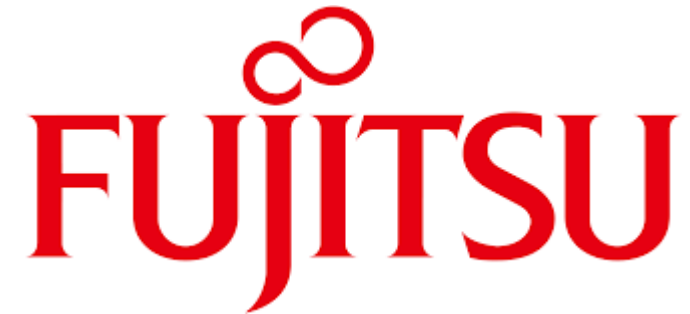# The Post Office/Fujitsu Horizon scandal:
A very brief overview of the story so far

Jim Thomson

July 2021

www.safetyinengineering.com

Note: The Post Office is a private company, yet wholly-owned by government.

<u>Summary:</u>

- **Gross ethical, managerial, legal, technical and political failings led to 918 'successful' prosecutions of sub-postmasters(mistresses) between 2000 and 2015 for theft or false accounting.**

- "One of the biggest miscarriages of justice in British history."

- The only evidence against the defendants was data from the Fujitsu Horizon software system, used for managing Post Office businesses.

- **Documents generated by Horizon were routinely treated by lawyers and judges as though they were true statements of fact.**

- **Horizon was riddled with deficiencies (29 major issues) including #1 "<u>Receipts and payments mis-match</u>".**

- This resulted in bankruptcies, losses of reputation and livelihood, divorces, prison sentences, and one documented suicide among the sub-postmasters(mistresses).

Horizon - origins and deployment:

1994: Conservative government announced plan to introduce an automated system for benefits payments, using PFI (Private Finance Initiative), under auspices of Department of Social Security's Benefits Agency.

1996: Contract awarded to ICL's Pathway division (created for the purpose). Contract covered software, hardware, testing and training – the largest non-military computer system in Europe.

1999: Labour government cancelled project after £700M had been spent - **"a fairly conventional failed government IT project."** Horizon – still run by ICL - was **off-loaded to the Post Office** in order to modernise its management systems and to try to salvage something from the failed scheme. Horizon was first introduced to Post Offices in 1999.

2002: ICL were taken over by Fujitsu.

2013: At least 11500 Post Office branches were using Horizon.

Some developments since Horizon was rolled out in 1999:

- **Sub-postmasters found errors within weeks of roll-out.**
- The Post Office resisted claims there were faults in the system, and also denied that others had reported faults.
- 2000: 6 convictions based on Horizon data.
- 2001: 41
- 2002: 64 (*etc*)
- **2009: *Computer Weekly* first published concerns about Horizon.**
- 2009: *Justice for Sub-Postmasters Alliance* formed.
- 2012: *Second Sight* commissioned by Post Office to perform independent inquiry.
- 2013: Post Office said software defects had occurred with Horizon but the system was effective.
- **2015: *Second Sight* report describes Horizon as, in some cases, "not fit for purpose". Post Office dismissed report. *Private Eye* reported that PO had ordered Second Sight to end its investigation one day before publication and destroy all paperwork.**
- 2021: Some convictions are quashed. Others pending.

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Published 2015

NEWS

How to suppress a scandal, Pt 94

Post Office I.T. , Issue 1388

IN A desperate attempt to suppress a scandal of its own making, the Post Office has sacked and gagged independent forensic investigators who were less than 24 hours away from circulating a highly damaging report into its pisspoor IT system Horizon.

More than 100 sub-postmasters claim they've been hounded from their jobs and livelihoods because of problems with the ancient IT system. Some were handed criminal convictions which may be unsafe. There is one documented suicide.

Last week the Post Office ordered Second Sight, the investigating firm, to hand over or destroy all material it has accumulated in the course of its two-and-a-half-year study. Then it cancelled all further scheduled meetings of the independent committee set up to oversee the investigation and the mediation scheme for aggrieved sub-postmasters. Finally, Post Office bosses published their own 187-page report into Horizon, which cleared itself of any wrongdoing.

Car-crash performance

Unsurprisingly, MPs are spitting feathers. Backbenchers with constituents who have fallen foul of Horizon on the flimsiest uncorroborated computer evidence have been trying to get answers from the Post Office for years. Hampshire Tory James Arbuthnot, who has led the way, secured a question at Prime Minister's Questions demanding that the Second Sight work "should not be suppressed". He was reassured that the business select committee was looking into it.

Given the car-crash performance of the Post Office's chief executive Paula Vennells at February's committee hearing (see Eye 1385), and the pre-Christmas breakdown of trust between MPs and Post Office managers (described in parliament as "arrogant", "high-handed" and "duplicitous"), the best hope is that the business secretary after the election launches a full inquiry that the Post Office can't quash at will.

Paul Marshall QC

(extracts from *Marshall spells it out: speech to University of Law, London, 2020*):

"In almost all cases, the only evidence against the defendant in question was a shortfall shown in the Horizon computer system."

