

## Post Office Mediation Scheme

[Nadine Dorries *in the Chair*]

2.30 pm

**Mr James Arbuthnot (North East Hampshire) (Con):** It is a great pleasure to serve under your chairmanship, Ms Dorries. I am new to this. In 28 years in the House, I have never needed to apply for an Adjournment debate, but the way in which the Post Office has treated sub-postmasters and Members of Parliament who have expressed concern about the matter is so worrying, and to my mind shocking, that in my final few months in Parliament it has become necessary for me to apply for an Adjournment debate. To the extent that I make mistakes, Ms Dorries, please correct me and appreciate that I am new to this game.

I am grateful to hon. and right hon. Members for turning up in considerable numbers, which shows the importance of this issue. The background hardly needs explaining. In 2000, the Post Office introduced the Horizon accounting system. A spate of concerns began to arise shortly afterwards. Sub-postmasters across the country experienced discrepancies in their accounts, which they had to balance at the end of each day. Some of those accounts were over what they ought to have been, and some were under what they ought to have been. Some sub-postmasters found themselves closing their post offices on a Saturday with one balance and opening on a Monday to discover that the balance was entirely different. All those discrepancies created such concern that Mr Alan Bates set up the Justice for Subpostmasters Alliance in 2009. He is the hero of this story because he has been working since 2009 for no pay and has been doing a fantastic job.

On the Horizon system, the jury is still out on the software itself, but the fact that no software fault of any major size has yet been found does not mean that none exists. I can give an example because last week Charles Goodwin, a retired computer programmer, wrote an e-mail to me setting out how collusion and fraud by unknown third parties could give rise to some of those cases. He set out how that could come about, which I will not repeat because I do not want to encourage people to do it. His hypothetical fraud, which fits some of the facts of these cases, would be very hard to disprove. If a sub-postmaster who had suffered such a fraud began to complain too loudly, the fraudsters could simply reimburse the sub-postmaster and move on to another victim. The poor sub-postmaster might have been told, as my constituent Jo Hamilton was told, that they are the only person suffering glitches. Such a sub-postmaster would then be tempted to help the fraudster by committing false accounting just to buy enough time to work out what on earth has happened. I am not saying that that did happen; it is just that we cannot prove that it did not happen. On the software itself, and on the possibility of fraud, the jury is still out.

The jury is not still out on the Post Office help system, which was inadequate, as the Post Office acknowledges. I know of two examples in my constituency, and the Post Office is addressing one of them. That reflects the position across the country. Other hon. and right hon. Members will have some cases that they know of and some cases that they do not know of.

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**Ms Gisela Stuart (Birmingham, Edgbaston) (Lab):** The case of Haji Abbas, who runs the Selsey Road post office in Edgbaston, was investigated. He was found not guilty but his post office was closed.

There was an allegation of his having lost £90,000, and he feels that he has lost an additional £60,000, yet the Post Office is not reopening the branch. Someone has lost their livelihood following unfair allegations, and nothing is being done to redeem it.

**Mr Arbuthnot:** I suspect that during the course of this debate we will hear all too many stories exactly like that one, with awful things happening to sub-postmasters and nothing being done about it. I have already mentioned my constituent Jo Hamilton, who pleaded guilty. She first found that there was a discrepancy of, I think, £2,000. She rang up the help desk, which told her to press certain buttons, and immediately the discrepancy doubled to £4,000. Eventually the discrepancy rose and rose to more than £30,000. There was no proper investigation by the Post Office. She told the “Today” programme last week,

“they couldn’t prove I did it, but I couldn’t prove I didn’t.”

**Mr David Jones (Clwyd West) (Con):** Is it a matter of concern to my right hon. Friend, as it is to me, that all the Post Office prosecutions have been conducted in-house? The Crown Prosecution Service has not been consulted, and therefore there has been no element of independent scrutiny prior to the prosecutions’ commencement.

**Mr Arbuthnot:** My right hon. Friend was the instigator of my first meeting with the Post Office, which was during the previous Parliament. Unfortunately he was then translated to the Cabinet, so he was unable to pursue these issues as he had previously. He is absolutely right, and I will return to his point in my suggestions, which I hope the Minister will consider.

**Sir Oliver Heald (North East Hertfordshire) (Con):** The conundrum that one of my constituents had is slightly different. She was prosecuted and found guilty. Her claim is that that was totally unfair and wrong, but she put into the scheme too late for the deadline. Now, of course, she is being offered a review by the Post Office, but she is not very confident that it will do a thorough review. Does my right hon. Friend have any thoughts on that? If it is only a short period after the deadline, should it not be possible for her to go into the scheme?

**Mr Arbuthnot:** Three or four weeks ago I would have given a different answer to my hon. and learned Friend’s question, but I am afraid that I no longer have faith in the scheme. Whether his constituent wishes to be in a scheme in which she may or may not have faith has to be up to her, but the Post Office certainly should not have an arbitrary cut-off point for examining such issues of injustice. I know that my right hon. and learned Friend will continue to pursue the issue.

**Huw Irranca-Davies (Ogmore) (Lab):** I have three cases in my small constituency that are outside the mediation scheme, but many people, including me, had faith that the mediation scheme would progress well and give us some hope that there would be a silver lining at some point for those who are outside the scheme. The

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right hon. Gentleman’s understandable lack of faith shows that there is no avenue for the many people who were outside the initial mediation scheme.

**Mr Arbuthnot:** I know that the hon. Gentleman was intending to have an Adjournment debate; I am very sorry that I pinched his idea and did it instead. I am grateful for his support on this issue. He has been making these points for some time. We must get to the bottom of these cases, and I am afraid that we cannot rely on the Post Office to see right.

My constituent, Jo Hamilton, pleaded guilty. She had a choice between risking prison for theft and pleading guilty to false accounting, and she decided that the risk was too great. I do not believe that that is the way our criminal law should work. Residents of her village, South Warnborough, do not believe that she is a crook any more than I do, so they paid thousands of pound towards the money that the Post Office was demanding.

Another sub-postmaster, Julian Wilson of Astwood Bank, gave an interview to Radio 5 Live last week. He had a similar story. His wife was convalescing from a tumour and her father had been diagnosed with terminal cancer. He therefore did not want to put his family under strain, so he pleaded guilty to false accounting to avoid the accusation of theft. Like Jo Hamilton, he now has a criminal conviction. Noel Thomas of Anglesey—it is good to see the hon. Member for Ynys Môn (Albert Owen) in his place—was found guilty of theft and sent to prison, as were many others up and down the country.

It may, of course, be that the trade of sub-postmastering was infiltrated by a sudden rash of criminals. I have met a lot of those people, and I personally do not believe it.

**Andrew Bridgen (North West Leicestershire) (Con):** Will my right hon. Friend confirm that the Post Office is able to bring criminal prosecutions in cases that have already gone to the Crown Prosecution Service, even if the CPS believes that there are insufficient grounds for a prosecution?

