

**SUMMARY OF FACTS PREPARED IN ACCORDANCE WITH RULE 4(1)(b)  
OF THE MAGISTRATES COURTS (ADVANCE INFORMATION) RULES 1985**

**ROYAL MAIL GROUP plc v HUGHIE NOEL THOMAS**

The Defendant is 59 years of age born on the GRO He worked at Garewen Post Office for a period of 11 years 4 months latterly as Subpostmaster.

Subpostmasters are required to balance their accounts on a weekly basis. The accounting week runs from Thursday through to Wednesday. Individual weeks are referred to as cash account periods or CAPS. They are numbered sequentially for the Financial Year. Subpostmasters are aided in their daily accounting duties by the Horizon computerised cash account system which records transactions. When balancing at the end of the week Subpostmasters are required to show all deficiencies in the account. Any losses are required to be shown and then made good by the Subpostmaster.

Enquiries commenced when an audit of the Office was conducted on Thursday 13<sup>th</sup> October 2005. The audit revealed a shortage of £48,450.87. Post Office Investigators were informed and attended at the Office.

Mrs Edwards the Auditor states that the Defendant informed her that he was having trouble with the Horizon system and that his on-line banking reports had several transactions showing nil amounts. Further his accounts had been short with losses accruing to over £48,000 over a period of time. He had been able to balance weekly by inflating his cash on hand figures.

On arrival at the Office Investigators were informed that the Office had been transferred to an interim Subpostmaster one hour earlier. Whilst the Office was being manned by the interim Subpostmaster it was noted that a nil transaction was shown on the accounts. This was said to be attributed to a customer not completing a transaction.

The Defendant was subsequently arrested and taken to Holyhead Police Station where he was later interviewed in the presence of his Solicitor. During the interview the Defendant answered certain questions put and replied "No Comment" in relation to others. He did not know when the loss first started, he was an old fashioned chap who was used to pen and paper rather

than the computer. He said that there was no paper work directly referring to the losses only the cash account and the envelopes containing the weekly work.

The Defendant was aware of his obligations as Subpostmaster to account for losses and gains which occurred. When asked he couldn't comment as to whether the cash accounts were accurate. He had tried to make losses good but did not know which weeks he had put money in and what loss had not been made good. Regarding the specific loss of £48,454.87. He had not made this good and would not comment as to why there was such a shortage at the Office.

The Defendant when asked whether he had stolen the money replied "No Comment".

The Defendant went on to say that he had doubts about the Horizon system. Further he said that he had concerns about a number of zero entries contained in his weekly on-line Banking summary. Although the report showed nil transaction on some of the transactions he had handed over money to customers as the amount had not been registering properly on his system. He agreed that the majority of his on-line banking transactions did have an amount and that the zeros were not confined to one specific group. He was shown the cash accounts for Weeks 28 and 27 and stated that he had prepared both these documents. He could not remember when the shortages started.

When questioned further the Defendant stated that it was not one large loss that had been stolen but he did not suspect anyone else in the family. He stated that if the loss was proven he would accept full responsibility.

Checks of calls made to the Horizon Helpline revealed that no calls were made by the Defendant in relation to problems regarding the recording of nil transactions.

There are a number of legitimate reasons why a zero entry might be presented on an on-line summary. These may be because:-

- 1 A customer enters an incorrect PIN number.
- 2 A customer has no funds in their account.

- 3 An incorrect PIN number is entered on 3 separate occasions.
- 4 The card has been stolen or cancelled.
- 5 The transaction is unauthorised.

Horizon data showing nil transactions have been analysed over a specified period between November 2004 and October 2005. Fujitsu had no concerns regarding the integrity of the data received from Gaerwen Post Office. Further the Horizon system Helpdesk had not been alerted to any hardware problems.

A summary of specimen nil transactions is attached. No problems were highlighted with regards to the integrity of the data or the system. All nil on-line banking transactions examined have valid reasons for the transactions having no value attached to them. The majority of declined withdrawals with nil value are immediately followed by an authorised withdrawal for various amounts and are undertaken by the same Clerk on the same terminal.

Enclosed herewith please find:-

- 1 Copy Notes of Interview.
- 2 Copy Balancing Record of Garewen Post Office.
- 3 Copy Audit Report.
- 4 Copy Notebook Entry Officers.
- 5 Copy FAD160604.
- 6 Copy Summary of Nil Transactions – 18<sup>th</sup> November – 24<sup>th</sup> November 2004, 19<sup>th</sup> May – 25<sup>th</sup> May 2005, 14<sup>th</sup> September – 12<sup>th</sup> October 2005.
- 7 Copy Breakdown of Nil Transactions over the period stated above.
- 8 Copy Final Cash Accounts for Weeks 27, 28 and 29.
- 9 Copy Custody Record.