"The simplest explanation for the Post Office scandal is that documents generated by the Horizon computer system were routinely treated by lawyers and judges as though statements of fact that were true, without bothering to consider how their truth should be established. It was taken as given that what a computer record showed was correct."

"Post Office lawyers knew of information that would have provided a defence to defendants. Other lawyers knew of information that would have enabled convicted defendants to launch appeals to the Court of Appeal long, long before March 2021. I hope that some of them may end up in prison for perverting the course of justice."

"By 2019 the Post Office was willing to deploy more than a hundred million pounds in costs to defending the group litigation brought by 500 postmasters. That is, literally to spare no expense. Part of the explicit thinking ………..was to wear out the claimants in costs.

"The Post Office had effectively unlimited funds, being backed by the government. The prospect of the postmasters succeeding in their claims constituted an existential threat to the entire Post Office business and its brand. The Post Office, in effect, bet the farm on defeating the 550 group claimants. It lost that bet. The result is the insolvency of the Post Office. This is because, without government support, it cannot meet the claims of some 2,400 others who have claimed under a Historic Shortfall compensation scheme set up last year."

The Post Office knew in 2013 - the "Clarke advice":

Paul Marshall QC represented three sub-postmasters at the Court of Appeal until 15 December 2020.

On 18 November 2020 Marshall sent a document referred to as the "Clarke advice" to the Metropolitan Police. The "Clarke advice" is an as-yet-unpublished legal advice document, written in 2013 by a lawyer contracted to the Post Office, which is alleged to contain evidence that a senior Fujitsu engineer who was "relied upon in many of the prosecutions *[of sub-postmasters]***, had failed in many cases to disclose information he was well aware of that Horizon had bugs and errors in it." The advice said the witness from Fujitsu, Gareth Jenkins, should not be used again.***

This goes to the heart of the Post Office scandal, because in February 2015 (nearly two years later), the then Chief Executive of the Post Office, Paula Vennells, told a parliamentary inquiry: ***"If there had been any miscarriages of justice, it would have been really important to me and the Post Office that we surfaced those."***

As a result of what was said about the Clarke advice in court on 18 November 2020, Lord Arbuthnot told the government it was clear the Post Office had "lied" to parliament in 2015.

Paul Marshall now faces potential prosecution for contempt of court for sending the "Clarke advice" memo to the Metropolitan Police, and hence he resigned from defending the three sub-postmasters.

Another named Fujitsu engineer was Anne Chambers. Both Jenkins and Chambers have since retired.

Conclusions: software in management systems

From the 1990s, government departments in the UK stopped innovating with technology, and started contracting it all out to computer services providers. The UK became a global leader in the "mega IT contract". These complex mega contracts meant that **departmental officials knew nothing about the systems on which they relied.**

Many flawed systems linger on in government. Legacy systems represent an accountability vacuum: whole tranches of government administration for which nobody feels responsible.

Today's government is completely dependent upon its digital estate. Without accountability and transparency, government IT systems can lead to a multitude of harms.

(The above is adapted from Helen Margetts.)

Lessons for Large Organisations

- **The 1990s vogue for IKBS ("Intelligent Knowledge-Based Systems") has led, at least in some cases, to down-skilling of personnel.**

- **Organisations need to retain and maintain detailed knowledge of how systems work – otherwise things may go wrong without any corporate understanding.**

Some interesting references:

Justice for Sub-Postmasters Alliance website: https://www.jfsa.org.uk

"Initial Complaint Review and Mediation Scheme, Interim Report into alleged problems with the Horizon system"
https://www.jfsa.org.uk/uploads/5/4/3/1/54312921/report_9th_april_2016.pdf

"Briefing Report - Part Two", Second Sight, 9 April 2015 https://www.jfsa.org.uk/uploads/5/4/3/1/54312921/report_9th_april_2016.pdf

Marshall spells it out: speech to University of Law,
https://www.postofficetrial.com/2021/06/marshall-spells-it-out-speech-to.html downloaded 22-7-21

Post Office scandal reveals a hidden world of outsourced IT the government trusts but does not understand, Helen Margetts,
https://theconversation.com/post-office-scandal-reveals-a-hidden-world-of-outsourced-it-the-government-trusts-but-does-not-understand-159938 downloaded 22-7-21

Paul Marshall's "resignation" letter to the Court of Appeal, https://www.postofficetrial.com/search?q=marshall+resignation&max-results=20 , 22-12-20

Post Office was told in 2013 that Fujitsu witness was unreliable in sub-postmaster prosecutions (the "Clarke advice")
https://www.computerweekly.com/news/252498341/Post-Office-was-told-in-2013-that-Fujitsu-witness-was-unreliable-in-subpostmaster-prosecutions , 24-3-21

Nick Wallis, the freelance journalist behind the website www.postofficetrial.com , has written a book entitled "The Great Post Office Scandal" which is to be published in October 2021 https://www.amazon.co.uk/Great-Post-Office-Scandal-multimillion/dp/1916302386/ref=sr_1_1?crid=73Q5J3V5W615&dchild=1&keywords=the+great+post+office+scandal&qid=1627068339&sprefix=the+great+post+office+scandal%2Caps%2C235&sr=8-1