HORIZON SHORTFALL SCHEME: INDEPENDENT SENIOR LAWYER

FIRST REVIEW

REVIEW OF UNEVIDENCED SHORTFALLS PROCESS

SUMMARY

The Horizon Shortfall Scheme ("the Scheme") is a redress scheme for Post Office Limited ("Post Office") postmasters who suffered losses due to a shortfall in stock or cash at their branch compared with the amount of stock or cash indicated on Horizon for that branch, where the shortfall may have been caused by Horizon or a breach of duty related to such a shortfall on the part of Post Office ("Horizon-related shortfall"). Applicants are ineligible for the Scheme if they are eligible to participate in either the Horizon Convictions Redress Scheme (because they have a Horizon-related conviction) or the Group Litigation Order Scheme (because they were a party to the High Court Group Litigation Order proceedings against Post Office which settled in 2019). The Scheme closed for new applications on 31 January 2026.

The Scheme is administered by Post Office, but funded by the Department for Business and Trade ("DBT").

In December 2025, I was appointed Independent Senior Lawyer ("the ISL") to review any generic issues arising under the Scheme; and, if appropriate, make recommendations to ensure that the actions of Post Office are consistent with the terms of the Scheme and with a view to ensuring full, fair and prompt redress within the Scheme and, as far as possible, across the Horizon redress schemes as a whole.

This is the first referral to the ISL. The referral was made by Post Office and DBT following concerns they had had about the approach to the eligibility criteria for the Scheme, and notably the particular challenges faced by groups of claimants in providing evidence to show that they had a Horizon shortfall.

I considered these concerns, in the context of the Scheme as a whole, and made recommendations to address them and other concerns which I had upon considering these aspects of the Scheme.

In particular, I made recommendations for (i) the inclusion of a final *independent* review before a claim under the Scheme is rejected, (ii) an effective reversal of the burden of proof in showing a Horizon shortfall in claims made on behalf of deceased postmasters or postmasters who lack legal capacity, (iii) clearer guidance to those assessing evidence at various stages of the process, and (iv) changes in terminology so that terms used are clear and more descriptive.

Those recommendations were accepted by Post Office and DBT, who produced a proposed amended process, upon which I made suggestions to ensure clarity, which again Post Office and DBT accepted. I attach as an Annex the process as proposed by Post Office and DBT following this review.

On the basis of this document, in my view, the Scheme would have a process for determining whether eligibility criteria are met which is robust, fair and proportionate, and which complies with the overarching commitments of the Post Office and DBT towards Horizon postmasters who have (or may have) suffered Horizon-related shortfalls and are not eligible for any other Horizon redress scheme.

THE REVIEW

The Current Scheme: Overview

1. The Eligibility Criteria for the Scheme include that the application "must relate to shortfalls [i.e. any shortfall, whatever the amount] which arose in respect of" identified versions of Horizon. This report focuses on that criterion which, in most applications, is critical to eligibility under the Scheme.

2. In its request for this review, DBT said that the aim of the Scheme is "to give genuine claimants the best chance to provide evidence, without creating an onerous process, while minimising the success of any claims which may not be legitimate". That identifies two aims of the scheme, each understandable and entirely proper, but also potentially in tension.

3. First, the Scheme is designed to enable applicants to satisfy the Scheme's entry criteria. The Scheme does not offer any assistance to applicants in relation to the funding of legal advice: it is intended to operate without legal intermediaries, but rather with self-represented applicants. Therefore, the process is designed so that the entry criterion of the postmaster having suffered some loss due to Horizon-related shortfall can be satisfied without imposing more than the minimum necessary burden on that postmaster.

4. That has to be seen against the backcloth of the Horizon scandal and, in particular, the wider principles to which Post Office has committed in relation to Horizon redress including a commitment to "deal with all Applicants in good faith and in the light of the lessons learned from Mr Justice Fraser's judgments in the group action" (Paragraph 10 of the Scheme's Terms of Reference); and to "ensuring that everyone who was impacted by the Horizon scandal receives full and fair financial redress as soon as possible" (Post Office invitation to potential claimants to apply to the Scheme).

