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2nd September 2022

POST OFFICE HORIZON: GLO EX GRATIA PAYMENT SCHEME

Government has already promised that the postmasters who brought the Group Litigation Order (GLO) case against the Post Office will receive additional compensation. I am writing to you, as promised by my predecessor Paul Scully, to seek your views about options for the scheme which we propose to deliver those payments.

Our aim in establishing a scheme and making these ex gratia payments is to provide you with compensation similar to that available to others affected by the Horizon scandal. However, I appreciate that the scandal began more than twenty years ago, and I know that no amount of money can turn back the calendar.

This initiative is only one part of the Government's efforts to remedy the consequences of Horizon. The Post Office's Chair, Tim Parker, has rightly already [apologised](#) to those affected when the Post Office got things wrong, and both he and Post Office's CEO Nick Read have given a commitment to learning lessons from these events. The Government has commissioned Sir Wyn Williams to lead a public inquiry to understand what went wrong, and assess whether lessons have been learned and whether concrete changes have taken place, or are underway, at Post Office Ltd. You can find out more about the Inquiry here: <https://www.postofficehorizoninquiry.org.uk/>.

GLO members who have quashed convictions for Horizon-related offences already have access to compensation alongside their non-GLO peers. This letter sets out the options which we are now considering for delivering compensation for GLO members who were not convicted of criminal offences, and seeks your views.

Options for our compensation scheme

The broad options which we are considering for delivery of compensation are

1. A scheme closely modelled on the Post Office's Historical Shortfall Scheme (HSS) which was offered to postmasters who were not members of the GLO, and had not been convicted of a Horizon-related offence. Fresh applications would be required.
2. A scheme which so far as possible uses the information which you and your legal advisors prepared for the High Court case and builds on that to ensure enough evidence is available properly to assess compensation. An independent case facilitator would work

with your lawyer and our advisors to seek a solution, with assessment by an independent panel of experts. BEIS would meet your reasonable legal costs involved in the process.

I attach short summaries of each approach. Each of them could be delivered by either BEIS and its advisors or potentially, subject to its agreement, Post Office.

However we choose to deliver the scheme:

- It will apply established legal principles to take account of the range of impacts on you of the Horizon scandal. Those may include Horizon shortfalls, loss of income, consequential losses, distress and inconvenience and any effects on your health. Either approach would seek to provide appropriate compensation which fairly compensates the claimant for the loss and damage they suffered;
- Decisions on compensation offers will be made by an independent panel;
- The process need not cost you anything.

Seeking your views and subsequent steps

We would welcome

- Your views on the choice between the delivery options outlined above.
- Your views on whether the scheme should be delivered by BEIS, or potentially whether you would consider it being delivered by Post Office.
- Your comments on the attached outlines of the two options.
- Any barriers you foresee that could inhibit you from participating in the scheme

Please let us have your views by 26 September to glocompensation@beis.gov.uk. We will consider your preferences alongside other factors such as cost, practicality and timing. We hope to announce the selected approach before the end of 2022.

Timing of compensation will depend on which approach is adopted, but either approach would involve the procurement and mobilisation of advisors. We will only be able to invite claims once those processes are complete. **You should not send us an application now.**

We will aim to make payments as quickly as possible. In any case, under the terms of the legislation all payments must be made by 7 August 2024 – but we shall aim to get them done much faster than this.

Getting legal advice

To help you with your application, you may want to engage legal advisors now. We will publish details of cost allowances which are aimed at covering claimants' reasonable legal costs and would therefore **strongly advise you not to engage any lawyer who asks you to pay them, either now or when you receive compensation** – as this may mean your eventual compensation would be reduced by legal costs which you would not be able to recover.

Option 1: scheme similar to HSS

Postmasters who were not members of the GLO, and had not been convicted of a Horizon-related offence, were able to apply to the Post Office's Historical Shortfall Scheme (HSS). Option 1 envisages a similar scheme for non-convicted GLO members.

The HSS is designed to be a straightforward scheme in which applicants do not require legal support. Applicants complete a claim form, with the aid of available guidance on different heads of loss, which is then initially reviewed by Post Office and its legal advisors, who seek extra information from applicants where needed. Applicants are also able to request further information from Post Office to support their claim.

Claims are then individually assessed by an independent advisory panel including a legal expert, a retail expert and an accounting expert. The Panel review the claims, including all supporting documentation, applying agreed principles to make a recommendation to Post Office for the fair outcome on the facts of each case. Having reviewed the recommendation, Post Office then writes to the applicant setting out the outcome of their application.

Applicants are offered up to £1,200 (inclusive of VAT) to obtain legal advice to help them consider the terms of their offer. In cases where Post Office offers to pay the applicant's claim in full (or largely in full), Post Office will instead contribute a sum of £400 (inclusive of VAT.)

If the applicant is dissatisfied with the outcome of their application, they can query or dispute the offer. This means entering into the Dispute Resolution Procedure (DRP).

