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Dear Darren,

POST OFFICE: COMPENSATION FOR HORIZON SCANDAL

I am writing to update you on the latest steps that the Government is taking to ensure that swift and fair compensation is made available to postmasters impacted by the Horizon IT Scandal, which began over 20 years ago.

Starting in the 1990s, the Post Office began installing Horizon accounting software, but faults in the software led to shortfalls in branches' accounts. The Post Office demanded sub-postmasters cover the shortfalls, and in many cases wrongfully prosecuted them from 1999 for false accounting or theft.

The members of the Group Litigation Order (GLO) performed a great public service by bringing the case in 2019 which exposed the scandal. That is why I was pleased that the Chancellor announced in March this year that further funding would be made available to ensure they receive similar levels of compensation to that which is available to their non-GLO peers. Today, I am announcing that the Government intends to make an interim payment of compensation to eligible members of the GLO, who are not already covered by another scheme, totalling £19.5m. Together with the share of the December 2019 settlement that we understand was distributed to the GLO postmasters, this brings the total of compensation to approximately £30m. Postmasters will be contacted in the coming weeks to submit an application, after which we aim to distribute the funds within a few weeks of receiving their application.

We are working towards delivering the final compensation scheme for the GLO and will be appointing Freeths to access the data and methodology they developed in relation to the distribution of the 2019 settlement. Freeths represented the GLO claimants and have vital knowledge and expertise based on their involvement in the case. This will allow us to work at pace on the design of a scheme.

Furthermore, I can confirm that members of the GLO group will be able to claim reasonable legal fees as part of participating in the final scheme. I hope that this will allay any concerns that they might have about meeting the costs of seeking legal advice and support when applying to the scheme.

Overturned Historical Convictions

I am pleased to report that interim payments for overturned historical convictions are progressing well. As of 29 June, there have been 75 overturned convictions, with the most recent convictions being overturned in recent weeks. The Post Office has received 74 applications for interim payments including several new applications in recent weeks. 67 offers have been accepted by and paid out to claimants, totalling nearly £7m paid out in compensation so far.

This marks significant progress, with 10 additional interim payments made to postmasters since I updated the Select Committee on 11 January 2022. For those postmasters who have already submitted quantified claims, we are working with Post Office to agree part payments of agreed elements of claims, such as loss of earnings, wherever possible, and will continue to do so with additional claims which are submitted. Taking this step should enable us to avoid undue delays in awarding partial compensation while outstanding matters are resolved.

I acknowledge that one area which Post Office and postmasters have found challenging in agreeing compensation is non-pecuniary damages, some of which reflect the wider impact on postmasters' lives that these wrongful convictions have had. These include compensation for the loss of their liberty or impacts on their mental health. A number of the postmasters have agreed to refer this issue to the process of Early Neutral Evaluation, to be conducted by former Supreme Court Judge, Lord Dyson. It is hoped that this evaluation will facilitate the resolution of these issues. Government stands ready to support the delivery of the Early Neutral Evaluation process and is keen to ensure that the outcomes of this process enable swift compensation.

Historical Shortfall Scheme

As of 23 June, 65% of eligible claimants have now received an offer, meaning £29m has now been offered and that 444 further postmasters have been offered compensation since my last update to the House. I have set the Post Office the ambition to make 100% of HSS offers by the end of the calendar year and the Government is working closely with Post Office to achieve this.

I would like to thank you and your Committee for your interest and support on this important issue.

Yours sincerely,



PAUL SCULLY MP

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