5. What is meant by "full and fair financial redress" is the subject of a Joint Statement by Post Office and DBT published on 9 October 2025. So far as "fairness" in this context is concerned, it says (amongst other things):

> "• Fairness requires an acknowledgement of the lack of evidence held by postmasters. The passage of time means that some evidence has not been retained; and during the scandal, the Post Office in some cases wrongly withheld or destroyed it. Wherever it is fair in the particular circumstances of each case, postmasters should receive the benefit of the doubt.
>
> • Ultimately, fairness also depends on the particular circumstances of each postmaster's case. When considering claims, a range of factors should be examined, considered in the round and assessed on their own merits, ensuring fairness in each individual case. At the same time, the schemes should aim for broad consistency in redress awards where claimants have endured similar experiences."

6. This recognises (i) the importance of consistency between awards, so that fairness as between postmasters is maintained, (ii) that what is "fair" for a particular postmaster is necessarily case-specific, i.e. it is dependent upon the assessment of all the evidence in the particular case in its full context; and (iii) that there may be a paucity of evidence in relation to (e.g.) whether a postmaster suffered a Horizon-related shortfall and, consequently, where fairness dictates, "postmasters should receive the benefit of the doubt". As I understand the term "benefit of the doubt" as used here, it does not mean

(as it often does) that there is any form of reversal of the burden of proof or change to the standard of proof; but rather that a claim should not be refused simply because of a paucity of evidence – or, put another way, the balance of probabilities test might be satisfied by less evidence than might be necessary in other contexts. In this Review, unless the contrary appears, I shall use the term in that way.

7. Second, the Scheme is designed to comply with the substantial and important obligations of DBT (and, particularly, its Accounting Officer) in respect of public resources, including the duty to prevent fraud and misuse of public funds and the duties of those involved in handling public resources to work to the high standards of probity expected by Parliament and the public.

The Current Scheme: Process

8. There are two routes of redress under the Scheme, at the choice of the applicant, namely (i) a full individual assessment ("full assessment"), or (ii) a £75,000 Fixed Sum Offer ("FSO").

9. If the applicant chooses full assessment, briefly:

   (i) Post Office conducts an analysis of the data it holds relating to the relevant branch to identify the Horizon Shortfalls suffered by the postmaster, i.e. a "Shortfall Analysis" (or "SFA"), which takes on average 30 hours to produce;

   (ii) the claim is referred to an Independent Advisory Panel ("the IAP") which assesses both shortfall losses and consequential losses (i.e. financial and non-financial losses other than shortfall losses) in accordance with published principles and standards, before making a "fair outcome" recommendation;

   (iii) whilst Post Office in practice accepts all recommendations, if an applicant is not satisfied with the outcome, then they may (a) dispute it through the Scheme's Dispute Resolution Process which includes mediation; (b) appeal it through an independent Horizon Shortfall Scheme Appeals ("HSSA") process run by DBT; or (c) accept the FSO of £75,000.

10. If the applicant chooses the FSO route, then, subject to complying with the Eligibility Criteria, they receive a tax-free sum of £75,000. As I have already indicated (paragraph 1 above), the Eligibility Criteria include that the application "must relate to shortfalls [i.e. any shortfall, whatever the amount] which arose in respect of" identified versions of Horizon. It is binary in the sense that, if the criterion is met, the applicant will receive £75,000; if it is not met, the applicant will receive nothing.

11. Because

   (i) the *amount* of any shortfall is irrelevant for an FSO;

   (ii) an SFA is time consuming and expensive to produce;

   (iii) the events relating to any shortfalls occurred many years ago, and there is often an understandable paucity of relevant documentation/data now available; and

   (iv) the nature of the FSO, in which an accepted shortfall of any amount triggers the payment of £75,000, gives rise to a substantial risk of fraudulent claims

   in pursuance of the aims of the Scheme, Post Office have developed a sophisticated process for determining whether this eligibility criterion has been met, called "the Unevidenced Shortfalls Process" or "the USP".

12. The USP currently has four stages which are, as I understand them to be, as follows.

USP Stage 1: SFI

13. The first stage is an analysis of data which is quicker and simpler than an SFA, and is known as “Shortfall Identification “or “SFI”. Post Office checks two sets of its own data:

    (i) Network Data Analysis (“NDA”) data comprise an extract of Horizon transaction data used to identify the relevant shortfall transactions in a branch.