The first two stages of the DRP, the Good Faith Meeting and the Escalation Meeting, provide an opportunity for the Post Office and its legal representatives to engage with an applicant who has rejected the Post Office's offer to explain the rationale behind the offer and to consider any additional evidence provided by the applicant.

If the applicant does not wish to accept the offer following the Good Faith Meeting, they have the option to request an Escalation Meeting with a senior manager from the Post Office, who will further consider the claims, any new evidence and seek to negotiate a mutually acceptable outcome. However, if the dispute remains unresolved after these first two stages, either party can then refer it to independent mediation provided by the Wandsworth Mediation Service.

The scheme is overseen by a Steering Committee which includes representatives of BEIS, UK Government Investments (the Government's advisors on corporate issues) and HM Treasury. BEIS and UKGI monitor progress in the scheme to help to ensure that compensation is delivered in a timely and fair way. Officials also carry out a weekly case review to ensure that the Independent Panel assesses claims fairly and consistently.

There are more details about the HSS [here](#).

A similar scheme for GLO members could be operated by BEIS and its advisors or potentially, by Post Office. We are considering these as separate options.

Because of constraints in the legislation under which compensation is being paid, all payments must be made by 7 August 2024. In the very unlikely event that these processes do not lead to consensus as this deadline approaches, to avoid any claimant being entirely "timed out" of compensation, BEIS would pay compensation in line with its own assessment. However, the scheme will be run with the strong intention of concluding all claims well before this date.

Option 2: scheme using information prepared for High Court case

This approach has been developed following extensive discussions with the Justice for Subpostmasters' Alliance (JFSA) and its advisors. We're grateful for the help they have given us.

The description below assumes that the scheme is delivered by BEIS and its advisors. It could also potentially, be delivered by Post Office.

The option has been designed to minimise the effort and stress involved in applying for compensation by enabling you to have your legal advisors develop your claim based on the documents which you submitted for the High Court case and building on those where necessary. Those core documents are currently held by Freeths. If you choose a different legal advisor, Freeths will (with your consent) pass those documents on to them. Your legal advisor will submit those documents – with any updates or additional information you wish to offer – plus a form setting out your claim.

Throughout the process we envisage that you and your lawyers will have access to a password-protected internet portal through which you will be able to see all documents being considered in relation to your claim.

The scheme will take a flexible and sympathetic approach to evidence of shortfalls, recognising that many postmasters will have limited proof of what they lost. A similar approach has worked well under the Historical Shortfall Scheme for postmasters outside the GLO group. We shall take a pragmatic but fair approach to many of the other types of claim which you might want to make.

Each claim will be managed by an independent claims facilitator who will help to coordinate the case and use their skills to help to identify issues and resolve them. They will work with the legal advisors for you and for BEIS to seek additional information from you or the Post Office where needed, and prepare a report on your claim and BEIS's response. You will be able to see that report as it is developed through the portal. The facilitator won't assess the level of compensation, but will try to bring both sides together to achieve a mutually acceptable resolution.

The report will be considered by an independent panel which we envisage will include a lawyer, a retail expert and a forensic accountant. Based on the report and the case documents, the panel will produce a recommendation, with explanations, which you will also be able to see on the portal.

If both you and BEIS accept the panel's recommendation for compensation, it will be paid promptly. If either party disagrees with any part of the recommendation, they can set out their reasons and the claims facilitator will attempt to resolve the issue and provide a second and final report to the panel who will make a final recommendation.

Either party can seek exceptional review by an independent senior individual if it considers that there has been manifest error or irregularity on the part of the Panel, and the facilitator is unable to resolve this. Such a review would be based on short written submissions identifying the error or irregularity. The findings of this individual – possibly a retired judge or a leading QC – will be final, and the basis upon which the ex gratia payment will be made.

As with option 1, because of constraints in the legislation under which compensation is being paid, all payments must be made by 7 August 2024. In the very unlikely event that these

processes do not lead to consensus as this deadline approaches, to avoid any claimant being entirely “timed out” of compensation, BEIS would pay compensation in line with its own assessment. However the scheme will be run with the strong intention of concluding all claims well before this date.

BEIS will pay for the costs of the panel, the independent claims facilitator and any expert evidence which the panel agrees is necessary. BEIS will also pay for your reasonable legal costs – so the whole process **need not cost you anything. We strongly advise you not to engage any lawyer who asks you to pay them, either now or when you receive compensation** – as this would mean your eventual compensation would be reduced by legal costs.

If the scheme were to be delivered by BEIS, Post Office Limited would not be involved in assessing claims nor in deciding how much compensation should be paid. Its role would be limited to providing documents and information that are reasonably necessary to help assess the value of the claim.

The scheme would be overseen by a Steering Committee including independent members as well as representatives of Government. Only if the scheme were to be delivered by Post Office would they be represented on the Steering Committee.

We have prepared a further note describing the scheme in more detail. It is intended for legal advisors, but you are welcome to read it on the JFSA’s website here: <https://www.jfisa.org.uk/resources.html>.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Jane', is centered on the page.

JANE HUNT MP

Minister for Small Business, Consumers & Labour Markets