

Postmaster support policy

Postmaster account support

Version 3.2



Post Office is determined to reset its relationship with postmasters and has introduced policies that set out guidelines on how Post Office should support postmasters, specifically for use across twelve areas.

The policies stand on their own but should be reviewed in conjunction with each other. Support teams should have an awareness of all twelve policies and how they link together.

The twelve Postmaster Support Policies are listed in section 3.2 of this policy 

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1 Definitions

1.1 Definitions

1. **Discrepancy** - Any difference between (i) the actual cash and stock position of a branch and (ii) the cash and stock position shown on Horizon as derived from transactions input by branch staff into the branch's terminals. A Discrepancy could be negative or positive.
2. **Established Gain** - An event that causes a positive Discrepancy (i.e. the situation where the branch has more cash and/or stock than the derived figures for cash and/or stock on Horizon), which has been investigated by Post Office, or agreed by the postmaster, and found to be a genuine gain to Post Office which was caused by the negligence, carelessness or error of the postmaster and/or their assistants.
3. **Established Loss** - An event that causes a negative Discrepancy (i.e. the situation where the branch has less cash and/or stock than the derived figures for cash and/or stock on Horizon), which has been investigated by Post Office, or agreed by the postmaster, and found to be a genuine loss to Post Office which was caused by the negligence, carelessness or error of the postmaster and/or their assistants.
4. [REDACTED] This is the option on Horizon which moves a Discrepancy into the postmaster's centralised holding account at the end of the Trading Period or at the end of a branch assurance visit.
5. **Trading Period** – A four or five-week cyclical financial period culminating in the requirement to reconcile the cash and stock position of a branch with the cash and stock position shown on Horizon.

2 Overview

2.1 Introduction

The [REDACTED] has overall accountability to the Board of Directors for the design and implementation of controls to manage Discrepancies, recover losses and repay gains in the network¹. Discrepancies in the network is an agenda item for the Risk and Compliance Committee and the Post Office board is updated as required.

This policy is a non-contractual document provided for information. It does not form part of the contract between any postmaster² and Post Office.

2.2 Purpose

This Policy has been established to set the minimum operating standards relating to the management of postmaster account support throughout the Post Office network.

Post Office recognises that Discrepancies will occur from time to time in the nature of a retail business, and this policy lays out the responsibilities of Post Office to notify postmasters of those Discrepancies and investigate them in a fair, transparent and impartial manner in order to confirm whether they are Established Losses or Gains. [REDACTED]

[REDACTED] The postmaster has a right to reclaim any Established Gains. It is one of a set of policies which provide a clear risk and governance framework and facilitate an effective system of internal controls for the management of risk across Post Office. Compliance with these policies is essential to Post Office in meeting its business objectives and to balance the needs of postmasters, customers, clients, and other stakeholders including our shareholder.

As many postmasters are limited companies or partnerships (and as individual postmasters may appoint managers to operate a branch on their behalf) any steps that need to be taken by a postmaster under this policy can be taken by someone authorised to act on that postmaster's behalf (such as a director, partner or manager).

2.3 Core principles

Under agreements between postmasters and Post Office, postmasters provide products and services to customers on behalf of Post Office. The cash and stock used to effect those transactions is owned and funded by Post Office, [REDACTED] There are occasions when Discrepancies in cash or stock can arise.

¹ In this policy, "network" means branches not directly managed by Post Office

² In this policy "postmaster" refers to a limited company, partnership, limited liability partnership, other entity or individual that contracts with Post Office for the operation of a Post Office® branch.

Post Office has an obligation to its customers and clients to ensure that all branches are providing a quality of service and adhering to agreed standards. Post Office is committed to supporting its postmasters in this process. Post Office will deal with the notification and investigation of Discrepancies, including offering support to postmasters at the time of the Discrepancy, and later if the branch selects [REDACTED] on Horizon. This policy sets out clear and consistent guidelines to ensure that:

- When a postmaster [REDACTED] register a Discrepancy, Post Office proactively seeks open and transparent dialogue with the postmaster.
- Support is offered to the postmaster, including offering an investigation by Post Office, to help determine the cause of and reason for a Discrepancy.
- If the reason for the Discrepancy can't be agreed, Post Office will offer guidance to the postmaster on how to dispute this.

- Post Office will repay Established Gains to the postmaster, or former postmaster.

The guidelines will ensure these practices are carried out in good faith and apply principles of fairness, transparency, and professionalism (being the underpinning behaviours of Post Office).

2.4 Application

This Policy is applicable to for all Post Office employees⁴ interacting in any part of postmaster account support and defines the minimum standards to control financial loss, postmaster impact, regulatory breaches and reputational damage in line with the Post Office's Risk Appetite.