**Mr Arbuthnot:** As my hon. Friend suggests, and as my hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald) suggested earlier, it is becoming increasingly untenable for the Post Office to act as its own prosecutor without the independent look that the Crown Prosecution Service would bring. My impression is that the Post Office shares that view, and the sooner it can get rid of its responsibility to prosecute—I believe it should happen today—the better.

In the light of all those cases, Members of Parliament got together. My right hon. Friend the Member for West Dorset (Mr Letwin) and I went to see the chairman and the chief executive of the Post Office, who then came to meet right hon. and hon. Members. They suggested that they should set up an independent forensic investigation, and they appointed Second Sight to do that work. Second Sight identified concerns that gave rise to the mediation scheme that we are discussing today.

Second Sight did not identify major software issues in its interim report. It must follow that the mediation scheme was set up to deal with the issues of support and the surrounding issues relating to the sub-postmasters. The Post Office agreed to a mediation scheme that was to include those who had pleaded guilty. It is almost too

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obvious to say this, but in view of what the Post Office has been doing I have to do so: I would never have agreed to a mediation scheme that excluded people who pleaded guilty, such as my

constituent, Jo Hamilton. I would not have agreed to one, and neither would right hon. and hon. Members throughout the House.

That is what the Post Office agreed; let me turn to what it actually did. In the working group for the mediation scheme, the Post Office began this year to argue that the issues of concern that were identified by Second Sight should be excluded from mediation—for example, the absence or ignorance of contracts, and the failure of audits and investigations—despite its agreement with Members of Parliament that the scheme would cover the issues in the interim report. I understand that the Post Office has been arguing in recent months at the working group stage to exclude 90% of the cases coming before the working group, despite everybody's understanding that exclusion from mediation was to be the exception, not the rule. Extraordinarily, the Post Office argued to exclude people who had pleaded guilty, despite its express agreement to the contrary with me and other right hon. and hon. Members, and despite the fact that it knew that we would not have agreed to a mediation scheme otherwise.

**Mr John Redwood (Wokingham) (Con):** I am grateful to my right hon. Friend for leading on this issue and for bravely taking the case of many people in the postal sector to the management. From his discussions with the senior management of the Post Office, is there any sign that it now recognises that it made mistakes? Is there any willingness on its part to recognise that at least some of those people are completely innocent and deserve an apology and compensation for the way that their lives and businesses have been wrecked?

**Mr Arbuthnot:** That is a very difficult question to answer, because the Post Office pleads secrecy. It will not tell us what is happening in the mediation scheme. We asked in July how the mediation scheme was going, but it refused to tell Members of Parliament because it was all confidential.

**Mr Jonathan Djanogly (Huntingdon) (Con):** I congratulate my right hon. Friend on securing this debate and on the huge amount of work he has done on this issue over many years.

Unfortunately, this saga has seriously affected the reputation of one of my constituents. I use the word “saga” because what I find so unacceptable—I think my right hon. Friend was just coming to this—is the delay. For year upon year, people's reputations have been on the line and sub-postmasters have not known what their status or position is or how the issue is progressing. I find the Post Office's foot-dragging, inefficiency, and years of delay absolutely unacceptable.

**Mr Arbuthnot:** My hon. Friend is absolutely right. When people's houses are being repossessed, as is happening throughout the country, time really matters.

The Post Office has been arguing that these cases should be excluded. It has been doing it at a stage of the process when there is not professional representation in front of the working group, because no professional advisers have appeared before it. Even the sub-postmasters

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have not appeared in front of the working group when the Post Office is arguing that they should be excluded from mediation. Despite the Post Office's heralding the payment of professional support for all those sub-postmasters, in practice it is a sham. It is doing it in the interests of the integrity of the scheme.

What conclusions must we reach, therefore? The Post Office has built up the hopes of sub-postmasters so the scheme has their support. It has broken its word to Members of Parliament in so many different respects that it is frankly bewildering. There are many ways to describe it, but I think the best is to say that the Post Office has been duplicitous. It has spent public money on a mediation scheme that it has set out to sabotage.

In the “Today” programme interview last week, the Post Office spokesman said:

“I am really sorry if people have faced lifestyle problems as a result of their having been working in Post Office branches.”

These are not “lifestyle problems”. Jo Hamilton had to get help from her parents as well as from her village. Her mother and her father then both had a stroke. Was that connected? I suspect that it was. Some sub-postmasters lost their businesses, their houses and their reputations; some went through divorces and lost their families; some had to live in their cars; some had health problems; and Noel Thomas and others went to prison. Those are not “lifestyle problems”.

The Post Office spokesman also said that, “It’s not yet over.” If it was up to the Post Office, it would be; the Post Office is trying to close down the mediation scheme. And for some who have been through mediation it is actually over, because they have experienced legal bullying and the Post Office has no intention of getting to the bottom of what went wrong. Documents have been destroyed or lost.

**Annette Brooke (Mid Dorset and North Poole) (LD):** I congratulate my right hon. Friend on the enormous amount of work that he has done on this matter. I, too, am concerned about the length of time involved and the lack of information. The mediation process requires information from both sides. My constituents make the point that they requested audit trails and they just have not been given them, which seems to confirm exactly what my right hon. Friend is saying at the moment. Can he confirm that that practice—people not getting the information they need so that they can defend themselves—has been fairly widespread?

**Mr Arbuthnot:** Well, yes, it has been. My hon. Friend has been working on this issue since the very beginning. Obviously, constituency cases are confidential to constituency MPs. All I can say is that my own constituent, Jo Hamilton, has been told that she cannot have a result until after Second Sight has produced its report in April. I first became concerned about her case in 2008, and this sort of time lapse is utterly unacceptable.

Not only is the Post Office doing this in breach of its word to Members of Parliament and in breach of its duties to the people it works with—the sub-postmasters—but it is undermining and belittling the work of the forensic accountants whom it chose. It is the independence of these accountants, which MPs initially questioned but which we now welcome, that the Post Office finds hard to take.

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The Post Office has accepted that its support systems left much to be desired, and as a result it has changed them. The sheer number of calls to the Post Office helpline is astonishing. The calls are from professional users, but tens of thousands of them were abandoned; they were not just made, but abandoned. Jo Hamilton encountered support staff who could not tell her what was going on. She

herself had not been trained at all, let alone trained to deal with issues such as this. What has the Post Office done about the absence of such training? It has blamed Jo herself, and others like her, for not having asked for more training, despite the fact that it should have been clear to the Post Office itself, if it was not clear to Jo herself, that she needed such help.

**Mike Wood (Batley and Spen) (Lab):** Indeed, has the Post Office not done more than that, because as late as 24 November it announced that a quarter of the staff who provide advice and support to sub-postmasters and sub-postmistresses will be made redundant by the middle of February? So the very poor service that sub-postmasters can draw on at present will be reduced by the Post Office by 25%.

**Mr Arbuthnot:** My understanding is that the figure is something like that, but I hope that the hon. Gentleman, who has been a key member of the working group of MPs on this issue, will be able to expand on that point when he makes his speech, because I do not know the full detail.

