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2066/31043642  
Your ref  
DE/POHIT1  
Date  
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By email

Dear Sir

### **Post Office Horizon IT Inquiry: Letter dated 22 October 2021**

We refer to your letter to Mr Nick Read dated 22 October 2021 and our letter of acknowledgement dated 28 October 2021.

You have raised a number of queries about what you have described as “*an holistic reparations scheme for subpostmasters and other persons affected by the Horizon IT scandal*” and “*Horizon harm’s way payments*”, both of which you suggest are required to be established immediately, on the basis that compensation and other schemes established by Post Office Limited (“**POL**”) to date are wholly insufficient.

It is important to note at the outset that neither we nor POL would wish, in any way, to pre-judge the outcome of the ongoing Post Office Horizon IT Inquiry (the “**Inquiry**”). In these circumstances we have limited our response to your letter of 22 October 2021 to those points which POL consider should be addressed at this stage without pre-empting the Inquiry.

Providing fair compensation and resetting its relationship with all postmasters is a priority for POL, as part of its efforts to resolve past issues. As you are aware, following the full and final settlement of the *Bates and Ors v Post Office Limited* group litigation (the “**Group Litigation**”) POL set up a remediation scheme known as the ‘Historical Shortfall Scheme’ (the “**HSS**”) in order to resolve past issues with current and former postmasters who, in good faith, believe they may have been affected by shortfalls which relate to previous versions of Horizon (sometimes referred to as Legacy Horizon, Horizon Online or HNG-X). Following Government funding support being provided earlier this year, offers have been made and accepted in around a quarter of active and eligible applications to the HSS. While many applications are expected to be resolved much sooner, POL expects the overwhelming majority will have been provided with offers, following the independent advisory panel’s assessment, by the end of next year. The independent advisory panel comprises experts in law, retail and forensic accounting. Their role is to recommend a fair outcome for each eligible application to the HSS.

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Further, since Government funding was announced in July 2021 and pending confirmation of final compensation, POL has also expedited interim payments of up to £100,000 to those whose convictions have been overturned where the reliability of Horizon data was essential to the prosecution (the "**OHC Interim Compensation arrangement**"). The vast majority of those eligible for such interim payments received the maximum amount.

Separately, whilst a settlement of £57.75 million was agreed in good faith between the parties in the Group Litigation, POL has been clear that it understands the continuing sense of injustice amongst the claimants in the Group Litigation since it came to light through media reports that around £46 million of the settlement sum was applied towards the claimants' litigation funders and legal advisors. POL has been in contact with the Government in this regard and will continue these discussions on the Group Litigation settlement figures.

POL notes that the issue of the extent to which (if at all) the creation and implementation of the HSS and the OHC Interim Compensation arrangement provided an adequate means for affected subpostmasters, managers and assistants to obtain redress for the wrongs which they have suffered falls within the scope of the provisional List of Issues published by the Inquiry and will therefore be the subject of investigation by the Inquiry. To the extent that the issues that you have raised fall outside the scope of the provisional List of Issues, it is a matter for the Chair of the Inquiry to determine whether it is appropriate to amend the Provisional List of Issues to cover any or all of these matters.

In these circumstances it would not be appropriate for POL or us to anticipate the Inquiry's work or comment on these matters at this stage, save to reiterate that POL fully supports the work of the Inquiry.

Yours faithfully

*Herbert Smith Freehills LLP*

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