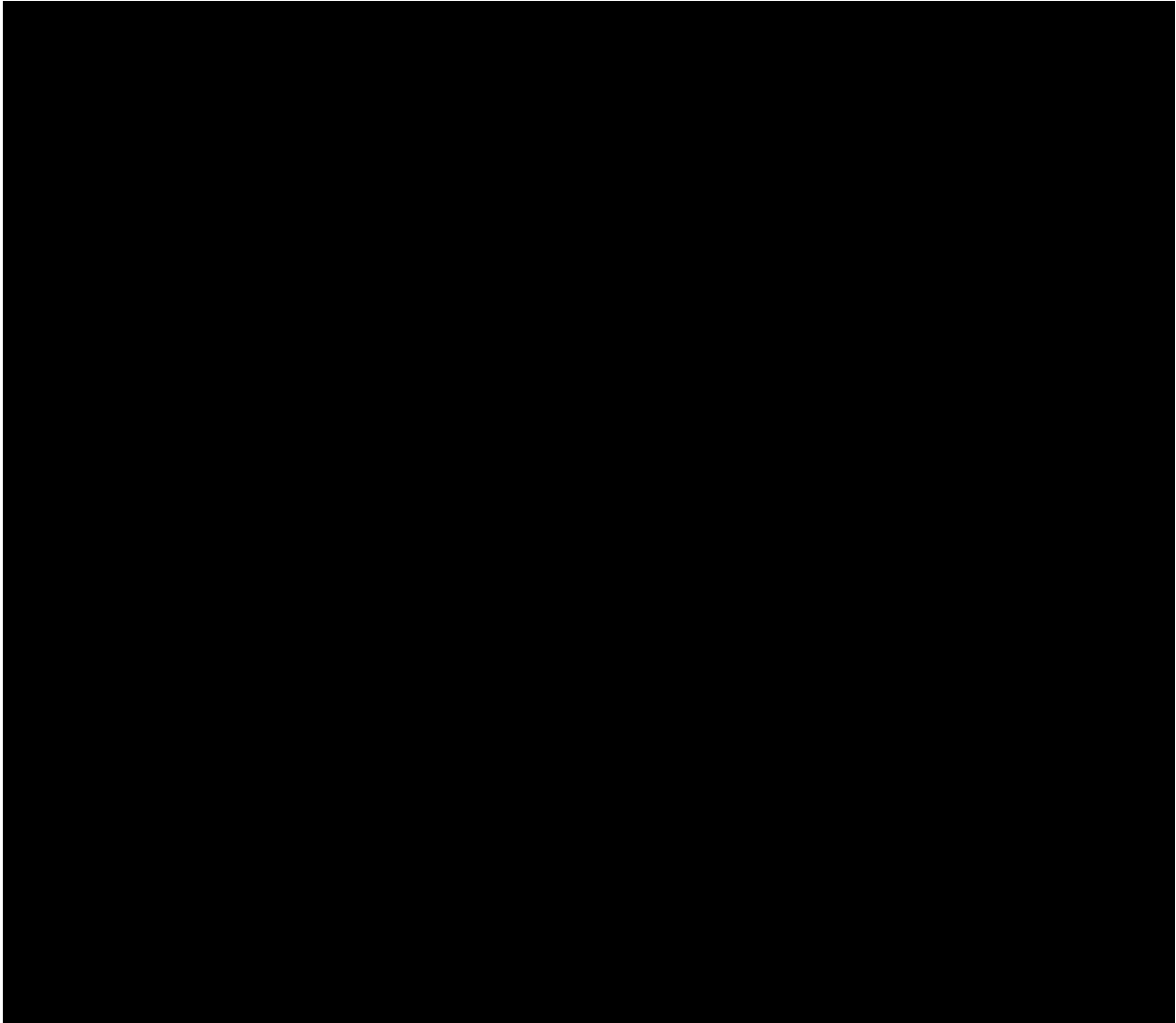
2.5 The risk

Discrepancies in cash and stock in the network can cause difficulties for postmasters and customers. Discrepancies may indicate a variety of issues that may need to be addressed. Some Discrepancies, once investigated, or agreed by the postmaster, may become Established Losses or Gains.

Post Office can recover losses from a postmaster when such losses are caused through negligence, carelessness or error and Post Office has carried out a reasonable and fair investigation, as set out in the Postmaster Accounting Dispute Resolution policy, as to the cause and reason for the loss and whether it was properly attributed to the postmaster. Postmasters are also responsible for losses caused by their assistants.

