time did not raise this and that it was only 6 years later that it was raised.
- ADVB understood the point and concern, and ADVB to take away.

Question 7.3

- AP said that POL has explained the overnight reconciliation of cash transactions, which ensures that the branch is not affected.
- IH said that he was looking at values and to test whether the process works.
- AP said that this would be a time-consuming exercise and does not see the relevance of requesting the values given that the process works.
- ADVB said that it would not always generate a TC if it benefited the customer. There is now also a built in mechanism via chip and pin for the customer to check the amount. This has been set out in the paper annexed to POL's answers.
- IH asked ADVB to cross-refer to the paper annexed and whether anything else could be provided easily to answer the question.

Question 7.4

- Same as above. IH wants to know whether this is a one-off incident or a repeat. IH asked for context, volumes and values.

Question 7.5

- IH wants volumes and values of duplicated transactions. IH asked whether a pin pad problem would lead to a double entry which is then corrected via Horizon reconciliation?
- ADVB said that POL would not have this information, as it is resolved at branch level.

Question 7.6

- IH wants to understand the wider context and whether this benefits POL or is neutral.
- ADVB explained that this was a client/industry driven response. There was no consultation process as clients tell POL what they need to do.
- IH said that he had been told that this was not industry wide but was requested by specific banks. IH question is whether the change was negotiated? IH said that SPMRs think that this change has disadvantaged them and SS views the same. IH said that from an audit point of view, if the SPMR receives a TC 3 months' later, previously they would have had the paper to cross-reference and it would have been easier.
- ADVB said that this was not true, as the vouchers were sent off at the end of each day and so there would be no vouchers in branch to inspect when considering a TC.

Question 7.7

- ADVB confirmed that they do not have this information.

Question 7.11

- IH said that the issue was one of lost cheques. IH would like volumes and values.
- ADVB said that they don't have the data going back to 1999 but can provide a response which gives a bit of flavour.

Question 11.8

- ADVB said that they don't see the Monthly Trading Report and only see something if it is settled central. The information is with the branch, declared in branch and made good in branch.
- IH said that if the reporting changed from weekly to monthly SS could see that this would be advantageous as SPMRs could catch any issues at the earliest opportunity.
- ADVB said that at recent meetings with SPMRs they said they did not want mandatory weekly reporting. Some SPMRs do however do weekly balancing but some SPMRs do leave it to the monthly balancing.

Questions 12.1(a)

- IH said the reason behind this question was going back to the theme of risk transfer. Some applicants have said that they could not obtain insurance for x, y and z but that it would have been available if POL had arranged it under their corporate cover.
- ADVB explained that the Federation of SPMRs perform this function. They offer discounted insurance rates, legal fees cover and SPMRs have chosen not to take it.

- IH said that POL covers cash in transit. AP said that this may be covered by crime and fidelity policies and does think the question is outside of SS scope.
- ADVB to include explanation of the above and that insurance could be arranged through the Federation of SPMRs in version 2.

Question 12.2

- IH argues that this question is in scope.
- AP says that this is a legal question and is out of scope. SS is not in a position to assess the information if provided in this section. The Scheme is to do with Horizon and not contractual issues.
- IH said that the contractual issues were not ruled at the stage of application and applicants think that they are within scope. AP noted that the WG did not assess whether issues were in or out of scope at the Application stage at all.
- ADVB said that this has been dealt with in the POIRs and will cut and paste the standard response into version 2 of the report.

Questions 12.5 – 12.7

- IH said that these questions applied to a small number of applicants.
- ADVB said that these are very serious allegations which have not been put to POL formally and only 10 years after the event. If the applicant had issues then they would have raised them at the time. IH said that this cannot be dismissed because it was not raised at the time.
- AP said that these questions are out of scope and that just because POL accepted the application does not mean that POL accepts all the allegations contained within them.
- ADVB is also not aware of any complaints/claims being brought to the business.
- IH to come back with more information on these sections.

Questions 13.1

- IH explained that the question is around seeing whether it should have been raised at an earlier stage.
- AP said that in criminal prosecutions, the investigative process is privileged so not covered in Court proceedings.
- IH said that if this was raised in a criminal case then POL would have a duty to review the case and would be legitimate in scope.
- ADVB said that this was outside of the Scheme.
- AP said that POL have loads of investigative functions and its not clear what types of investigations SS is targeting. IH said that from previous experience something like this would be on top of a client's radar.
- AP to take away.

Questions 13.2 and 13.3

- ADVB said that they do not track this information. A SPMR would ring the Helpline and POL would respond to individual cases.

Question 13.4

- ADVB said that they do not track across the network, but would take a look further.

Question 13.6

- ADVB said that they do not track as it is done at branch level, so cannot do a comparison between SPMR and Crown branches.

Question 13.7

- IH said that he was finding that SS were missing the bigger picture data. POIRs are focused and in order to communicate to applicants they would need the bigger picture.
- IH not looking for huge work, just a quick response. If it will take time, SS can move on.

Question 13.8

- AP said that it was totally a ridiculous question to ask POL to stipulate every change in operations carried out by POL over the last 15 years.
- IH said that he was expecting high level detail and just the main change points, around half a dozen or so.
- ADVB said that this has already been provided in the last paragraph of 13.8. POL would not be able to reference everything.
- IH asked ADVB to expand on that paragraph with a few more examples.
- ADVB said that she does not have a record but will see if anything further can be added.

Question 15

- IH is asking for details of the Suspense Account, net movements etc as SS are still a long way off from understanding the Suspense Account, and volumes or values.
- ADVB said that they could not share commercial data. IH said data could be anonymised.
- AP said that they have had internal resistance but where does the schedule get SS and what is the next step. AP asked for the link between Suspense Account movements and individual cases.
- IH said that there are allegations that POL is using the Suspense Account to siphon off money.
- ADVB asked how 3 years of data would help with a Scheme spanning 12 years? ADVB said that there is only a small percentage of cases in the 3 years requested – ½ dozen or so cases. IH said that the request was trying to be reasonable and that there are concerns that POL is stealing from SPMRs through the Suspense Account. If the data was received, SS could form a view from the data. AP queried how SS would know whether it was a good reason that money has gone to X place as opposed to Y place based solely on the accounting data. Without this, SS could not form a view on how the Suspense Account operated.
- IH said that the fact that SS have been asking for over a year is making people suspicious that the Suspense Account is being used as a slush fund.
- AP/ADVB to take away Question 15.

Next Steps

1. SS to look at POL's other responses and to let POL know whether they are happy with the responses/whether that particular matter is closed.
2. Any supplemental questions by SS to be focused.
3. SS to provide more detail on the questions where POL has asked for more detail and for SS to revisit, i.e. the criminal allegations.
4. BD/POL to provide version 2 of the document based on the outcome of this meeting.
5. Confirmation of questions which are going to be revisited by BD/POL.