    (ii) Transaction Correction (“TC”) data comprise a summary of the narratives of telephone calls between the branch postmaster and the Post Office finance team to resolve queries or apparent errors including formal logs of credit and debit adjustments issued to a branch to correct apparent accounting errors which provide a means of identifying non-Horizon causes for the shortfalls found from the NDA data.

    As these are Post Office’s own data, they do not require any input from the applicant.

14. However, the use of these data in this way has two recognised limitations:

    (i) Post Office does not hold NDA data for the period before 30 June 2005, and so SFI can only be used to verify claims relating to the period after that date.

    (ii) Postmaster contracts required them to make good shortfalls. Some postmasters made good any apparent shortfall so that the system did not record any shortfall.

    Therefore, in respect of a particular claim, there may not be any available NDA data, so that an SFI review is not possible.

15. Where an SFI review corroborates a shortfall from the NDA data for which there are no corresponding TC data, an FSO is made. Where the SFI review:

    (i) does not corroborate any shortfall; or

    (ii) only identifies a shortfall which the TC data indicate is non-Horizon-related; or

    (iii) is not possible because of a lack of NDA data

    the process moves to stage 2.

<u>USP Stage 2: SFI Plus</u>

16. If the SFI review is not determinative, then some (but not all) elements of the SFA process are adopted, focusing on identifying any shortfall and whether a non-Horizon root cause can be identified for any such shortfall known as “SFI Plus” or “SFI+”.

17. In addition to the NDA and TC data, the following further Post Office records are reviewed:

    (i) branch files;

    (ii) SharePoint searches;

    (iii) pre-2005 deductions from remuneration;

    (iv) customer account data; and

    (vi) Network Business Support Centre logs.

    Again, these involve only Post Office’s own data and they do not require any input from the applicant.

18. Where an SFI+ review corroborates a shortfall for which no non-Horizon root cause is evidenced then, again, an FSO is made. Where the SFI+ review:

    (i) does not corroborate any shortfall; or

(ii) only identifies a shortfall which the TC data indicate is non-Horizon-related

the process moves to stage 3.

USP Stage 3: Written Testimony

19. If no Horizon-related shortfall has been identified from the SFI and SFI+ reviews, the process moves to the testimony assessment stage, which does require engagement by the postmaster. It is in two parts.

20. First, Post Office will assess the written evidence, and determine whether it is what is called "Strong Testimony". "Strong Testimony", as used in the Scheme, is a term of art defined as credible evidence regarding any shortfall.

21. If the written evidence is assessed as "Strong Testimony", then an FSO will be made. If it is not, then the case proceeds to stage 4 (Oral Testimony).

USP Stage 4: Oral Testimony

22. This involves a member of the Post Office Remediation Contact Centre contacting the applicant by telephone and asking them a series of questions regarding the shortfalls they allege they suffered designed to give the claimant a full and proper opportunity to give oral evidence supportive of their claim with "the benefit of the doubt" as described above.

23. The call note (and, exceptionally, the call recording) is then, with the other available evidence, reviewed by the FSO Testimony Team. If the aggregate of the evidence at this stage is assessed as "Strong Testimony", then an FSO will be made. If it is not, then a "nil offer" is made, i.e. the application is effectively refused.

24. It is said that, at this stage: "Testimony is reviewed holistically – that is, to be considered 'Strong', testimony should not be directly contradicted by other available evidence e.g. from the SFI+ investigations…". My understanding of "holistic", as used here, is that the written and/or oral evidence provided by the applicant is to be viewed, not discretely, but with all of the other available evidence and in the context of all the circumstances of the particular case including those deriving from the Horizon scandal (e.g. recognising the challenges to the applicant of paucity of evidence and giving them the benefit of the doubt).

Concerns about the Current Scheme and Recommendations for Change

25. Following the referral, as I have indicated, I made recommendations, which have been accepted by DBT and Post Office; and the USP has consequently been revised to take these recommendations into account. In these sections of the Review, I explain my recommendations and the changes which have been made a result.

26. DBT referred the USP to me as ISL because DBT and Post Office were concerned that the process, as generally robust as they considered it to be, might unfairly prejudice certain claimants who cannot reasonably be expected to provide the same degree of specificity of evidence as others, namely:

(i) applicants who represent the estate of a deceased postmaster;

(ii) applicants who make an application on behalf of a postmaster who lacks mental capacity; or

(iii) postmasters whose last date of service was on or before 30 June 2005 for whom there are no NDA data.