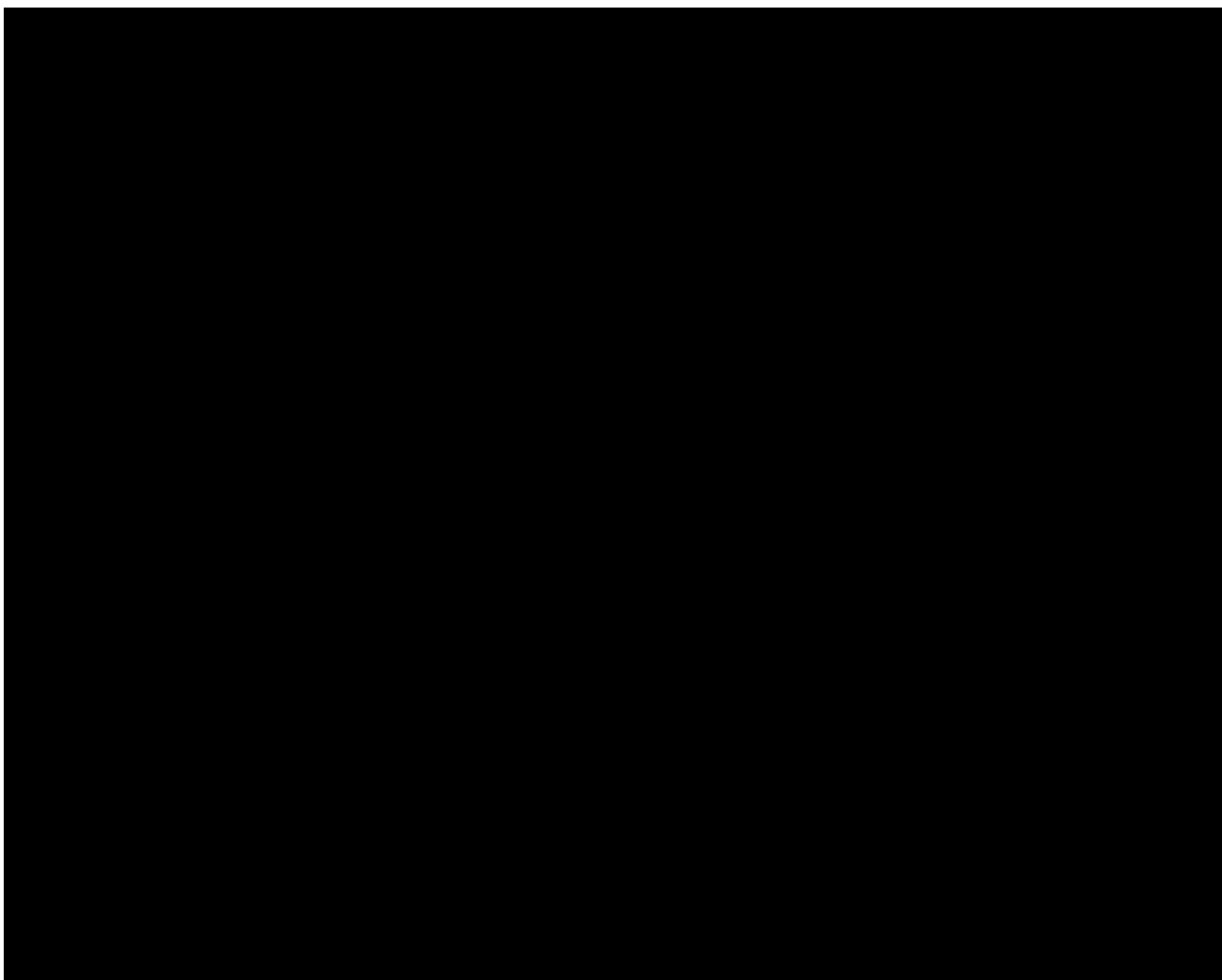
³ The Postmaster Accounting Dispute Resolution Policy [REDACTED]

⁴ In this Policy "employee" means permanent staff, temporary including agency staff, contractors, consultants and anyone else working for or on behalf of Post Office and, for clarity, does not include postmasters or postmasters' staff.



3 Risk appetite and minimum control standards

3.1 Risk appetite



3.2 Policy framework

This policy is part of a framework of postmaster support policies that has been established to set the minimum operating policies relating to the management of contract risks throughout the business and network in line with Post Office's risk appetite. The framework includes the following policies:

- Postmaster Onboarding
- Postmaster Training
- Postmaster Complaint Handling
- Network Monitoring and Branch Assurance Support
- Network Cash and Stock Management
- Network Transaction Corrections

- Postmaster Account Support (this policy)
- Postmaster Accounting Dispute Resolution
- Postmaster Contract Performance
- Postmaster Contract Suspension
- Postmaster Contract Termination
- Postmaster Contract Termination Decision Review

3.3 Who must comply?

Compliance with this Policy is mandatory for all Post Office employees interacting in any part of postmaster account support.

Where non-compliance with this policy by Post Office employees is identified by Post Office, Post Office will carry out an investigation. Where it is identified that an instance of non-compliance is caused through wilful disregard or negligence, this will be investigated in accordance with the Group Investigations Policy.

