

International Distributions Services

Rt Hon Liam Byrne MP
Chair of the Business and Trade Committee
House of Commons
London
SW1A 0AA

Royal Mail Headquarters
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14th May 2024

Dear Chair,

Thank you for your letter of 1st May to Emma Gilthorpe concerning recent reports about counterfeit stamps in circulation. As Emma only started work with Royal Mail on that day, and I remain as Acting CEO of Royal Mail while she spends some time getting to know the business, I hope that you will permit me to reply on Emma's behalf.

The challenge of counterfeit stamps is a global issue, one that postal authorities in most countries with a thriving online retail market are grappling with. In the UK, Royal Mail has taken strong proactive action to tackle the problem, and we have made huge progress in protecting our customers and our revenues. We remain absolutely committed to ensuring that customers can buy and use stamps with confidence.

The scale of the challenge

The number of counterfeits we see in our network is reducing rather than growing. As a result of our interventions, we have achieved a significant reduction. Counterfeit stamps now account for a fraction of a per cent of the c.450 million stamped items in our network annually, having declined by c.90% since the introduction of barcoded stamps. This has been achieved through a series of interventions we have made. As well as the introduction of unique barcodes on Definitive stamps, these measures include added security features, increased activity to target the criminal supply of counterfeit stamps, and surcharging items that have been sent using counterfeit stamps. These actions have significantly disrupted the criminals' activity. Although this is a huge step forward, we are not complacent and there is more to be done.

Tackling the supply of counterfeit stamps

We continue to work with law enforcement agencies to disrupt the manufacture and wholesale distribution of counterfeit stamps both in and outside the UK; and to prevent such stamps entering the market by seizing them prior to entering the mail pipeline or sales outlets. We have good relationships with Border Force, the National Crime Agency, City of London Police, local police forces and Trading Standards teams, but we know that they have many competing priorities. We would, of course, welcome any additional resource that could be directed to help spot counterfeit stamps entering the UK, and to help us tackle the wholesale distribution of these stamps that only profit criminals.

Most counterfeit stamps are sold online. We work closely with a number of online platforms to monitor, identify and remove such products from sale. Thousands of such listings have been removed from online sites as a result.

Surcharges

I know that customers need certainty that the stamps they purchase, and use, are genuine, and that concerns have been expressed about the surcharging of items posted using counterfeit stamps. Surcharging provides an important deterrent and is used by postal authorities in many countries. It is vital that Royal Mail and the UK are seen not to tolerate counterfeiters who mass produce, and illegally profit from, these illegitimate stamps. The deterrent effect



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of a surcharge has been another important factor – in addition to the success of barcoding stamps – that has helped to reduce the number of counterfeit stamps so significantly.

Between July 2023 and March 2024 inclusive, surcharges were paid on c. 158,000 items sent using stamps identified as counterfeit. The surcharges amounted to c.£686,000. Royal Mail does not profit from these surcharges, they cover our costs and forgone revenue.

I would encourage any customer who considers that a surcharge has been unjustly applied to a counterfeit stamp to seek a review with us. This can be done through either our Customer Experience phoneline or our website. We will always look again at the specific example. If an error has occurred, we will put things right.

Building customer confidence

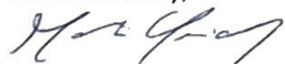
We are taking additional steps to build customer confidence, while maintaining pressure on the criminals who seek to profit from mass producing counterfeit stamps. These include:

- **The development of a new counterfeit stamp scanner in the Royal Mail app** to enable customers to scan stamp barcodes and check for themselves whether a stamp is genuine. The app enhancement is in development and will also be available to retailers who may wish to check their products before selling them. The Royal Mail app has already been uploaded to more than 14 million phones, so I believe that this will be a significant step forward.
- **The introduction of a new, independent, stamp expert to verify** whether a stamp is genuine as part of our escalation process for customer complaints. This process will be fully independent, and their judgement binding on Royal Mail.
- **Increased partnership working with retailers** and online marketplaces to jointly stop the sale of counterfeit stamps.
- **Enhanced public awareness on the issue including revised guidance and advice on our website and social media activity** to provide advice to customers on how to protect themselves from inadvertently purchasing counterfeit stamps. The dedicated section of our website can be found here: royalmail.com/counterfeitstamps where customers can find advice and report suspected cases of the sale of counterfeit stamps online or in stores. Such information helps Royal Mail and law enforcement agencies to take appropriate action.

Whilst the new counterfeit stamp scanner is in development, we will continue to apply a sticker to all mail sent with a counterfeit stamp. However, we have temporarily paused the collection of the surcharge from recipients until the app is fully deployed. At the same time, we have increased our efforts to charge the sender of items posted with a counterfeit stamp, wherever possible.

The production and wholesale distribution of counterfeit stamps is a purely criminal activity. Royal Mail is working hard to reduce the availability of such stamps, and to help our customers to avoid inadvertently buying them.

Yours sincerely,



Martin Seidenberg
Group Chief Executive

cc. Emma Gilthorpe, Royal Mail