In the documents, these are referred to as "Exceptional Circumstances".

27. Consequently, Post Office and DBT considered changes to the USP to ensure that applicants who may not reasonably be expected to provide evidence of the specificity that make it “Strong Testimony” are not unfairly disadvantaged by the process.

28. Three changes were considered.

29. First, Post Office identified the three categories of applicant referred to above, whom (it considered) it may not be reasonable to expect they will be able to provide Strong Testimony in the same way as other applicants. Where a case falling into one of these categories fails the Strong Testimony test, and so would otherwise be given a nil offer, it was proposed that Post Office would issue an FSO “subject to a holistic review of the applicant’s testimony providing satisfaction that on the balance of probabilities the [postmaster] suffered one or more Horizon-related shortfalls within the in-scope period”.

30. Second, if no FSO were issued by Post Office at the end of the above process, it was proposed that the application would then be progressed to an internal review panel, namely “the Nil Shortfall Review Committee” (“the NSRC”), a sub-committee of the Horizon Matters Committee, chaired by the Post Office Redress Unit Head of Business Management and Governance and comprising a total of six Post Office employees (including Senior Legal Counsel and a Testimony Review Case Manager). The NSRC would review all evidence (including any further evidence submitted in the grace period) in cases in which a nil offer would otherwise be offered, and either (i) confirm the nil offer, (ii) conclude that, on the proper application of the criteria, an FSO should be made, (iii) confirm that the criteria have been correctly applied, but find that there may be “unprecedented considerations outside of any agreed exceptional circumstances which render [a nil offer] outcome as worthy of further attention", in which event the matter would be referred to DBT for reconsideration, or (iv) be unable to reach a conclusion, in which event the matter would be referred up to the Horizon Matters Committee. If no FSO were issued, then it was proposed that the applicant would be given a three-month period in which to submit any further evidence (“the grace period”). If further evidence were submitted, then the matter would go back to the NSRC for a further review with the potential outcomes again as set out above.

31. Third, Post Office and DBT gave consideration as to whether there should be a right of appeal in circumstances in which, after all the steps described above, the conclusion is that a nil offer should be made. They were unpersuaded that a right of appeal was necessary or should be given because:

    (i) where an application has gone through all the above steps, an appeal would be highly unlikely to result in a different outcome;

    (ii) an appeal process would likely slow down the Scheme process as a whole, and cause systemic delays for those entitled to redress; and

    (iii) they considered an appeals process would pose a risk to the integrity of, and confidence in, the Scheme as (a) the implementation of an appeals process would involve significant time and costs (especially if it were accompanied by funding for legal representation for any appeal), with an unlikelihood of improved outcomes for relevant postmasters, and (b) the appeals process might further reduce the current (already low) evidential and other thresholds, which may increase the risks of fraud.

32. By the terms of the referral to me, I was asked:

    (i) to assess the robustness of the USP (in particular, the unevidenced testimony process and assessment criteria) and whether, in all the circumstances, it provides a fair and appropriate approach to applications under the Scheme;

(ii) whether the process for dealing with "Exceptional Circumstances" is warranted and, if so, whether the exceptions suggested are, in all the circumstances, fair and appropriate;

(iii) to consider whether there ought to be a right of appeal where the USP has been completed and the outcome is a nil offer or whether, in those circumstances, the proposed approach (grace period for further evidence followed by an internal review) is fair and appropriate; and

(iv) to consider how nil offer outcomes might optimally be communicated to applicants,

making appropriate recommendations in respect of each.

Discussion

The General Design of the Scheme

33. The current Scheme is designed to enable an applicant to satisfy Post Office that they had a Horizon shortfall in a graduated process which relies on an assessment, in turn, of:

(i) evidence set out by the applicant in the application form together with evidence that Post Office has readily available (i.e. NDA and TC data) which requires no further input from the applicant; then

(ii) that evidence together with other evidence that Post Office has available albeit not so readily (e.g. branch files and customer account data) which, again, requires no further input from the applicant; then

(iii) that evidence together with written evidence provided by the applicant; then

(iv) that evidence together with oral evidence obtained from the applicant via a telephone call.