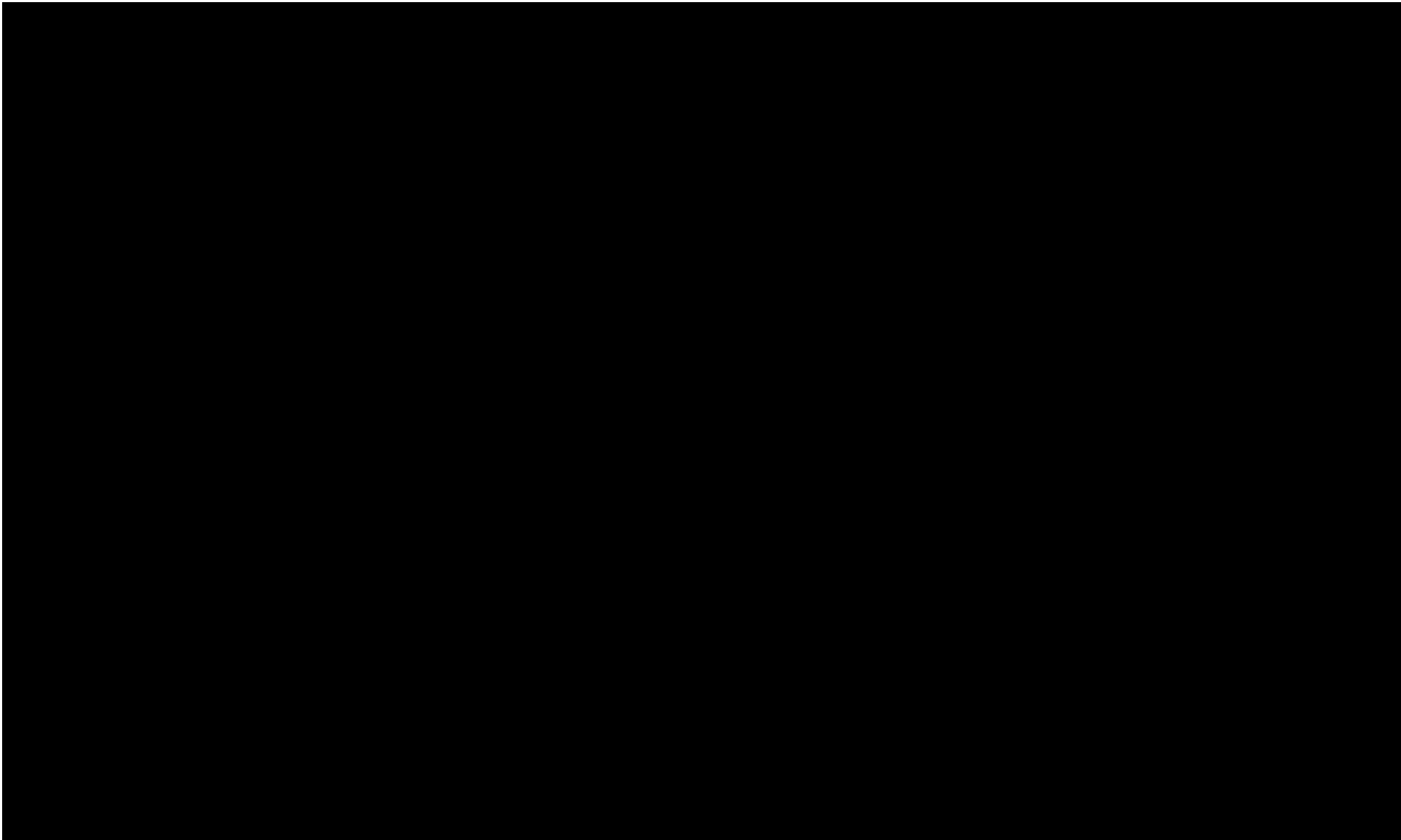
3.4 Roles and responsibilities

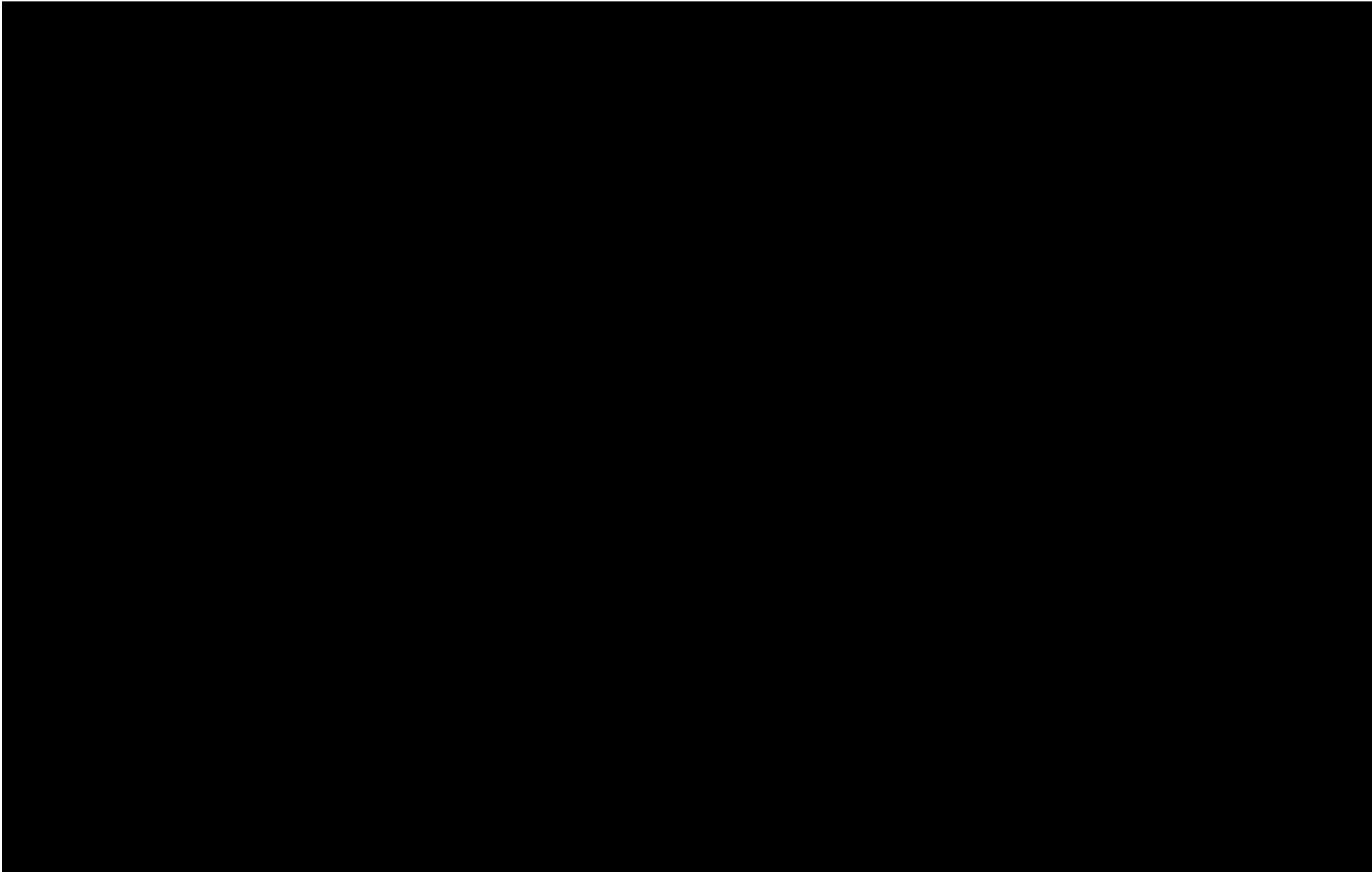
- **Audit, Risk and Compliance Committee** – is the Committee of the Post Office Limited Board which reviews and approves Postmaster Support policies.
- **Risk and Compliance Committee** - is the standing committee of the Group Executive who review and approve Postmaster Support policies for recommendation to the Audit, Risk and Compliance Committee.
- [REDACTED] the policy owner, who must comply with the governance responsibilities set out at section 6.1.
- [REDACTED] - is accountable for the deployment of this policy. This role is also responsible for regularly reviewing the effectiveness of this policy, the standards and processes contained within and for drafting any amendments that may be required.
- [REDACTED] – is responsible for administering this policy and the support of the team that manage postmaster accounts under this policy.
The [REDACTED] will lead a team [REDACTED] in carrying out notification, support and recovery in accordance with the policy.
- [REDACTED] – should:
 - be conversant with this policy and linked policies;
 - as relevant to loss recovery, take reasonable steps to ascertain and consider the personal and financial situation of the postmaster;

