

Witness Name: Michelle Stevens

Statement No.: WITN06130100

Dated: 15<sup>th</sup> June 2023

## **POST OFFICE HORIZON IT INQUIRY**

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### **FIRST WITNESS STATEMENT OF MICHELLE STEVENS**

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I, Michelle Stevens, will say as follows...

1. I am providing this statement in response to a written request under Rule 9 of the Inquiry Rules 2006, made on behalf of the Chair of the Post Office Horizon IT Inquiry, which I received on 11 April 2023. This request contained 36 questions relating to Phase 4 of the Inquiry (action against Sub-postmasters and others). I can confirm that I have looked at all documents shared with me and wherever possible, referenced within my statement.
2. I am a Post Office Ltd employee and have worked for the business for 27 years (see POL00088420). During this time, I have held different positions, all within the back-office functionality based at Future Walk, Chesterfield. I started as a casual employee working 2 days a week before securing a full-time temporary contract. I worked on a temporary contract for a period of time prior to achieving a permanent contract in February 1995 as a postal assistant. After several years I applied for a promotion to postal officer and was successful. Although this function remained in back office, I was away

from the operation working as an admin support which was similar to a personal assistant for two heads of areas.

3. It wasn't until much later I was appointed as the Client Settlement and Automated Payments Enquiry Manager and stayed in post for 5 years. My primary accountability was to ensure settlement was made to clients on a daily basis, by their contracted payment method and payment terms. The role also covered customer and client enquiries relating to automated payment transactions completed at the counter.
4. Following an internal structure re-organisation, I was asked to cover the Post Office Ltd SAP (POLSAP) Systems Masterdata Manager and spent approximately 1 year in post. This role had the accountability of ensuring the delivery of transactional files were received into the finance system and that POLSAP had updated as expected. All exceptions were owned and managed until resolved. I also managed the Chart of Accounts to provide assurance that the general ledger account management was maintained and that requests to create new ledgers or make changes were understood and if necessary, appropriately challenged.
5. As I was due to return from a period of leave, I applied for another role as the Former Agent Debt team leader and was successful in my application. I was only in post for 6 – 7 months and left in May 2013 for a further period of leave. I returned and remained in post for several years.
6. I did not cover the Crown Office Network, however, my accountabilities were to manage transactional and non transactional discrepancies on account after a postmaster had left the business or had given up the branch. They may have been a current postmaster at one or more branches. Non transactional

discrepancies were added to the postmaster account if they had not paid under the terms of the invoice. Transactional discrepancies settled following branch trading were visible on account within the financial accounting system.

7. Transaction corrections (TC's) requiring action after the postmasters tenure was manually added to the account with information to support the TC. The purpose of a TC was to correct a transaction in branch and to balance the account. These were generated by product, within back-office teams of the Financial Service Centre (FSC). It is my understanding that for any queries, all TC's issued by FSC had a contact telephone number or they were requested to contact the NBSC and the number supplied. If the branch had no information to suggest the TC had been issued incorrectly, they would be requested to settle the amount centrally pending further investigation or await third party evidence.
8. TC's superseded error notices on the introduction of branch trading. A hard copy letter / email would be sent to the former postmaster providing details and evidence of the transaction. (see POL00000127). Although the postmaster was not 'in service' they were able to dispute discrepancies and supporting information would be posted. It was my understanding that postmasters were required to make good all losses under the terms of their contract, caused through carelessness, negligence or error. (see POL00088904 Section 3.1).
9. Anything under £150 would be absorbed by the branch and settled centrally. This in my words would be the branch accepting liability, however, anything over £150 would be settled to the postmaster account. At the time I considered this satisfactory, as if one month the account was in debit, it was

anticipated that the account would have the compensating credit the following month at their trading period. (The settled centrally process changed in April 2021 and postmasters could settle any amount). A 'block' could be placed on the postmaster account within the finance system if an amount had been disputed.