34. At each stage, there is an assessment as to whether there is sufficient evidence to show, on the balance of probabilities but giving the applicant the benefit of the doubt as described above, that the postmaster suffered an actual or deemed Horizon-related shortfall and, so, satisfies the eligibility requirement for an FSO. If it is assessed that there is sufficient evidence at the end of any stage, then an FSO is made. Only if there is insufficient evidence, does the matter progress to the next stage.

35. Looking at the current Scheme as a whole, I consider that such a graduated process – into which, it is clear, considerable thought and work has gone – is appropriate, robust and fair; and, importantly, is consistent with the aim of enabling self-represented applicants to satisfy the Scheme's entry criteria without imposing upon them more than the minimum necessary burden. Having a Scheme with graduated steps within its process appears to me to be particularly appropriate in light of the fact that (i) usually, the only criterion for an FSO is that the applicant establishes that they suffered an Horizon-related shortfall; (ii) it is accepted that, through no fault of the postmaster, there may be a paucity of evidence in relation to that issue; and (iii) Post Office and DBT accept that "fairness", in this context, may require a postmaster to be given the benefit of the doubt in the sense described above.

Terminology

36. Terminology in the Scheme is particularly important because applicants – who are self-represented and, given the history of the Horizon scandal, may be sceptical about the Scheme and the approach of Post Office (and, perhaps to a lesser extent, DBT) to redress – may not appreciate that terms used in the Scheme are not intended to be descriptive but are used as terms of art.

37. I considered that a number of terms used were not properly descriptive and unhelpful. Some, such as "Unevidenced Shortfall Process" and "Nil Shortfall Review Committee", have negative connotations and were (wrongly) suggestive of a negative outcome. "Strong Testimony" suggests that only evidence that clearly and unambiguously well-satisfies the balance of probabilities test will be sufficient; whereas it is clear that that is not the intention at any stage of the process. "Fairness" requires any assessor of evidence to take a generous view and, giving the applicant the benefit of the doubt, that the balance of probabilities test may be satisfied here by less evidence than may be required in other circumstances. I suggested that an alternative, more descriptive term be used, such as "Sufficient Evidence".

38. **I recommended** that (i) consideration be given to reviewing the terminology used in the Scheme (notably "Unevidenced Shortfall Process", "Nil Shortfall Review Committee" and "Strong Testimony") with view to adopting terms which are more neutral and descriptive, (ii) the definition of "Strong Testimony" and its counterparts ("Weak Evidence" and "Not Strong Evidence") were in any event reviewed to ensure internal consistency and (iii) the phrase "benefit of the doubt", as used in the Scheme, be more clearly defined in line with my understanding set out in paragraph 6 above.

39. **DBT accepted that recommendation**, and agreed to change the following terms:

    (i) "Unevidenced Shortfall Process" be replaced by "Shortfall Evidence Process".

    (ii) "Nil Shortfall Review Committee" be replaced by "Shortfall Independent Reviewer" (which incorporated not just a change of nomenclature, but a substantive change: see paragraphs 50-56 below).

    (iii) "Strong testimony" be replaced by "Sufficient evidence".

    (v) "Weak evidence" and "Not Strong Evidence" be replaced by "Insufficient Evidence".

    (vi) The phrase "benefit of the doubt" would be more clearly defined to clarify that assessors should not refuse a claim simply because of a paucity of evidence – or, put another way, the balance of probabilities test might be satisfied by less evidence than might be necessary in other contexts.

40. DBT have agreed to update all Post Office documents relating to process accordingly.

<u>Guidance on the Testimony Stage</u>

41. I considered how oral evidence was obtained from an applicant over the telephone (including the set questions and six anonymised examples I saw of the process in practice), and considered that, generally, the process should allow an applicant to give oral evidence in relation to shortfalls in an unconstrained way.

42. However, I was concerned that it would be unhelpful to say in any guidance, about this late stage of the process, that: "Testimony is to be reviewed holistically – that is, to be considered 'Strong', testimony should not be directly contradicted by other available evidence", because this suggested that evidence would not be viewed "holistically" in the SFI and SFI+ stages, whereas it seems to me that the requirement for "fairness" obliges evidence at each stage to be viewed "holistically" (i.e. in its full and proper context). In particular, a claim should not be refused simply because there was some contrary evidence: it should be made clear to those assessors of the evidence at each stage that evidence may be sufficient to satisfy the balance of probabilities hurdle on an issue even if there is contrary evidence.