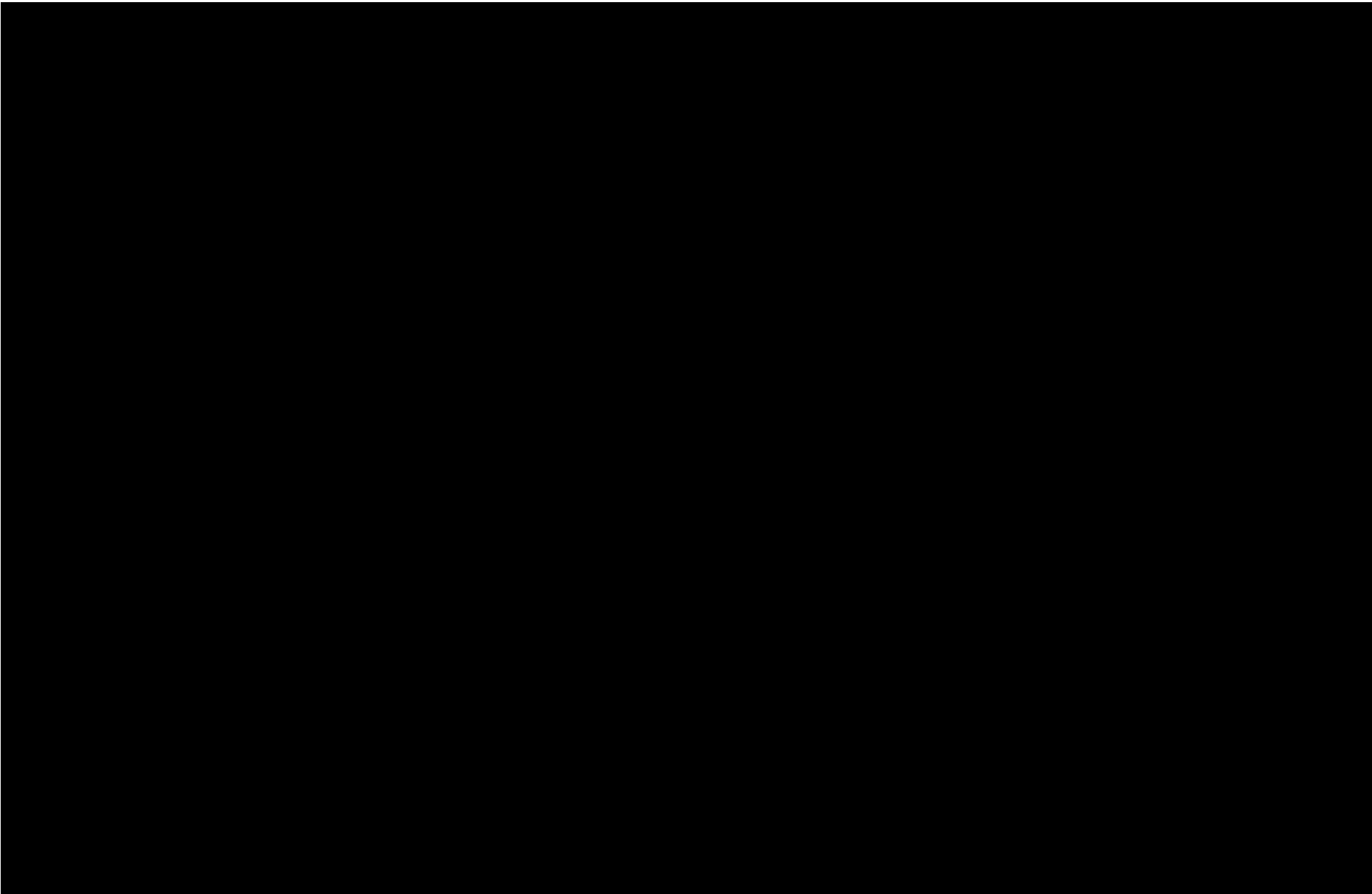
- proactively seek open and transparent dialogue with the postmaster when a Discrepancy appears on an account;
- ensure that support is offered to the postmaster, including offering an investigation by Post Office to help determine the cause of and reason for a Discrepancy;
- make postmasters aware of their right to dispute a Discrepancy;
- monitor the progress of any investigation carried out by internal departments;
- for Established Losses, offer a variety of payment options, including the option to pay by installments and take into account the postmaster's personal and financial situation;
- keep records of all material discussions with a postmaster and other internal departments in the pursuit of information and resolution to a Discrepancy situation;
- work with, and take guidance as appropriate from, [REDACTED], especially when a postmaster is part of a suspension and termination process relating to a Discrepancy investigation;
- keep payment plans under review (including by contacting the postmaster) to ensure that the plan remains workable and continues to meet Post Office needs;

