



Bates v Post Office: Horizon Accounting System QSD on 25 February 2020

On 25 February 2020, the Lord Berkeley (Labour) is due to ask Her Majesty's Government "what steps they intend to take in response to the judgment in *Bates v Post Office* [2019] EWHC 3408; and whether they intend to take any action against the directors responsible for the Horizon Accounting System".

Summary

- The Horizon accounting system was introduced by the Post Office in 2000. Horizon recorded financial transactions at Post Office branches. The provider of this original system was ICL. ICL was partly owned by Fujitsu and was fully incorporated within Fujitsu in 2001.
- The campaign group [Justice for Sub-postmasters Alliance was established in 2009](#). Members of the group argued that the Horizon accounting system was incorrectly showing sub-postmasters in some branches to be in arrears in their payments to the Post Office as a result of technical faults. The group said sub-postmasters were being incorrectly accused of false accounting and fraud by the Post Office. It argued this had resulted in sub-postmasters losing their jobs, facing bankruptcy and possible imprisonment.
- In 2012, the Post Office set up an independent inquiry conducted by the accountancy company Second Sight. In 2013, an interim report highlighting faults in the Horizon system was published. The Post Office [established a Complaint Review and Mediation Scheme](#) to examine cases raised in the report. This scheme was [closed to new applicants later that year](#). The Justice for Sub-Postmasters Alliance [argued there had not been enough opportunity for sub-postmasters to enter the scheme](#).
- The mediation scheme was [closed by the Post Office in 2015](#).
- The Justice for Sub-postmasters Alliance [began legal action against the Post Office in 2015](#).
- On 11 December 2019, the Post Office and the sub-postmasters concerned announced they had reached an [out of court settlement](#).
- In the subsequent judgment on the issues, the [High Court ruled](#) that the original Horizon system had not been sufficiently robust and had suffered from a number of bugs and errors.
- Fujitsu was not a party to this litigation. However, the judge in the High Court said he would [refer Fujitsu to the director of public prosecutions](#) for possible further action.
- In addition to this legal action, the Criminal Cases Review Commission has received applications from former sub-postmasters [claiming to have been falsely convicted of offences](#) as a result of failures in the Horizon accounting system. These claims are still being reviewed.

Edward Scott | 12 February 2020

A full list of Lords Library briefings is available on the research briefings page on the internet. The Library publishes briefings for all major items of business debated in the House of Lords. The Library also publishes briefings on the House of Lords itself and other subjects that may be of interest to Members. Library briefings are compiled for the benefit of Members of the House of Lords and their personal staff, to provide impartial, authoritative, politically balanced briefing on subjects likely to be of interest to Members of the Lords. Authors are available to discuss the contents of the briefings with the Members and their staff but cannot advise members of the general public.

Any comments on Library briefings should be sent to the Head of Research Services, House of Lords Library, London SW1A 0PW or emailed to purvism@parliament.uk.

Further Information

- [Bates v Post Office \[2019\] EWHC 3408](#), paras 1–56 and 925–64

Extracts from the judgment, including an overview of the Horizon accounting system and the overall conclusions.

- Post Office, '[Joint Press Statement: Resolution to the Group Litigation Proceedings \(Bates v Post Office Limited\)](#)', 11 December 2019

Joint statement on out of court settlement.

- Communication Workers Union, '[Postmasters Win Horizon Payout—But Did Post Office Chiefs Get Off Lightly?](#)', 11 December 2019; and '[Letter to Branches: Post Office: Horizon Trial—Judgement Finds in Favour of Claimants](#)', 23 December 2019

Response to the out of court settlement and the subsequent judgment by the Communication Workers Union.

- Post Office, '[Letter to the then Parliamentary Under-Secretary at the Department for Business, Innovation and Skills, Jo Swinson](#)', 9 March 2015

Letter confirming the closure of the mediation scheme in 2015 by the Post Office.

Parliamentary Debate, Statements and Questions

- [Statement on 'Post Office: Horizon System'](#), HC Hansard, 9 July 2013, cols 198–207
- House of Commons, '[Written Question: Post Office: ICT](#)', 16 April 2019, 242042
- [Oral Question on 'Post Office: Prosecution Powers'](#), 4 February 2020, HL Hansard, cols 1709–11

Press Articles and Comment

- Matt Prodger, '[Bug Found in Post Office Row Computer System](#)', BBC News, 8 July 2013
- David Connett, '[The Stamp of Disapproval: The Post Office Is Being Sued After Hundreds of Staff Were Wrongly Accused of Fraud](#)', *Independent*, 30 November 2019
- Nick Wallis, '[It's All Over—Parties Agree a Resolution Through Mediation](#)', Post Office Trial Blog, 11 December 2019
- Nikou Asgari, '[Post Office and Franchises End Legal Row: IT Dispute: Settlement Agreed with Hundreds of Current and Former Sub-Postmasters](#)', *Financial Times* (£), 12 December 2019
- Susie Rack, '[Post Office IT Fiasco: "Decade of Hell" For Accused](#)', BBC News, 15 December 2019
- Nick Wallis, '[They Did It](#)', Post Office Trial Blog, 16 December 2019
- Siddharth Venkataramakrishnan, '[Judge Attacks Post Office's Accounting IT System: Franchisees' Victory](#)', *Financial Times* (£), 17 December 2019