

Business and Trade Committee
House of Commons
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Dear Members,

Post Office Horizon Compensation

The Business and Trade Committee has shown an interest in Post Office issues and especially progress on compensation for individuals affected by the Horizon IT issues. Members will have seen the letter that I have sent to all colleagues. I will continue to keep the Committee informed of progress across the compensation workstreams. I'm pleased to provide you with an update on compensation for postmasters who were wrongfully convicted on the basis of Horizon evidence and have seen or will see their convictions overturned.

Members are already aware of the longstanding Horizon IT system issues. Starting in the late 1990s, the Post Office began installing Horizon accounting software, but faults in the software led to shortfalls in branch accounts. The Post Office demanded postmasters cover the shortfalls, and in many cases wrongfully prosecuted them between 1999 and 2015 for false accounting or theft. We now know that Horizon data was unreliable. Government has provided funding to Post Office to make upfront interim payments of £163,000 to eligible postmasters who have their convictions overturned as well as funding for full and final settlements.

The Government and the Post Office have been clear that we want to see the victims receive swift and fair compensation. I have been monitoring the delivery of compensation to those with overturned convictions, where £21 million has been paid to date. While good progress has been made in upfront interim payments and non-pecuniary (personal) damages, progress on pecuniary (financial) damages has been slower. I have announced in the House today that the Government has decided that postmasters who have their convictions on the basis of Horizon evidence overturned should have the opportunity upfront to accept an offer of £600,000 in full and final settlement of their claim. To be clear, this upfront offer is available to those postmasters whose convictions were overturned as they were reliant on Horizon evidence at the time. This payment will be made net of any sums already received, such as interim payments and partial settlements, to settle the claim fully.

Any postmaster who had their conviction overturned as it was reliant on Horizon evidence and has already reached a settlement with the Post Office for less than £600,000 will be paid the difference. Post Office is contacting the legal representatives of eligible postmasters to inform them of this offer. I appreciate some details will need to be worked through, such as how long the upfront offer remains open for. I am committed to consulting the Horizon Advisory Board on this matter to make sure we get this right but did not want to delay informing postmasters that there will be an optional quick and straightforward route to settlement.

Those postmasters who have been wrongfully convicted have suffered severe impact on their lives, as well as significant financial losses. It is right that Government recognises that postmasters have suffered gravely in relation to the Horizon scandal, and for too long and should be able to settle their claim swiftly, if they wish. Any postmaster who does not want to accept this offer can of course continue with the existing process. It will therefore be completely optional to accept the offer of £600,000 and Government will continue to fund the legal costs of these postmasters to ensure they receive independent advice ahead of making a decision. But we hope that the change that I am announcing today will provide more reassurance and quicker compensation to those postmasters who would prefer this option.

Some postmasters may not wish to accept this offer upfront, in which case it remains open to that individual to settle their claim via individual assessment with the Post Office. Government and Post Office are committed to handling these claims as quickly as possible. Post Office has been engaging with legal representatives on the principles and process for assessing pecuniary claims to moved to a remediation model of claim assessment involving an independent assessor. This approach will bring greater transparency to the existing process and aims to support swifter formulation and settlement of claims.

We know that there were hundreds of postmasters convicted during the period Horizon was in use. Post Office has contacted over 600 postmasters to help them to appeal their conviction and this work was later taken over by the Criminal Cases Review Commission as an independent party. However, only 86 convictions have been overturned to date, we recognise there are a number of postmasters who have not yet sought to appeal their conviction. It is for the Courts to decide whether a conviction is unsafe but we encourage all postmasters who think their conviction may be unsafe to come forward and start the process. We hope that being transparent about the level of compensation available via a straightforward route will make the appeal worthwhile.

I am committed to keeping the Committee updated on progress made in delivering Post Office compensation. With regard to compensation for those with overturned convictions, £21 million has been paid to date. The Post Office has made offers to all 73 formerly convicted postmasters who have submitted a claim for non-pecuniary damages, which are non-financial personal losses. Awards for non-pecuniary damages are guided by Lord Dyson's Early Neutral Evaluation. With regard to pecuniary damages, which are financial losses, only 21 claims have been submitted to date and Post Office has made offers to 12 of these, 5 of which have been accepted. To date, £79 million has been paid under the Horizon Shortfall Scheme, with offers made to 99% of the original cohort of applicants. Post Office has made offers to 58% of eligible late claims. Then, under the Group Litigation Order Scheme, the Department has paid £22 million to date. The Department announced interim payments in June last year and 99% of claimants have received the share of the £19.5 million they are entitled to. The scheme opened for full applications in March this year – to date, 32 claims have been submitted and the first settlements have been reached.

As I mentioned in my letter to the Committee in June, I am pleased to inform you that my Department will be publishing data online regularly on the progress of compensation delivery online.

I am committed to seeing these longstanding Horizon issues resolved, learning what went wrong through the Post Office Horizon IT Inquiry, and ensuring something like this can never happen again.

Yours ever,

A handwritten signature in black ink, appearing to read 'Kevin', with a stylized flourish at the end.

Kevin Hollinrake MP
Minister for Enterprise, Markets, and Small Business
Department for Business and Trade