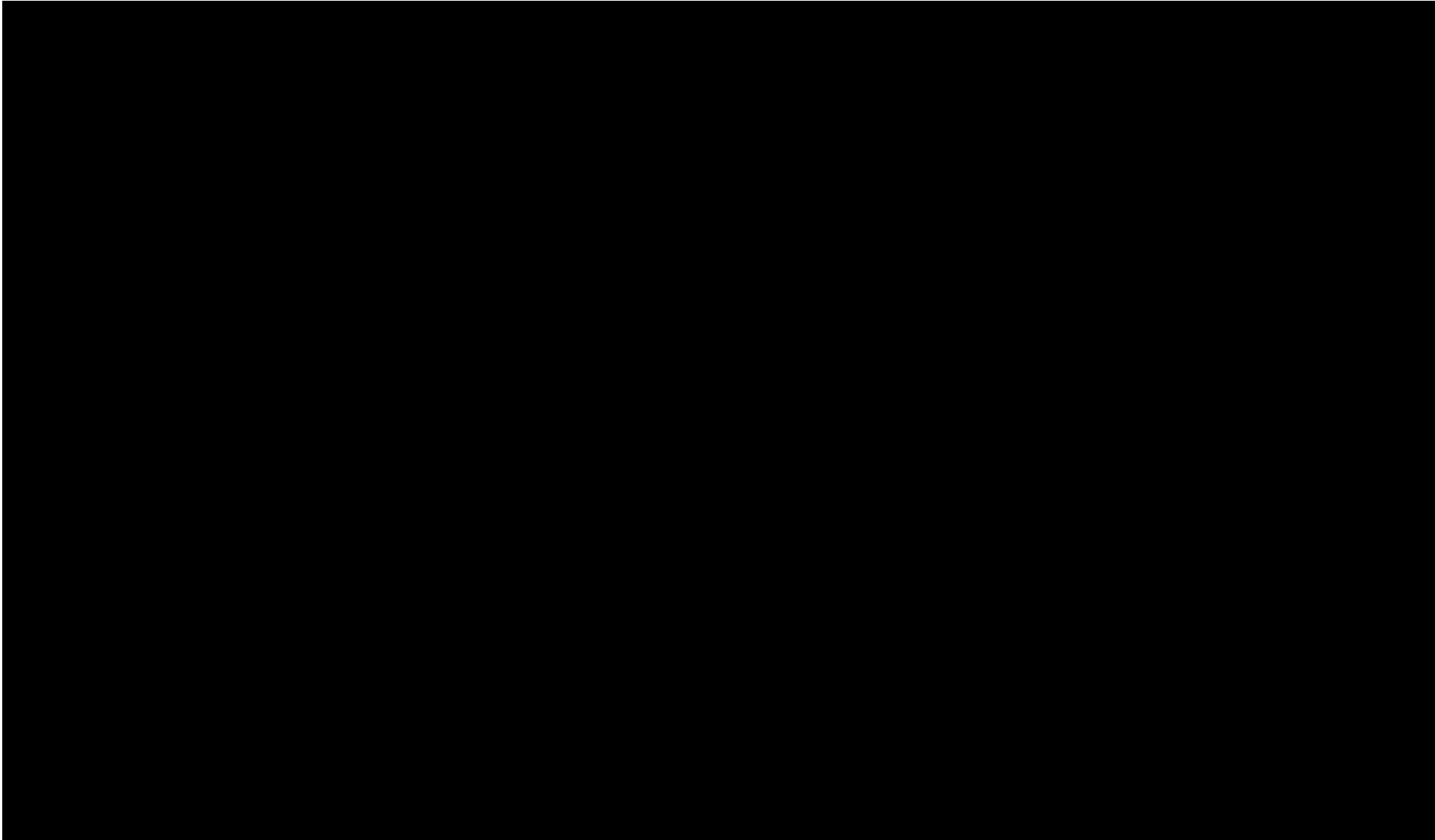
[REDACTED]

- for current postmasters, [REDACTED], the case is discussed [REDACTED] to determine next steps.
 - for former postmasters, [REDACTED], escalate to [REDACTED] take steps in line with best practice, where reasonable and appropriate.
- [REDACTED] – is responsible for the monitoring of potential Discrepancies and branch settlements, through the [REDACTED].
 - **Current postmaster** – refers to a limited company, partnership, limited liability partnership, other entity or individual that contracts with Post Office for the operation of a Post Office® branch.
 - **Former postmaster** – refers to a limited company, partnership, limited liability partnership, other entity or individual that used to contract with Post Office for the operation of a Post Office® branch.









4 Procedures

4.1 Contractual obligations

Post Office can recover losses from a postmaster when they are caused through negligence, carelessness, or error of the postmaster, if Post Office has carried out a reasonable and fair investigation, as set out in the Postmaster Accounting Dispute Resolution policy⁵, as to the cause and reason for the loss and whether it is properly attributable to the postmaster. Postmasters are also responsible for losses caused by the negligence, carelessness, or error of assistants.

4.2 Reviewing postmaster accounts

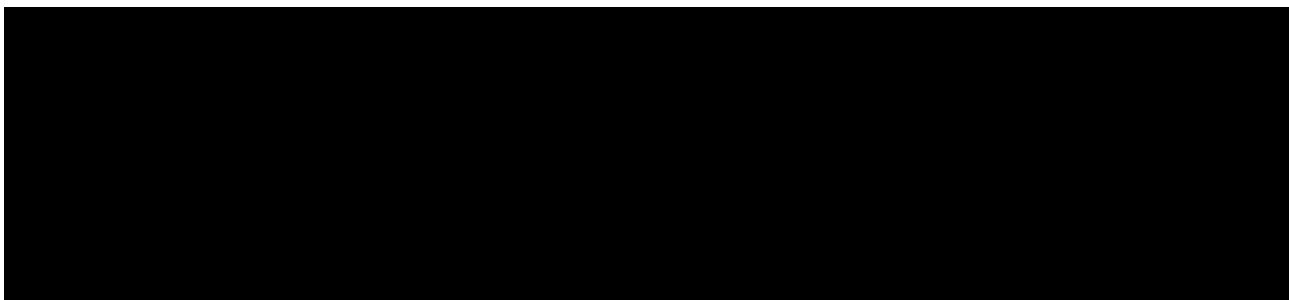
Current Postmaster Accounts

A weekly report will show any Discrepancies moved to the centralised holding account at the point of balancing at the end of a Trading Period. The postmaster will be notified and invited to discuss the detail of the Discrepancy. If the Discrepancy is unknown, Post Office will provide help and support to the current postmaster to discover the reasons for it.