43. **I recommended** that, in addition to the clarification of terminology referred to above, it is made clear that all assessments, at each stage, are to be based on all the available

evidence and relevant circumstances (including giving the applicant the benefit of the doubt), before any decision not to make an FSO is made.

44. **DBT accepted that recommendation**, and agreed that all cases at all stages would be considered on the basis of all available evidence and in the light of all known circumstances, and giving the claimant the benefit of the doubt, before any decision not to make an FSO were made; and that that would be made clear to those assessing cases at each stage.

Exceptional Circumstances

45. DBT and Post Office are properly concerned with regard to the particular difficulties faced by applicants who may find the provision of evidence of a Horizon-related shortfall more challenging (i.e. those who fall within one of the "Exceptional Circumstances" categories).

46. In respect of applications on behalf of deceased postmasters or postmasters who lack legal capacity, the application will inevitably be made by someone who is not the postmaster themselves. In those circumstances, if there is any shortfall, it seems unlikely that there will be any TC data or other evidence to show that it might be non-Horizon-related, and so it would likely be deemed to be Horizon-related. The main issue is, consequently, whether there was any shortfall at all. In the absence of any available evidence from the postmaster, then I consider that fairness requires such a shortfall to be deemed and, absent any positive evidence of (e.g.) fraud, an FSO to be made. At this late stage of the process, and for these restricted categories of postmasters, this is effectively a reversing of the burden of proof because that is the only means by which fairness can be maintained.

47. In respect of postmasters whose last date of service was on or before 30 June 2005 for whom there are no NDA data, I do not consider that a formal reversing of the burden of proof is required because, despite the challenges, the postmaster is still available to give evidence. However, given that there are no NDA data available to evidence a shortfall and given the period since the relevant events (now, at least over 20 years), "the benefit of the doubt" in favour of the applicant will be particularly potent. Again, in these circumstances, if there is any shortfall, there will be no TC data or other evidence to show that it might be non-Horizon-related, and so it would likely be deemed to be Horizon-related. The main issue is, consequently, whether there was any shortfall at all. It seems to me that, in the light of the applicant being afforded the benefit of the doubt, very slight evidence from the postmaster or other source that there was a shortfall should, in these circumstances, suffice to satisfy the balance of probabilities.

48. **I recommended** that:

    (i) In applications on behalf of deceased postmasters or postmasters who lack legal capacity, where there is no positive evidence that there was no Horizon-related shortfall and/or that the claim is not a genuine claim, then an FSO should be made.

    (ii) In respect of postmasters whose last date of service was on or before 30 June 2005 for whom there are no NDA data, the Scheme should make expressly clear that, where there is no positive evidence that there was no Horizon-related shortfall and/or that the claim is not a genuine claim, very slight evidence from the postmaster or other source that there was a shortfall should suffice to satisfy the eligibility requirement for the Scheme resulting in an FSO being made.

49. **DBT accepted those recommendations.**

The Final Review: The Nil Shortfall Review Committee

50. As described above (paragraph 30), it was proposed that, if no FSO is issued by Post Office following the testimony stages, the application would then be reviewed by the NSRC, a Post Office internal review panel. The NSRC would review the application both at the end of the testimony stage and, if further evidence were submitted during the "grace period", as second time after that evidence and been submitted. This Committee would review the matter, and (i) confirm the nil offer, (ii) conclude that, on the proper application of the criteria, an FSO should be made, (iii) confirm that the criteria have been correctly applied, but find that there may be "unprecedented considerations outside of any agreed exceptional circumstances which render [a nil offer] outcome as worthy of further attention", in which event the matter would be referred to DBT for reconsideration, or (iv) be unable to reach a conclusion, in which event the matter would be referred up to the Horizon Matters Committee.

51. As to this proposal, I considered that such a review, through "new eyes", could add considerably to the robustness of the process. With the grace period, absent any unusual circumstance, the applicant will have been given a more than reasonable opportunity to have submitted evidence that they suffered a Horizon-related shortfall with the benefit of (i) for any shortfall, a burden of proof in their favour that that shortfall is Horizon-related (i.e. in the absence of contrary evidence, it is deemed to be Horizon-related), and (ii) in any event, the benefit of the doubt in the sense I have described above. The applicant will have been refused (i.e. a nil offer will have been made) by an assessor at the end of the testimony stage; and it will add substantial robustness to the Scheme to have that decision reviewed by a further person or persons.

