



Post Office News - May 2021

Convicted postmasters cleared by Court of Appeal

Judges have [quashed the convictions of 39 former postmasters](#) after what has been described by some as the UK's biggest miscarriage of justice. The postmasters had been convicted of theft, fraud and false accounting.

The problems followed the introduction of the Horizon IT system which has been used by the Post Office since 1999 for transactions, accounting and stocktaking. Postmasters complained about bugs in the system after they experienced reported shortfalls, sometimes amounting to thousands of pounds.

Post Office Ltd (POL) has identified several hundred prosecutions brought since the Horizon system was installed and is currently looking at those cases to see whether the appeal proceedings have any implications for them. Campaigners believe that as [many as 900 postmasters](#) may have been prosecuted and convicted for Horizon-related cash shortfalls between 2000 and 2014.

[POL has apologised](#) for the impact on the lives of these postmasters that was caused by these "historical failures". The Post Office stresses that it stopped prosecutions soon after its separation from Royal Mail a decade ago.

Last year the government launched an [independent inquiry](#) into the Horizon IT system trials led by ex-High Court judge Sir Wyn Williams. The inquiry has heard from affected postmasters and is now planning public hearings. Sir Wyn is due to report later this summer.

Post Office reset of relationship with postmasters

Following the Horizon scandal, the Post Office has emphasised the company's attempts to 'reset' its relationship with postmasters. POL's chief executive, Nick Read, is leading a [programme of improvements](#) to overhaul the culture, practices and operating procedures throughout the business.

As part of this programme, for the first time, 2 serving postmasters have been

elected to the Post Office board as non-executive directors. Post Office [chairman Tim Parker says](#) this sends “the clearest signal yet of our determination to ensure postmasters are at the heart of our business.”

In future, postmasters could also be given a financial stake in the Post Office, according to plans drawn up by POL’s chief executive. CEO Nick Read is reported to have told senior colleagues that the government should consider proposals to turn the network into a [profit-sharing](#) business by 2025. Similar plans were seriously considered a decade ago, when the coalition government set out an ambition to [mutualise](#) the post office network.

Concern about future upselling of mail services

POL says that following the new Mails Distribution Agreement with Royal Mail, overall postmasters will receive an estimated [additional £10 million](#) compared with remuneration in 20/21. Postmaster remuneration for sales will be linked to the price of Royal Mail products. The agreement will also ensure that postmasters are rewarded when a customer [purchases product add-ons](#), such as additional compensation or guaranteed delivery.

The new postmaster payment structure is due to be implemented from December 2021 and the Post Office is currently consulting with postmasters on the proposed changes.

However, some stakeholders are concerned that the new payment structure would have a strong focus on [upselling](#), risking incentivising postmasters to sell consumers the more profitable services, rather than what the customer actually needs.

PO cash deposits and withdrawals rise

People put record amounts of cash into their bank accounts at post office branches in [March](#), according to the latest figures from POL. Cash withdrawals in March were also higher than they had been in recent months. Cash withdrawals were expected to increase significantly again in April as non-essential retail businesses re-opened. Similarly business cash deposits rose 21% month-on-month.

[Citizens Advice research](#) undertaken just prior to the pandemic found growing use of Post Office banking in recent years. Consumer banking at post office counters doubled between 2017 and 2020, with 25% of people having used the service. POL reports that [annual volumes of cash withdrawals](#) have increased by 46% since 2017, and cash deposits have increased by 110% in the same period.

The Post Office is currently piloting 2 bank hubs in [Rochford](#) and [Cambuslang](#). As well as offering basic banking and cash services, the bank hubs provide dedicated rooms where people can meet staff from their own bank. The hubs are part of the [Communities Access to Cash Pilots](#) initiative.

Increasing numbers of parcel-related scams reported

An increasing number of people are reporting [parcel-related scam texts and emails](#). Often recipients are invited to click on links that take them to an official-looking website to enter personal information such as date of birth and address, as well as bank payment details. A recent scam text claiming to be from DHL asks recipients to click on a link to download an app to let the user “track your parcel”. According to the [National Cyber Security Centre](#) the tracking app is spyware that steals passwords and other sensitive data.

The Citizens Advice [Consumer Service helpline](#) has heard from people who have experienced scam texts alleging to be from a number of parcel delivery companies, including Royal Mail and Hermes. We also provide the public with [telephone and online advice](#) on scams through our Scams Action service.