The Post Office carried out no proper investigation into what had happened to Jo Hamilton. Julian Wilson, of the Redditch constituency, was told by Post Office staff that if there was money over at the end of the day, he should put it in an envelope and put that envelope in the safe, and then use that money to pay later shortfalls. It is so obvious that that amounts to false accounting, on the instructions of the Post Office itself, that it is bewildering. He kept asking for audits but the Post Office said, "We'll audit you when we think you need an audit." And yet he gets prosecuted and decides to plead guilty.

What allowance has been made by the Post Office for the fact that historically its support was so poor? So far as I can tell, none. What allowance has been made for the contract term that provides that the weakest links in the Post Office—the sub-postmasters—have to be found guilty unless they prove their innocence? So far as I can tell, none. This is not the way that our criminal law should work. What has happened to the money that the Post Office got from people such as Jo Hamilton via the South Warnborough village? Did it get taken into Post Office profits? This is, essentially, an issue of Post Office culture—the protection of assets at the expense of people.

**Sir Oliver Heald:** If there are problems with the software, or if the system is vulnerable to hacking of the sort that my right hon. Friend described, surely the Post Office would have taken steps to improve the software and/or make sure that it was more difficult to hack its system? Is there any evidence that it took such action, and if it did is that not in itself an admission that the system was vulnerable and that mistakes could have been made?

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**Mr Arbuthnot:** My hon. and learned Friend makes an interesting point. The thing that I am worried about most is that it is often impossible to find those flaws in the software that could have caused some of these problems. Second Sight's interim report did not find major problems with the software, but as I said at the beginning that does not mean that such problems did not exist.

To my mind, the Post Office's behaviour towards MPs gives some credence to the complaints that have been made by sub-postmasters about its behaviour towards them; if the Post Office can treat MPs like that, how will it deal with people who are frightened and bankrupt? Somehow in all of this

saga, although it is hard to think that it would be possible, the Post Office has managed to tarnish its own reputation still further, while again tarnishing the reputation of sub-postmasters.

As right hon. and hon. Members know, I have handed on the mantle of this campaign to the hon. Member for North Durham (Mr Jones), and I am very pleased to see him in Westminster Hall today. That is partly because I will not be standing in the general election next year, but it is also because, frankly, I no longer trust the Post Office and I will not be negotiating with it further. I did not, as some newspaper reports suggested, withdraw the support of 150 MPs, because I have no right to do so. I withdrew my own personal support and what right hon. Members and hon. Members do now is, of course, up to them.

However, there are other avenues that need to be taken. We need a review by the Government, because we own this organisation. That review must be entirely independent of the Post Office, which has shown it cannot be trusted on the issue. Possibly there should be a special ombudsman.

In my letter to the chief executive of the Post Office, I asked for three things. I asked for no further destruction of documents, and by documentation I mean not only the documentation for those people who are within the mediation scheme but the documentation for those people who have not managed, for one reason or another, to get into the scheme. They have been mentioned already.

I hope the Government can prevent the Post Office from pleading the statute of limitations, because sub-postmasters' legal actions—some of them caused by the behaviour of the Post Office—should not be barred by the passage of time. I hope that the Post Office and the Government can agree that hon. and right hon. Members should be briefed by Second Sight, not on individual cases, but on the way the mediation scheme has gone.

I wrote a letter to the Post Office at the beginning of last week asking for these things, but I have had no response.

**Tessa Munt (Wells) (LD):** My right hon. Friend has already mentioned that evidence needed to investigate complaints by the applicants should not be destroyed. Might he, in his position as leader of this debate, make sure that the Minister asks that the Post Office guarantees that the material gathered and produced by Second Sight remains in Second Sight's possession and that control of it cannot be given up and that it cannot be destroyed if or when the Post Office instructs Second Sight to do just that?

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**Mr Arbuthnot:** My hon. Friend makes an interesting, worthwhile point. I hope that Second Sight will indeed have a role to play. It is meant to be independent: that is how my hon. Friend the Minister described it in last year's statement. I hope that its approach to documents will be equally independent. I hope that the Minister is able to assure us of that.

There may be a role for the Select Committee on Business, Innovation and Skills. I am pleased that its Chairman, the hon. Member for West Bromwich West (Mr Bailey) has been in his place today. There should be an investigation by the Criminal Cases Review Commission off its own bat, and even those who have pleaded guilty should be able to take advantage of such an investigation. There will be a role for the courts. I think, therefore, that there will need to be a fund to help sub-postmasters

in those actions. It would be good to think that the Post Office itself could, of its own accord, modify its own behaviour. I wish I did think that, but I do not.

**Several hon. Members** *rose*—

**Nadine Dorries (in the Chair):** Order. Front-Bench speeches will begin at 3.40 pm. Quite a few Members would like to speak, so I will let them do the maths between themselves. If we are running out of time, I will have to impose time limits on those remaining, but for the moment I will leave it to Members' discretion.

**3.2 pm**

**Albert Owen (Ynys Môn) (Lab):** It is a pleasure to follow the right hon. Member for North East Hampshire (Mr Arbuthnot). Like other hon. Members, I congratulate him and his office on the way they have dealt with Members of Parliament during this whole process—they have been very measured and courteous. He has brought together a groundswell of opinion from MPs and put that articulately to the Post Office.

I share the right hon. Gentleman's disappointment at the way the Post Office has behaved, because I was one of the hon. Members who initially welcomed a mediation process. A mediation process is one of good will, where both sides volunteer to come together to look for a solution. What we have been talking about in this debate is the destruction of many people's lives—the lives of many citizens who are well thought of in their communities.

The right hon. Gentleman mentioned Noel Thomas from my constituency, who was a councillor, although not of my political persuasion, in that community, and did more than his fair share of good for people. He ended up in prison because of this system and because he has, I believe—I am speaking personally here—been let down by the Post Office.

In the early stages of the legal matters, I allowed that legal process to go forward, as did other Members. It was not until the Justice for Subpostmasters Alliance was set up that the wider issues were known. I pay tribute to each and every one of those people for coming together and fighting for what they believe to be right.

My constituent Noel Thomas ended up in prison. There were very serious issues, and he lost his home and his business. The impact felt by the right hon. Gentleman's constituents was felt by many of mine—even in my

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small constituency I know of five cases of varying degrees of seriousness—but Noel Thomas's case is the most public and he is the only person I shall name in this debate, although there are a number of others.

The Horizon system has been looked at as there have been problems with it. Many sub-postmasters and sub-postmistresses, some of whom are now retired—their post offices have closed for whatever reason—indicated to me in the early stages in 2001-02 that there were issues of concern at that time in rural areas, when the system was going offline and being rebooted. I therefore find it hard to



accept that the Post Office has concluded that there was nothing wrong with the system. I shall mention a little later the lack of support and the helplines because they were important.

The right hon. Gentleman mentioned—I heard it on the radio as well—people being told by Post Office staff, many of them sub-postmasters, to put money aside and to make it up. That beggars belief. There is no evidence of it in many places, because of the trust between the Post Office as the employer and the sub-postmasters who were running their thing.

**Mr David Jones:** Does the hon. Gentleman not agree that a lot of sub-postmasters who were subsequently prosecuted for false accounting had in effect been encouraged to engage in false accounting by Post Office support staff? In other words, was not the Post Office itself counselling and procuring an act of false accounting?