52. However, I considered that the benefits of this step would be severely diminished by this final review being by Post Office personnel with no independent input which would mean that only Post Office personnel are involved in the process of determining whether the eligibility criteria for the Scheme have been met. That appeared to me to be less than optimal, from the point of view of both governance and perception. I therefore strongly recommended that this stage had some independent element, preferably in the form of an independent individual or group of individuals; and the stage renamed: "Independent Review".

53. The original proposal was for that review to be conducted by an internal Post Office Committee, in a process which, as well as lacking independence, I considered unnecessarily labour-intensive and cumbersome with the possibility that, if the NSRC are unable to arrive at a decision, then the case be escalated to the Horizon Matters Committee. Given the previous steps in this Scheme, in my view, it would be proportionate if this were conducted by a single independent individual (e.g. a member of one of the already existing independent panels involved in the process). In addition to the benefits for the integrity of the process, I considered that that would also reduce the administrative burden of this stage, and speed up the process. It would be unnecessary to have any potential consideration by the Horizon Matters Board. I considered that, whilst it would not be necessary for the same individual to review all these cases, reviews should not take long and having a very limited number of people engaged in the reviews would assist with consistency of approach and results.

54. I also considered it unnecessary for the final review person/body to consider any application twice, and the process would not be the less effective if this final review took place once, after any further evidence had been put in during the grace period. Whilst that might result in some delay for applicants who did not wish to put in any further evidence, a referral to the independent person need not wait until the end of the grace period: an application could be referred to the independent person as soon as a claimant had submitted their further evidence or indicated that they did not wish to submit any further evidence.

55. Therefore, **I recommended** the NSRC should (have an element of independence, and preferably be replaced by an entirely independent final reviewer(s); and that it should be renamed to make clear that the final review would be conducted by an independent person(s). This review should be conducted once and as soon as possible, i.e. as soon as the applicant had lodged any further evidence (or indicated that they do not propose relying upon any further evidence) during the grace period or, if no indication is given, then immediately after the end of that period.

56. **DBT accepted those recommendations.** It proposes to have this final review conducted by a member of the HSSA Independent Panel who will be tasked to consider whether the process had been carried out in line with published guidance and will complete a holistic review of the available evidence and provide a binding decision on whether an FSO should be made or not. The review will take place once, as proposed.

The Right of Appeal

57. I considered that, if my recommendation for a final independent review stage is accepted, there was no need or purpose in granting any right of appeal.

58. I do not find the argument that a right of appeal will increase the risk of fraud and/or (save, perhaps, for the effects of potential delay) a risk to the integrity of the Scheme as a whole to be compelling. However, I do not see that, if there is a final independent review, that an appeal would have any purpose in practice.

59. An applicant will, by this stage, have had every reasonable opportunity to produce evidence of a Horizon-related shortfall; and all the available evidence will have been considered by a (Post Office) assessor and by an independent person and, even on the basis of giving the applicant the benefit of the doubt, found not to be sufficient to conclude that there was any such shortfall, actual or deemed. In the circumstances, it seems to me that an appeal (as opposed to a review) on the basis of the same evidence would be bound to fail, and would likely result in delay in individual cases but also possibly to the administration of the Scheme as a whole.

60. I concluded that, if the final review were independent, then there was no practical purpose in giving any form of right of appeal. The Scheme would in my view, without any further right of appeal, then have a process determining whether eligibility criteria are met which is robust, fair and proportionate, and which complied with the overarching commitments of Post Office and DBT towards Horizon postmasters who have (or may have) suffered Horizon-related shortfalls and are not eligible for any other Horizon redress scheme.

Sir Gary Hickinbottom
May 2026

ANNEX

Fixed Sum Offer – Shortfall Evidence Process ("SEP")

One of the eligibility criteria for the HSS is that the application must relate to Horizon-related shortfalls. This document outlines the process by which Post Office will seek and evaluate shortfall evidence.