10. In an attempt to recover outstanding debt, hard copy letters were issued to the postmaster detailing outstanding discrepancies and a statement of account. (See POL00000109). These were known as the Dunning letters. This process was only actioned if the case wasn't being managed by Security or the outstanding balance was low value and written off.
11. There was a write off policy to adhere to with amounts structured to manager grade and value, for control purposes. (See POL00090357 section 12.0). I don't recall when, however, I do know that credits were posted separately, and the general ledger accounts were reconciled at period end detailing all postings made within the period.
12. Dunning letters would be issued to the former postmaster at twenty-one days, fourteen and then seven should there be no contact. A decision would then be made on next steps depending on the value outstanding and if any known transaction corrections would be associated to the account.
13. Were we aware of any assets, was there a guarantor and what notes had been captured by any respective departments during this period of time. Depending on findings, discussions were held between Post Office Ltd and DAC Beachcroft LLP for their considered opinion.
14. Following discussions, options would be considered and POL to provide instruction on next steps. This would be to either issue a Letter Before Action,

advising that if no contact was made, we may wish to progress with legal proceedings. If after the letter was issued and potentially, there may still be no contact, we would agree on the next course of action. This could be to either write off the amount, or to continue with proceedings. This was never a decision made independently and would be agreed based on the documentation gathered within the file.

15. I would ask questions asked such as, what was the value outstanding, did the postmaster have assets, did they manage another Post Office, did they have a good or bad credit rating? Was there another Charge or several Charges registered against the property? If the case had previously been with security, were there any admissions and what were their findings etc? When this information had been collated, further discussions would be held regarding next steps and potentially, the senior manager looped in.

16. I don't recall the time period, but a review of the three letters were conducted by Alison Bolsover and Angela Van-Den-Bogerd and the third letter was removed. A further review, managed by Jo Milton, was conducted in 2020 to enhance the letters to be more of a sign posting letter. Amendments were made following feedback from Postmasters later in the year and over the next twelve months where positive feedback was received into my team.

17. If the former postmaster did contact my team, we would work with them to understand their current circumstance and discuss options. This would also depend on the value of the discrepancy. If a postmaster requested to repay but asked for this to be by instalments, it would generally be agreed, and the postmaster would set up a monthly standing order. On occasion, the former postmaster would request to repay earlier than first agreed or may also ask

for a further extension. Following a review of account, would most likely be accommodated. Details of the plan would be documented and sent to the postmaster.

18. If a decision was made to progress to court, a bundle would be sent to DAC Beachcroft (see POL00113467) and they would review the case. It may have been that further information had come to light and they would provide advice, managing all aspects of the case.
19. If a case had gone to court it would progress in stages, starting with a County Court Judgment (CCJ) against the postmaster. If however, we were aware that the postmaster had assets, a house for example, and there weren't several Charges on the property already, this would be considered to secure the outstanding debt.
20. If the Judge awarded the decision in favour of POL the monthly repayments would come via the courts into POL's bank account or the postmaster would create a standing order, send a cheque or make a card payment. This wasn't always actioned so my team would make a courtesy call to postmaster to discuss. If the postmaster advised they were planning on making a double payment the following month, this would be accepted, however, a reminder would be made to advise that neither party could deviate from the original order as we were regularly requested to accept lower amounts.
21. Payments would be accepted until the account was settled and if a Charge on property had been made, we would agree to remove at the end of the term.
22. It's fair to say that the debt associated with former postmasters continued to increase over the years. Continuous process reviews were exercised to determine if there were better, more effective ways of reducing the balance

and what, if anything, could we do to fix it. My team also engaged with contracts team and security team and would work together. We would also advise if the postmaster had accountability for any other branches and notified them of any outstanding discrepancies on account.

23. As the former postmaster manger, I followed a Death in Service process.

Each case was managed with sensitivity. A letter would be issued to the next of kin to notify them of any outstanding discrepancies on account. If on receipt they contacted the team, the account would be discussed. If no contact made, a second letter would be issued requesting contact be made within fourteen days and again, if no contact, a third letter was issued requesting contact within the next seven days. If no contact received, a decision would be made regarding the value of the debt and next steps. This would be discussed with the senior debt recovery manager and, or POL's legal team.