**Albert Owen:** Absolutely right. I thought that this system and this scheme were going to identify those issues and that somebody in the Post Office was going to have to answer for their actions, in the way that our constituents have had to answer by going to prison and losing their livelihoods, and various other things. It has been very one-sided.

In another case, the life of a relatively young woman has been ruined because of the accusations. On the advice of a barrister, she pleaded guilty to the lesser charge to avoid a custodial sentence. She feels now that she was let down not just by the Post Office but by the legal system. These are very serious issues. Members from across the House have indicated to me that they are aware of cases being handled in a similar way.

I thought, having had correspondence with other MPs and so on, that this was an independent process. I am now led to believe that the Post Office was judge and jury and was deciding unilaterally which cases were to go forward. I was of the opinion that people who had been found guilty, for the reasons we have outlined, would be allowed to enter the mediation system. I am very disappointed with the way this is turning out, because—I shall repeat this a number of times—we are talking about people's lives being ruined by this process. I was under the impression that we were moving forward and making progress.

In a third case, a constituent of mine who entered the scheme was helped by the Post Office—as we all know, it paid for the early advice that that person was given—but because their status moved from that of sub-postmaster to employee of another sub-postmaster they were thrown off the scheme. That was discovered at a later stage. Taxpayers' money had been given to a third party to help that person, to give advice and to come to that conclusion: a complete waste of public money. I argued

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the case on behalf of my constituent and he was reinstated to the scheme and is moving forward. However, because of confidentiality I do not really know where that case is in the system. A lot of issues need clarification.

I have sympathy with the Minister, because the Post Office, as we know, is not directly a Government body. However, it is a public body that we the taxpayers, and we as representatives,

should hold to account. I pay tribute to the right hon. Member for North East Hampshire and others for doing that.

I shall not go over the other cases that I have, because I am conscious of time, but I have given some examples and we have heard others in interventions. However, I feel let down by the Post Office, my constituents feel let down by the Post Office and I think the country feels let down by the Post Office.

I repeat that I have anecdotal evidence—not hard evidence—that this system was problematic. Of course, computer systems—large-scale IT systems across Government and across public bodies—are problematic, but the reason the Post Office will not admit to these glitches is that, as Members have indicated in interventions, and as I am sure they will indicate in their speeches, people were encouraged to do things that were, in many ways, unlawful. That is a disgrace.

The crux of the debate is that the Post Office encouraged people to commit false accounting, and then it penalised them in the hardest way possible—by taking their livelihoods and reputations from them and destroying their standing in the proud communities we represent. The Post Office is iconic, and the people who serve in it do so with pride, but they have been let down, and it is time that this Parliament—the British Parliament—stood up for them. I am glad we are having this debate, and I want some results.

**Several hon. Members** *rose*—

**Nadine Dorries (in the Chair):** Order. Could Members keep their speeches to six minutes without my having to impose a formal time limit? Otherwise, we will, unfortunately, run out of time.

**3.10 pm**

**Andrew Bridgen (North West Leicestershire) (Con):** It is a great pleasure to serve under you in a debate on this huge topic, Ms Dorries, even if it is for as little as six minutes.

I, too, pay tribute to my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) for his leadership on this issue over many years. It has been an honour and a privilege to serve under him on his working group of MPs for the last two years.

The issue first came to my attention because of the plight of a constituent, Mr Michael Rudkin. For 15 years, he was a sub-postmaster. He served as the most senior member on the national executive of the National Federation of SubPostmasters and as the chairman of the federation's negotiating committee. He was responsible for negotiations with Post Office Ltd and Royal Mail Group, so he is an experienced sub-postmaster. I would like to share with Members his experience of the problems

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with the Horizon system, which demonstrates that significant questions need to be asked of the Post Office, although it is reluctant to answer them.

Mr Rudkin's story starts on Tuesday 19 August 2008. In his official capacity as a negotiator on behalf of sub-postmasters, he was invited to a meeting at the Fujitsu/Post Office Ltd offices in Bracknell to

discuss problems with the Horizon system. If Mr Rudkin is telling the truth, which I have no doubt he is, this sequence of events raises questions about the system, which the Post Office must answer.

On arrival that morning, my constituent signed the visitors' book in reception and waited for his chaperone, a Mr Martin Rolfe. Mr Rolfe took him to the second/third floor, and they entered a suite where Mr Rudkin recognised Horizon equipment on the benches. There was only one other person in the room—a male of approximately 30 to 35 who was reluctant to engage in conversation with Mr Rudkin or Mr Rolfe.

Mr Rolfe asked Mr Rudkin to follow him through a number of pass card-protected security doors to some stairs. They went down to the ground floor and then entered the boiler room. Mr Rudkin states that a number of men dressed in casual office wear were standing around the doorway. They became very uncomfortable about Mr Rudkin's presence and left.

Having entered the boiler room, Mr Rudkin instantly recognised two Horizon terminals. There were data on both screens, and an operative was sitting in front of one of them, on which the pure feed for the Horizon system came into the building. Mr Rudkin asked if what he could see were real-time data available on the system. Mr Rolfe said, "Yes. I can actually alter a bureau de change figure to demonstrate that this is live"—he was going to alter a figure in a sub-postmaster's account. He then laughed and said, "I'll have to put it back. Otherwise, the sub-postmaster's account will be short tonight." Mr Rudkin expressed deep concern, because he had been told that no one had remote access to a sub-postmaster's account. At that point, he was politely but speedily taken to reception, and he was told to leave the building.

Mysteriously, the next day, Wednesday 20 August 2008, a Post Office Ltd auditor—a gentleman Mr Rudkin knew, by the name of Paul Fields—arrived at Mr Rudkin's sub-post office. He proceeded to tell Mr Rudkin that his branch had a loss of £44,000. Interestingly, Mr Rudkin maintains that the investigator knew the size of the loss before he even entered the premises.

Mr Rudkin was absolved of all knowledge of the loss by Post Office Ltd, but he was ordered to pay the money back at the rate of £1,000 a month from his salary. As we have heard, the sub-postmaster is completely liable under the contract for all losses. As Mr Rudkin points out, why would someone steal money from themselves when they know that?

After Mr Rudkin had paid £13,000 back to Post Office Ltd, the Post Office started proceedings against Mr Rudkin's wife for false accounting. It also applied for a confiscation order on all his property and had his bank account frozen under the Proceeds of Crime Act 2002. Mr Rudkin has since cleared all his debts to Post Office Ltd. In the process, he has lost his business, his reputation, his position as a magistrate, some property and his good name, and he has been unable to work since.

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Second Sight—the team of independent investigators appointed by the Post Office to look into the matter—questioned the Post Office about Mr Rudkin's allegations and his visit. Initially, Post Office Ltd consistently denied the visit had ever taken place—until Mr Rudkin produced an e-mail from Mr Rolfe from the day before the visit, which invited Mr Rudkin to visit and said that Mr Rolfe would meet him in reception, at which point the Post Office did admit that the meeting had taken place.