Following a review of Post Office records, there are some cases where Post Office is unable to find any evidence of Horizon-related shortfalls relating to the particular applicant in its own records. In these circumstances, Post Office will seek further information from the applicant to enable it to process the claim. This is called the "Shortfall Evidence Process" (or "SEP").

If Post Office does not have a record of your Horizon shortfall, you will have received a letter from Post Office apologising for the delay and explaining that we need to ask you for evidence that you may have. We will do this as quickly as we are able. We apologise for any delay in processing your claim and thank you for your patience.

Post Office recognises that it has been a long time since issues with Horizon were experienced and, consequently, the challenges some individuals face in providing evidence of shortfalls; and that is very much a factor that will be taken into account when considering the information provided.

Shortfall Evidence Process

- Post Office will conduct a thorough investigation of its own records for each HSS claim; and, if any Horizon-related shortfalls are identified from those records, a Fixed Sum Offer ("FSO") of £75,000 will be made.
- If Horizon-related shortfalls cannot be identified from Post Office's own records or your written evidence, then we will seek further information from you. A member of the Remediation Contact Centre (RCC) team will arrange a telephone call with you, and will ask you to recall any information about any shortfalls that you or the person for whom you are applying encountered and the circumstances relating to those shortfalls. The questions will be in a form to ensure consistency and fairness across the process. We may ask you to supply evidence that supports your account.
- Any further information you are able to provide will be considered with the evidence Post Office already has from its own records and your application, in an individual and holistic way. Again, if any Horizon-related shortfalls are identified from all this evidence, an FSO will be made.
- Each case will be considered individually on its own evidence. If, following a review of all available evidence, Post Office determine that there is no shortfall, it will make a provisional no offer. Post Office will seek further information from you, and you will have a 3-month period in which to provide any further information in support of your application. The total evidence must show that it was more likely than not that there was a Horizon shortfall.
- If you provide any further information in that period, Post Office will reconsider the new evidence together with the information already held. Again, if any Horizon-related shortfalls are identified, an FSO will be made.
- If you indicate that you have no further evidence, or if you provide no further evidence in the 3-month period, or if on all the evidence Post Office determine that there is no shortfall, the case will be forwarded to the Shortfall Independent Reviewer (SIR) for a final decision.

- Throughout this process, each claimant will be afforded the benefit of the doubt, that is on the principle that a claim should not be denied solely due to limited evidence. Post Office will seek further information from you, and you must show that it was more likely than not that there was a Horizon shortfall, Post Office accept that how that test might be met will depend on the circumstances of the case. In these applications, the test may be satisfied with less evidence than would be required in other circumstances.
- Applicants are expected to provide information that is accurate and complete to the best of their knowledge. Where it is found that information is incorrect, the application may be refused.

An Independent Review of No Offers: The Shortfall Independent Reviewer (SIR)

- Where cases have been through the above process and Post Office consider there is insufficient evidence of any shortfall and so no FSO is made, the case will be referred to the Shortfall Independent Reviewer for an independent review.
- The SIR will review each individual case on the basis of all relevant information and circumstances, again in a holistic way, taking into account the principal of giving the applicant the benefit of the doubt.
- The SIR will either confirm that, on the evidence, no FSO should be made; or recommend that an FSO should be made in that particular case.
- Once the SIR has decided that no FSO should be made, then there will be no further right of appeal against that decision.
- However, if an offer is granted, the applicant will be able to seek permission to appeal their FSO through the HSSA Permission to Appeal process, where eligible.
- Further guidance and details will be published in due course regarding the role of the SIR. The Department for Business and Trade expects to publish this information before the end of Summer 2026.

Post Office and the Department for Business and Trade are committed to providing full and fair redress for those affected by the Horizon scandal. We consider that the above process will ensure that applicants will obtain that redress in a manner that is fair to all claimants.

We are mindful that some applicants have been waiting a significant amount of time for redress, for which we apologise. We estimate that we should have reached a final decision on all HSS claims, in accordance with the above process, by the end of December 2026. Any updates to this timeline will be published as necessary.

We are grateful for the advice of the HSS Independent Senior Lawyer, Sir Gary Hickinbottom, who has reviewed this process and provided recommendations on it, which Post Office and the Department of Business and Trade have accepted in full. He advised that the graduated process above is appropriate, robust and fair, and does not apply more than the necessary burden on claimants.