24. My recollection of the civil actions (and am referred to the relevant

documents) against Aslam Ramtoola, **GRO** Kevin Palmer (I am referred to POL00113467, POL00079413, POL00079423, POL00080021), Rachel Williams, Frank Holt (POL00113448, POL00080889, POL00081027, POL00081033) Susan McKnight Tracey Etheridge (POL00081189), Katherine McAlerney (POL00075270, POL00078858), Keith Macaldowie, Lee Castleton and Julie Wolstenholme. Some names I recognise but I don't retain any detail and would need the case files to refer to in order to provide any recollection of their account".

25. In February 2017 I was asked to cover the role of Senior Debt Recovery Manager on a temporary basis due to absence. This was part of my managers role and was an extension of the work I was already completing. Additional responsibilities were to manage strategic change, understand and complete the monthly provision process and review debt processes for a losses project sponsored by the Chief Finance Officer. After approximately 9 months, I returned to my substantive role when in 2018 I was asked to take accountability of the current agents accounting team.

26. I continued to manage the accounts of both current and former postmasters until leaving the team at the end of February 2023 to start a new role. During my time as the Former Postmaster manager, I had no detailed knowledge of bugs, errors or defects within the Horizon system. Any discrepancies were managed within the SAP financial accounting system and would have an equal and opposite entry. I followed the processes governed at any particular time and had no reason to doubt the system. When this was more commonly talked about, I could not understand why the discrepancies were only relating to debits and not credits.

**Statement of Truth**

I believe the content of this statement to be true.

Signed:           **GRO**          

Dated: 15<sup>th</sup> June 2023



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<b>No.</b>	<b>URN</b>	<b>Document Description</b>	<b>Control Number</b>
1	POL00088420	Michelle Stevens CV	POL-0085478
2	POL00000127	This was a letter issued to the former postmaster notifying them of a transaction correction added to their account	VIS00001101
3	POL00088904	Policy document relating to losses and gains within the network. I refer to section 3.1	POL-0085962
4	POL00000109	First letter issued to postmasters to notify them of discrepancies on account. This particular letter is sent to a current postmaster	VIS00001083
5	POL00090357	Policy document for Postmasters' In Service Debt. I refer to section 12.0 titled Write offs	POL-0087326
6	POL00113467	Example of a Committal Bundle sent to external Solicitors	POL-0112618
7	POL00113467	Documents concerning debt claim against Mr Kevin Palmer including receipts and audit material from the Grange Branch	POL-0112618
8	POL00079413	Email from Brenda Howcutt to Austin C Amadi, Carol Ballan, Post Office Security, Michelle Sevens and others including Branch Audit of the Grange	POL-0075976
9	POL00079423	Email from Carol Ballan to various members of the Post Office in relation to suspension of Kevin Palmer including Suspension Notification	POL-0075986
10	POL00080021	Email from Branda Howcutt to Carol Ballan re Extra Audit Report of the Grange	POL-0076584
11	POL00113448	Emails re suspension of Mr Frank Holt including precautionary suspension notification	POL-0112599
12	POL00080889	Email from Elisa Lukas to Lin Norbury and associated email chain re case closure - POLTD/1415/0064 - Glenmoriston	POL-0077452
13	POL00081027	Email from Rodric William to Elisa Lukas and David A Duff regarding request from Frank Holt's lawyers and associated chain re case/termination of SPM Mr Frank Holt at the Glenmoriston Branch	POL-0077590
14	POL00081033	Email chain re case/termination of SPM Mr Frank Holt at the Glenmoriston Branch	POL-0077596
15	POL00081189	Email from Luke Holmes to Ben Beabey, Tim Perkins, Neil Davey and Michelle Stevens re	POL-0077752

		debt recovery and associated chain re case of Tracey Etheridge FAD 458/611	
16	POL00075270	Email chain from Zoe Topham to Shirley Halistones, Andrew Winn with previous emails between Ann Bailey and Zoe Topham CC'ing P Smith, Michelle Stevens re civil claim against SPM Katherine McAlerney	POL-0071833
17	POL00078858	Email from Michelle Stevens to Andrew Winn re email from A Winn forwarding email from Shirley Halistones relating to Mediation re Katherine McAlerney	POL-0075421
18	POL00088420	Michelle Stevens CV	POL-0085478
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23	POL00113467	Example of a Committal Bundle sent to external Solicitors	POL-0112618