Second Sight has repeatedly requested e-mail data from before, during and after Mr Rudkin's visit, as well as a copy of the visitor's book, but all those things have been withheld or are, we are told, now missing. That raises serious questions about the Post Office.

Second Sight told me that it has looked at the contract sub-postmasters are asked to sign and that, in its view, a person would have to be an economic and legal illiterate to be willing to sign it, because it is so slanted in favour of the Post Office. As we know, the Horizon system is imposed on sub-postmasters by the Post Office. Effectively, the sub-postmasters become the fall guys—they are ultimately liable for all losses—so there is little incentive for the Post Office to ensure that the system or the support for it are robust.

The way in which Post Office senior management have dealt with our working group of MPs has been extremely high-handed. I share my right hon. Friend's concerns: if Post Office management speak to Cabinet members and senior Members of Parliament in the way they do, the way they treat their sub-postmasters must be feudal—

**Nadine Dorries (in the Chair):** Order. Could you wind up, please, Mr Bridgen?

**Andrew Bridgen:** I will, Ms Dorries.

There are many questions to be answered, and I hope that as a result of parliamentary pressure and debates such as this, we will get the Post Office to move to a position where genuine negotiations can take place with aggrieved parties on a level playing field. We are some way from that yet, and I honestly think we will need a full clear-out of Post Office management before we get a change of attitude in this important public institution.

**3.18 pm**

**Mike Wood (Batley and Spen) (Lab):** I am pleased to be called in this important debate. I, too, thank the right hon. Member for North East Hampshire (Mr Arbuthnot), who has tried valiantly over the past two to three years to get the Post Office to do the honourable thing by sub-postmasters and sub-postmistresses who have been slighted—all, it would appear, to no avail. None the less, we should place on record our thanks to him for his valiant efforts.

Central to this issue and to the operation of all 11,500 sub-post offices is the Horizon system. We must remember that it is ancient: it was second hand when the Post Office took it on between 1996 and 2000, and it was, in any case, designed for other purposes. We are now 18 or 20 years down the road, and, in IT terms, the system is a dinosaur. If we add to that the problems that are found in all large-scale IT systems when things are bolted on or updated, or when they are expected to interface with systems they were never designed to

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interface with, we patently have a very flawed, degraded and deteriorating system. That system, which accounts for about 60 million transactions a year, is central to this issue. However, its influence—we might say its malevolent influence—on the lives of sub-postmasters and mistresses is added to by two features. First, there is their relationship with Post Office Ltd and, secondly, there is the attitude of Post Office Ltd senior staff.

Sub-postmasters and mistresses are bound in their relationship with the Post Office by a contract that has been described as Dickensian, but even our Victorian forebears would struggle to justify a contract that is 114 pages long, all in the usual small print, which was first put together in 1994, and which, essentially, places on them all responsibility for problems and shortcomings in Post Office Ltd's own equipment and system. Therefore, the responsibility for any shortfall or shortcoming rests contractually with the postmaster or postmistress. As the hon. Member for North West Leicestershire (Andrew Bridgen) said, that removes any compunction from Post Office Ltd to do anything about its flawed system, even though it appears to have had the ability to bolt on a facility to alter figures from an individual post office remotely after they have been signed off for the day by the postmaster or postmistress who is responsible for them. The system is flawed, but apparently Post Office Ltd has used it to good effect.

When such a flawed and ancient system is backed up with poor, and often non-existent, training and support, we have the recipe for a disaster. However, we must remember that, in the short term, that is a disaster not for the Post Office, but for those postmasters and postmistresses who get caught out by the glitches and failings in the system that were illustrated earlier.

The second issue is the attitude of Post Office Ltd's management. The right hon. Member for North East Hampshire and the hon. Member for North West Leicestershire were present when we met the five senior managers of Post Office Ltd—the chair of the board, the chief executive, the chief technical officer and two others—who said, "We cannot conceive of there being failings in our Horizon system." I asked all five of them about that.

First, that makes us wonder which planet they live on. Secondly, we know that if the organisation operates from the premise that, uniquely, it has a computer system with which there are no problems and can be no problems, that explains its behaviour further down the line. Its investigation department should be renamed, because it has never done an investigation since it was set up. When problems are found, eventually it goes to the individual postmasters and postmistresses and says, "There is a problem here. Patently, it is not our system—it's faultless—so it must be you. So, now, under caution"—because the Post Office has the ability to prosecute—"without you having legal representation, we would like you to sign a statement that you have taken part in false accounting. Then we will think about not prosecuting."

People in such circumstances, in the knowledge that there was a problem, are often encouraged to do that by the advice and support team. Many are told, "It'll sort itself out—don't worry about it. Put it in an envelope and sort it out later." Therefore, if they follow that advice, they find themselves agreeing, "Yes, of course that is false accounting—I will sign the statement."

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**Nadine Dorries (in the Chair):** Order. That is more than six minutes now, so can you speed up?

**Mike Wood:** Okay. We need to look to the future, and I support what the hon. Member for North West Leicestershire said about the removal of the very poor senior management in Post Office Ltd, but we must have justice for the hundreds of postmasters and postmistresses who have had their lives ruined by this flawed system.

**3.24 pm**

**Katy Clark (North Ayrshire and Arran) (Lab):** It is a pleasure to see you in the Chair today, Ms Dorries. I congratulate the right hon. Member for North East Hampshire (Mr Arbuthnot) on all his work on this issue and on securing what I understand is his first Adjournment debate. I refer to my entry in the Register of Members' Financial Interests and inform the House that I am the chair of the Communication Workers Union group of MPs. I have had a wide range of discussions with the CWU and in particular with the postmasters branch, which has had a number of its members affected by the issues raised today.

As has already been made clear in the debate so far, this issue has been ongoing for many years. I want to reiterate a point made by my hon. Friend the Member for Batley and Spen (Mike Wood): what has come across clearly to me in discussions with sub-postmasters and mistresses is denial from the Post Office that a problem exists. The experience of those directly affected is that, if a problem occurs in relation to the finances, the initial response from the Post Office is to blame the postmaster or mistress rather than to conduct a serious inquiry to see whether there is a fault in the system or to find out what has gone wrong. That is devastating for the individuals involved, who, as has already been shown, often face years of anguish as a result.

The Communication Workers Union is supporting a number of members who are waiting for their cases to be heard as part of the mediation service. Indeed, one of its members has been suspended without pay for more than a year as he waits for his case to be heard. For more than eight months, another has been facing increasing losses hanging over him despite ongoing involvement with Post Office technical staff who have come to see what the cause of the losses is and to try to find out why there are losses and whether there are gains.

The CWU gets involved with postmasters and postmistresses who are seeking help with the computer system on a regular basis. They are not necessarily being accused of anything, but they are having problems with the system. As workers, they find numerous problems with it, as has been highlighted in the debate.

