

Bond Pearce

Personal attendance

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending:

Name: Stephen Dilley

Location:

Date: 22 January 2007

Start time:

Units:

Hearing of judgement – Post Office Limited –v- Lee Castleton.

Claim number HQ05X03706.

Present:

His Honour Judge Havery (**J**).

Richard Morgan (**RM**), Counsel for Post Office.

Stephen Dilley (**SD**), Solicitor for the Post Office, Bond Pearce.

Lee Castleton (**LC**).

Mr Alan (Mr Castleton's father in law).

His Honour Judge Havery stated that he took his judgements as having been read. He should have made corrections to the two typographical errors that Counsel RM pointed out. He had already read RM's skeleton on costs. He asked Lee Castleton whether he wanted to add anything else about the skeleton.

Mr Castleton stated that the Post Office sort through recovered £27,000 from himself initially. On 3 August 2006 the Post Office reduced its claim by about £1,000 odd. On 18 August 2004 he was asked to pay over £27,000. This included £1,256.88 MS and I savings. This was not reduced until 3 August 2006 despite the fact that he provided repeated proof to show that the money was not owed. He stated that he and his solicitors together wrote 10 letters over 3 years to ask what outstanding paperwork.

He said that he received a small amount of paperwork, but received the rest in June 2006, so he was as a consequence unable to enter into ADR and mediate the position.

The Judge asked when proceedings were issued. RM told him on 9 June 2005. He asked when the Part 36 offer was made and Counsel told him that that was 3 January 2006. He asked when the 21 day expired and RM told him that that was on 26 January 2006.

RM explained that on 3 August 2006 the Post Office abandoned the £1,256.88 part of its claim. It was then withdrawn formally afterwards, Mr Castleton having his costs of and occasioned by the amendment on 26 October 2006.

His Honour Judge Havery then asked why the case had not been heard in the County Court.

RM explained that it was issued in Scarborough County Court and then transferred of its own notion to London. Both Counsel were concerned with time and how the High Courts been taken up given that it is a relatively small sum in monetary terms, but there were complex

questions of fact. Both Counsel raised this before Master Turner at a CMC on 23 October 2006. Both Counsel submitted whether it was appropriate for the case to stay in the High Court. Master Turner said that he was not prepared to transfer it to Central London County Court.

His Honour Judge Havery stated that he did not consider the points that Mr Castleton had made effected the position. He then made the following Order:

1. Judgement in the sum of £25,858.95 plus interest in favour of the Post Office at the Bank of England rate plus 1% from 24 March 2004 to 26 June 2006 and thereafter at the Bank of England rate plus 10%.
2. The Defendant pay the Claimant's costs on the standard basis up to 26 January 2006 and thereafter on the indemnity basis with interest at the Bank of England base rate plus 10% from the rate which the Post Office paid those costs until the date the Defendant actually pays it to include such VAT that the Claimant cannot recover from HMRC.

RM sought an interim payment on account. He stated that Mr Castleton had been supplied with a breakdown of costs at various stages which suggested that the costs would exceed £200,000. He invited the Judge to Order an interim payment on account of costs for £50,000 within 28 days.

Mr Castleton said that he would do his best to raise the money. He said "We have equity in the property and other places."

His Honour Judge Havery therefore Ordered Mr Castleton to make an interim payment of £50,000 on account of costs within 28 days.

Thereafter returning to Counsel's chambers and having joint telephone conference with Mandy Talbot to update her on the outcome of the costs submissions. She was very pleased. Richard also offering to supply her with a separate note on how she could use the judgement and advising that although under the new procedure the sub-postmasters don't physically sign off the accounts that they supply every month, she should think about getting them to do this. She explained that that is what the legal affairs team in the Post Office has advised them to do when they change the system but they were overridden by business concerns. RM suggesting that they at least electronically sign some certification on the accounts stating that they accept that they are true and accurate and represented a fair position on profit and loss stock and cash because if this case ever arose again, then it would make it much easier for the Post Office to rely on the Castleton precedent and get summary judgement against sub-postmasters and not incur such great costs next time.

RM to provide a note for me to forward onto Mandy.

Thereafter returning to Paddington and travelling to Devon.