The general point that comes through is that the support systems provided by the Post Office are inadequate. Wrong advice and assistance is regularly given by the help desks that are there to try to deal with such situations as they arise. Indeed, I have been informed that the technical help desk, which is crucial to identifying solutions when problems arise, is based in the Philippines. Therefore, as well as all the other issues when attempting to sort out technical problems, a significant problem is language difficulties. Will the Minister deal with that in

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her response? We have already heard in the debate about the job losses threatened and it is clear that the current support systems are inadequate.

The main concern that comes through from those directly affected is that there does not seem to be a fair and open process to deal with a postmaster or postmistress who it is believed might bear some kind of responsibility for a shortage in the accounts. The Communication Workers Union is regularly involved in such cases, even when they do not amount to the serious problems identified in earlier contributions to the debate.

The CWU postmasters branch informed me that it has seen the leaked report issued by the forensic investigator, Second Sight. Indeed, I understand that that report has been seen by many journalists and Members. One of the concerns is the lack of public scrutiny and the fact that these issues are not in the public domain. It seems that the contingent liabilities and the amounts of money involved over many years are significant. That is highlighted in the report and is not officially in the public domain. Indeed, it does not appear in any way in the annual reports and accounts that the Post Office has to publish.

There needs to be a much higher level of transparency because we are dealing with public money. The people who I have spoken to who have experience of the system accept much of what is in the Second Sight report. Their view is that there is not one single fault with the system, but dozens and dozens of things that make up the problem when one steps back and considers the system as a whole. The major cultural problem we seem to have is that the initial response from the Post Office, despite everything that we have heard today and all the representations made over many years, is that the individual is responsible if there is an issue. I hope the Minister will look seriously at that cultural problem. It is clearly significant. No one is fully clear on exactly why there are all these problems in the system, but all the evidence is that this is an extremely significant issue. It is resulting in low morale among those working in the system, and I hope she will respond fully to the matter.

**3.31 pm**

**Mr Kevan Jones (North Durham) (Lab):** First, I congratulate the right hon. Member for North East Hampshire (Mr Arbuthnot) on securing the debate. The Post Office spokesman on the “Today” programme said that some postmistresses and postmasters have lifestyle issues, but may I explain what it has meant for my constituent Tom Brown, who lives in Stanley in North Durham? He has lost his home and an investment property he owned. He has been declared bankrupt and he now lives with his son. His reputation has been dragged through the mud and he has lost in excess of £250,000. He has been a sub-postmaster for 30 years. He has been held up at gunpoint on five different occasions. In 2008, he informed the Post Office that there was a problem with the system. I know many other postmistresses and postmasters did that. He was told, “No problem. It will be sorted out.” At the next audit, he was accused of stealing £85,000. He was arrested by the police and his home and his car were searched, even though he had explained to the Post Office about the problems that had arisen. The police interviewed him. His reputation was dragged through the mud.

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As my hon. Friend the Member for Ynys Môn (Albert Owen) said, these people are known in their local communities, so they are not arrested quietly and without any publicity. The police dropped the case. There was no evidence to answer. The pernicious side of it was that the Post Office took him to court under its powers, accusing him of two charges of false accounting. It took until July 2013 for that to get to court. When it did, the Post Office offered no evidence and the case was thrown out.

Can the Minister say what the decision-making process was? Why was the Post Office pursuing prosecutions when the police had looked at some of these cases and found that there was no case to answer? The Post Office put these people through the further agony of being threatened with

court action, even though no action was taken when the cases reached court, because it had no evidence. Mr Brown is now in the mediation service and he has a date in the new year. His solicitors advised him, quite rightly in my opinion, to continue his legal action against the Post Office. Like the right hon. Member for North East Hampshire, I think the mediation service is a bit of a joke,

The arrogant way in which the Post Office is dealing with this issue is astounding. Just before the debate started, the Minister's Parliamentary Private Secretary passed a letter around from the chair of the working group on the mediation scheme. He said:

"I am limited in the information which I can give because the Scheme requires the cases to be treated confidentially."

What an arrogant way to address a Minister! Who does the Post Office answer to? That is a fundamental point.

This is a national scandal. The idea that more than 150 individual sub-postmasters and sub-postmistresses, who have worked tirelessly in their local communities, for decades in some cases, have suddenly all worked out that they can defraud the system is complete and utter nonsense. We have seen the scandal in the banking system of the way in which LIBOR and other things have been rigged. Those bankers have basically been slapped on the wrist and asked to pay a fine, but these individuals have not only had their reputations sullied, but in some cases they have been dragged through the courts and put in prison. Others, such as my constituent, Mr Tom Brown, have had their lives completely ruined.

I am sorry that I have to say this to the Minister, but it is now time for action. I have been a Minister, and I know that Ministers get a lot of flannel from civil servants saying what can and cannot be done, but I will give her a word of advice: if she is determined enough to want to sort this out, she can do it. What we need from this debate is a clear commitment from her to get the Post Office not only to admit the mistakes it has made, but to sort this scandal out. People's lives have been ruined—decent, honest and hard-working people. That is just not fair. If it happened in any other area of life, it would be a national scandal. It is a national scandal in my opinion. I am looking to the Minister to ensure that something gets done. If her civil servants come back and say she cannot do X, Y and Z, she should just keep challenging them.

**3.36 pm**

**Huw Irranca-Davies (Ogmore) (Lab):** In the short time available, I first thank the right hon. Member for North East Hampshire (Mr Arbuthnot) and those involved

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in his group for their hard work. I am dismayed that he and many of the group have lost faith. My sub-postmasters, who are outside that scheme, were pinning their hopes on a successful outcome that could point the way forward for them. They now feel exceptionally let down as well.

Sub-postmasters have been hung out to dry. They are either being accused of mass fraud—of being rogues—of mass stupidity—of being fools. I am not naive enough to believe that there are not some rogues out there. There might be some fools out there, too. There are enough in this place.



Even families have them, but the idea that there is mass criminality, mass fraud, mass stupidity, mass ineptitude or mass deception going on, worthy of some sort of criminal fraternity such as SMERSH or SPECTRE in James Bond or some society of clowns who cannot even add up—before Horizon, they certainly could add up; there were no problems before—stretches the bounds of the imagination.

In response to some of the points that have been raised, all but three of my sub-postmasters in Ogmire are deemed to be rural. I have three cases in a very small constituency. All three are different in their nature, but they all consistently say the same things. They have all had problems with the interface between Horizon and existing schemes. They have all had problems with downtime on Horizon during the period in which it was introduced, which messed up their calculations. The lack of support and training given when that happened was appalling. They all say that the subsequent lack of training and support when incidents arose was appalling. They have all had to dip into their own pockets, as sub-postmasters have to, to make good on this. That seems utterly bizarre. What business practice insists that they have to do that? All my sub-postmasters are outside any scheme. We were hoping that the scheme would give resolution, at least to those who were within the mediation scheme, and point the way forward. I refer the Minister to a debate on 9 July 2013, when she made her statement. I put that exact point to her then. I said that my people are not in the scheme or any future scheme. I had two cases at the time and I now have three. I ask the Minister again: where do they go?

I will concentrate on just one of the three cases. My constituent was asked in 2008 to repay more than £5,000 to Post Office Ltd as a result of discrepancies of the like we have heard about today. He claims that it was the fault of the Horizon computer system, but also the fault of a lack of training, support and follow-up when difficulties arose, which I suspect is exactly what the Second Sight report, when it eventually comes out in March or April, will say is happening. That is a pertinent point: it cannot just be the computer hardware. The lack of support and training, the downtime and the software interruptions are all pertinent, but they do not seem to have been taken into account.

My constituent had spotted the error some time before. His daughter says that he had somehow tried to adjust the matter by repaying more than £29,000 voluntarily to the Post Office. He was then investigated and suspended from his role. The Post Office may seek full repayment, which would amount to more than £70,000, and criminal charges have not been ruled out. His family describes him as a broken man. That is not good enough. What help will the Minister now give to those who have been let down by the mediation scheme? What will she do with the potentially hundreds of people who did not come forward initially and now also want to seek justice?

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**3.40 pm**

**Ian Murray (Edinburgh South) (Lab):** It is a great pleasure to serve under your chairmanship, Ms Dorries. I pay tribute to the right hon. Member for North East Hampshire (Mr Arbuthnot) for securing this debate. I cannot believe that this is his first Adjournment debate after 28 years of distinguished service in the House. It is probably better late than never given the content of his speech. I wish him well when he goes on to other things after May.

I am disturbed by what we have heard this afternoon. I have been involved in the matter since the Minister made her statement to the House last year, but we have heard troubling stories about people having their lives turned completely upside down through no fault of their own. I was particularly concerned by the story of my hon. Friend the Member for North Durham (Mr Jones), who will be a fantastic new leading Member for the Justice for Subpostmasters Alliance, about his constituent, Tom Brown. He gave 30 years' service to the Post Office, but he has now lost his home and lives with his son and has been declared bankrupt after losing more than £250,000, which has been described by the Post Office as a lifestyle choice. I hope that Post Office representatives, who will be watching this debate, will reflect on the stories that Members have described today and do something about this.

At the statement last year, I made the point that we welcomed the fact that the Post Office had recognised that there were problems with the Horizon system. At that point, it seemed that the Post Office would do something about it. Since then, however, nothing has been done. Like everyone else, I have in front of me the letter from Sir Anthony Hooper, the chair of the working group, the reverse of which details how the 150 cases have been progressing over the past few months. The information seems incomplete, and it would be useful to hear about the conclusions in the seven cases that have been mediated. Was it found that the Horizon system was incorrect? Was it found that the sub-postmaster lacked training or support? The conclusions and information need to be reflected back, perhaps privately, to the Minister and the working group.

I was struck by the contributions of the hon. Member for North West Leicestershire (Andrew Bridgen) and my hon. Friend the Member for Batley and Spen (Mike Wood), who made the point that the Post Office's contracts mean that sub-postmasters are completely responsible for any losses incurred. There is no carrot and stick approach in stealing from one's own business. Instead of robbing Peter to pay Paul, sub-postmasters would be robbing Peter to pay Peter because their contracts mean that they are completely responsible for the losses incurred.

The Second Sight report came up with some preliminary conclusions that are worth reflecting on in the context of today's debate. It found no evidence of system-wide problems, which causes me a great deal of concern because we continually hear about significant issues, which may point to deeper problems in the system if the professionals cannot find major problems. It found two incidents where defects or bugs in the Horizon software gave rise to losses of some £9,000 in 76 branches. It mentioned individual postmaster experiences when reporting problems and the lack of support and of a user forum. It described a lack of an outreach investigations

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function within the Post Office to investigate problems. It also mentioned problems with the trading period and the process for transactional corrections and that there was no "suspense account" option, which made it difficult for transactional corrections to be dealt with in a neutral manner.

I am concerned by the language used in this interim report. Conclusions have been made, but we continue to hear about the significant problems experienced by sub-postmasters up and down the country. We must also reflect on the fact that the Post Office was encouraging postmasters to break the law on accounting. Asking someone to allocate accounting to a different period in order to make up losses is creative accountancy.

More than 144 Members have supported the campaign. The right hon. Member for North East Hampshire has written to the Post Office to say that he has no confidence that the Post Office board is committed to finding a fair solution to this particular problem. The Post Office board must reflect on that, but the Minister has a role to play here. I agree with the hon. Member for North Durham that she must get a hold of the situation and find a conclusion to it. The more it goes on, the more we will hear of sub-postmasters ending up in prison or declaring guilt for something that they have not done in order to avoid a custodial sentence. That is not how justice works in this country and it is not how justice should be seen to be working.

I want to pose several questions to the Minister, and I will sit down early to allow her time to respond to the significant questions that have been asked during the debate. First, what is her response to the letter to the Post Office from the right hon. Member for North East Hampshire about the cases that were recommended for mediation by Second Sight? Can she confirm that that is happening? If so, what is the solution?

Secondly, what discussions has the Minister had with the Post Office about cases that have been refused mediation and where the sub-postmaster involved has previously pleaded guilty to allegations of impropriety? When people have been given custodial sentences or criminal records, those cases must be looked at seriously.

Thirdly, will the Minister take urgent action to resolve not only the outstanding cases, which we can see in the letter from the chair of the working group, but the cases described by hon. Members that have arisen since the closing date of the mediation scheme?

Fourthly, will the Minister address the JFSA's loss of confidence in the Post Office system, as highlighted in the letter from the right hon. Member for North East Hampshire?

Fifthly, what discussions has the Minister had with the Post Office and the prosecution services regarding the prosecution of sub-postmasters? Will she make a statement to the House regarding that?

Finally, do the Government have any further concerns regarding not only the Post Office's handling of the matter, but the Horizon system?

We must reflect on the horrendous worst-case scenarios that we have heard from hon. Members. I plead with the Minister really to get a hold of the matter, to answer Members' concerns, to do justice for the many hard-working sub-postmasters up and down the country who feel that they can no longer have confidence that things are being dealt with correctly and to ensure that such issues do not occur again.

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**3.48 pm**

**The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Jo Swinson):** I congratulate my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) on securing this debate on the review and mediation scheme relating to the Post Office and Horizon. He set out his concerns clearly and eloquently and cares passionately about the subject. He has worked

tirelessly over a long period of time on the matter, as have many other hon. Members present today. I appreciate hon. Members taking forward their constituents' concerns. Today's debate obviously follows on from the statement in the House of July 2013 and the important foundations laid and commitments made at that point.

I have listened carefully to the concerns expressed by hon. Members today and I recognise the real and genuinely distressing situations described and their concern for their constituents. I wanted to respond as thoroughly and fully as possible to the debate, so I was keen to get views on how the scheme was going from the working group. I contacted its chair, Sir Anthony Hooper, and received a letter back from him, copies of which I circulated to hon. Members present. I had placed it in the Library of the House yesterday, but, appreciating that not everyone would have noticed that that had happened, I thought it would be helpful to bring copies along today.

Sir Anthony Hooper is, of course, a Court of Appeal judge. He was appointed chair of the working group at the suggestion of the Justice for Subpostmasters Alliance. His appointment was welcomed by many hon. Members, including my right hon. Friend the Member for North East Hampshire, who I understand still has confidence in Sir Anthony as chair of the working group.

Sir Anthony Hooper has set out the confidentiality requirements clearly and, as such, was not able to have a discussion. He said that he could give only limited information—that was not Post Office Ltd, as the hon. Member for North Durham (Mr Jones) suggested, but the Court of Appeal judge. Sir Anthony has provided details of the number of cases and the progress made. So far, the scheme has received 150 applications, with 10 cases resolved before the scheme started, four applications rejected outright and a couple of cases resolved after investigation. The rest of the cases are working their way through the scheme and are at different points on the timeline. So far, 24 cases have been recommended for mediation by the working group, of which only two have not gone to mediation because the Post Office has not been happy to mediate—

**Mike Wood:** Will the Minister give way?

**Jo Swinson:** I will give way after the next sentence or two. I understand the concerns expressed by hon. Members, but two out of 24 is nothing like the figure of 90% that has been put forward. A basic principle of mediation is that both parties agree to it voluntarily, so that it can be entered into in the proper, constructive spirit.

**Andrew Bridgen:** Will the Minister give way?

**Jo Swinson:** I will give way to the hon. Member for Batley and Spen (Mike Wood) first. I will tally up the interventions.

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There would be no point in entering a mediation if one of the parties was adamant that it could not reach any possible positive outcome. Most of the cases recommended for mediation, however, are going to mediation.

**Mike Wood:** Is the Minister happy that the mediation process, which started on one basis, is now being interpreted on a completely different one by the Post Office? As a result, the vast majority of

cases listed as going through the process will be excluded and never get to mediation. Is the Minister happy about that?

**Jo Swinson:** I do not accept the premise of the question. The scheme was set up and it was agreed that any case could apply to the scheme, even those cases in which the individual had pleaded guilty to a charge. The working group, which is made up of representatives of the Justice for Subpostmasters Alliance through Second Sight, the Post Office, and its chair Sir Anthony Hooper, will consider the report from Second Sight about whether a case should go to mediation. As a result of the process, the cases then go to mediation, but it was never anticipated that every single case would do so. There is the point at which the working group considers it.

**Andrew Bridgen** *rose—*

**Mr Arbuthnot** *rose—*

**Jo Swinson:** I will give way to my hon. Friend the Member for North West Leicestershire (Andrew Bridgen) first, then to my right hon. Friend.

**Andrew Bridgen:** I do not know what the Post Office has been saying to the Minister, but it has been saying a different story to the MPs on the working group. We have heard examples of people losing everything in their life, but is she aware that one of the criteria for refusing mediation is the Post Office stating that the claim by a sub-postmaster for compensation is too high? In other words, if sub-postmasters have suffered a huge loss, the Post Office is using that as a criterion to exclude them from mediation—because their claim is too large, because they have lost too much.

**Jo Swinson:** At present, we are talking about only two cases in which that has happened—the Post Office has refused mediation in only two cases. Perhaps there is some degree of confusion, but Sir Anthony Hooper, the independent chair of the working group, provided that information. If hon. Members wish to challenge it, I will happily go back to Sir Anthony about the information provided. I have to work, however, on the basis that that Court of Appeal judge is providing me with accurate information. I hope hon. Members appreciate that.

I will now give way to my right hon. Friend the Member for North East Hampshire.

**Mr Arbuthnot:** To be clear, I have not lost faith in Sir Anthony Hooper as the chair of the working group. I have never said, however, that 90% of the cases have been rejected. I have said that the Post Office has recently argued that 90% of the cases should be rejected, and that that is where the breach of faith and the lack of straightforward dealing lies.

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**Jo Swinson:** This is slightly difficult territory, because the working group discussions are confidential. I do not go to those discussions or know what is said in them. I cannot find out what is said in them. Indeed, every party involved in the discussions is bound by confidentiality. So I do not know whether the information mentioned by my right hon. Friend is in fact accurate. That said, I point to the information that we do have from Sir Anthony Hooper, which is that even if what my right hon. Friend says is true and the Post Office has argued for some of the cases not to be mediated, none the less it has gone into mediation on them. In a sense, the point is slightly academic, although I

understand the concern on the part of hon. Members. I also take on board and take seriously the comments made by more than one hon. Member about the attitude of senior staff from Post Office Ltd to groups of MPs.

**Mr David Jones:** Looking beyond the issue of mediation, it is clear from what we have heard in the debate that a large number of people have had their life ruined because they adopted accounting practices on the basis of advice given to them by the Post Office. In other words, as I said in an intervention, the Post Office itself was counselling on procuring false accounting. Has my hon. Friend the Minister considered referring that matter to the prosecuting authorities?

**Jo Swinson:** My right hon. Friend is right to recognise that the accusation is a serious one—if true, it would be incredibly serious. It is difficult to know whether that is the case, which is why full investigation is needed. The hon. Member for North Durham made a clear challenge, and a fair one, about ensuring that we get some action and resolution on the issue. The point that I push back on is that many of the cases are incredibly complex, understandably so, because they are dealing with systems and many transactions—

**Mr Kevan Jones:** You're the Minister, do something!

**Jo Swinson:** In order to do something, what is required is independent investigation that is done thoroughly and forensically—

**Mike Wood:** Will the Minister give way?

**Jo Swinson:** I will finish the point, if hon. Members will allow me.

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The hon. Member for North Durham said “do something”, and in such a situation what I would normally propose doing is to get a team of forensic accountants to go through every scenario and to have the report looked at by someone independent, such as a former Court of Appeal judge. We have a system in place to look at cases therefore, but if particular cases can be mediated, that is an ideal solution. If during the course of the mediation or the investigations, any information comes to light that suggests that any of the convictions that have taken place are unsafe, there is a legal duty for that information to be disclosed to the individuals convicted and to their legal representation. I fail to see how action can be taken without properly looking in detail at every single one of the cases through exactly the kind of scheme that we have set up.

**Albert Owen:** I understand the difficulty of getting involved in the mediation, but will the Minister tell senior managers of the Post Office that they need to look at some of the specific accusations made against their staff of giving certain information to people who have ended up in court and in jail?

**Jo Swinson:** Absolutely. That is a serious accusation, and many serious issues have been raised in the debate and in correspondence that Post Office Ltd needs to look at and to respond to, perhaps to reassure itself that such things did not occur, or to look into whether they were the case and, if so, to take appropriate action. We do not for a second take lightly the issues raised today, but I caution against the expectation of some swift and easy magic solution. We have to look at the details and

the facts, and that has to be done forensically. That is why Second Sight, the team of forensic accountants, has been employed and why we have someone of the calibre of Sir Anthony Hooper to oversee the process.

**Mike Wood:** Will the Minister give way?

**Jo Swinson:** I will give way, but time is short.

**Mike Wood:** The Minister rightly sets great store by the involvement of Second Sight, but—

**Nadine Dorries (in the Chair):** Order. If the Minister wishes to wind up, there are only a few seconds to go.

**Jo Swinson:** I will take away the points made by hon. Members in the debate. I am sure that the issue is one that we can return to in future.