If the postmaster wishes to dispute all, or part of the Discrepancy, support will be given to enable them to do so.

If the Discrepancy is a credit, the postmaster will be asked if they would like the credit repaid, and, provided that a related balancing debit does not exist at the time and Post Office is not aware that one will be applied imminently, Post Office will repay promptly.

Former Postmaster Accounts



The postmaster will be notified and invited to discuss the detail of the Discrepancy. If the Discrepancy is unknown, Post Office will provide help and support to the former postmaster to discover the reasons for it.

⁵ The Postmaster Accounting Dispute resolution policy [redacted]

If the former postmaster wishes to dispute all, or part of, the Discrepancy, support will be given to enable them to do so.

[REDACTED]

If the Discrepancy is a credit, the postmaster will be asked if they would like the credit repaid, and, provided that a balancing debit does not exist at the time and Post Office is not aware that one will be applied imminently, Post Office will repay promptly.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

4.3 Requiring more information or raising a dispute

Requiring more information about, or disputing, a Branch Discrepancy

Should a postmaster require [REDACTED] with a Discrepancy, they can call the Branch Support Centre [REDACTED]
[REDACTED]

If the Branch Support Centre are unable to resolve the Discrepancy, or if the postmaster wishes to dispute a Discrepancy, the Branch Support Centre can escalate this for investigation.

If the Branch Discrepancy dispute is still not resolved to the satisfaction of the postmaster, the case can be further escalated internally.

Please refer to the Postmaster Accounting Dispute Resolution Policy for more information on the processes in place when a Branch Discrepancy is disputed.

Requiring more information about, or disputing, a Transaction Correction

Should a postmaster require more information about a Transaction Correction than is contained in the narrative for that Transaction Correction, they can call [REDACTED] for support. The relevant phone number and the name of the relevant Support Advisor is set out on the Transaction Correction notification.

If the postmaster wishes to dispute a Transaction Correction, they can raise a dispute [REDACTED]
[REDACTED]
[REDACTED]

If the Transaction Correction dispute is still not resolved to the satisfaction of the postmaster, the case can be further escalated internally.

Please refer to the Postmaster Accounting Dispute Resolution Policy for more information on the processes in place when a Transaction Correction is disputed.

4.4 Payment options

Post Office provides a variety of ways that postmasters can pay for any Established Losses.

Any calls from a postmaster to make a payment will prompt a conversation to ensure that the payment is being made in full knowledge of the reason for the Discrepancy. If this is not the case, the postmaster will be encouraged to have Post Office carry out an investigation to help determine the cause of and reason for the Discrepancy.

If, following an investigation, Post Office is satisfied that the postmaster is making a payment to correct an Established Loss caused through their carelessness, negligence, or error (or that of a member of the postmaster's staff), then payment will be taken.

Payments can be made by:

- Debit or Credit card (Visa, MasterCard).
- Bank transfer/faster payments.
- Cheque.

[Redacted]

4.6 Postmaster circumstances

Post Office will consider any relevant circumstances of the postmaster that need to be considered.

4.7 Refusal to pay an Established Loss

[Redacted]

[Redacted]

[Redacted]

[Redacted]

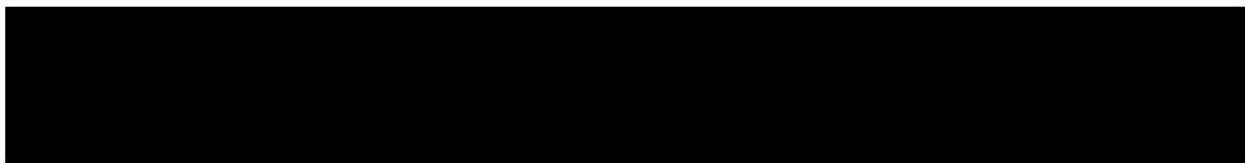


4.10 Financial control framework (controls reporting risks and process)

Self-assessment controls are in place around the risk descriptions, and these must be adhered to.



4.11 Reporting



5 Where to go for help

5.1 Additional policies

This Policy is one of a set of policies [REDACTED]
[REDACTED]

5.2 How to raise a concern

Any postmaster, any postmaster's staff or any Post Office employee who suspects that there is a breach of this Policy should report this without any undue delay.

If a postmaster or any postmaster's staff are unable to raise the matter with the area manager of the relevant branch or if a Post Office employee is unable to speak to her or his line manager, any person can bring it to Post Office's attention independently and can use the Speak Up channels for this purpose. Any person can raise concerns anonymously, although disclosing as much information as possible helps ensure Post Office can conduct a thorough investigation.

For more details about how and where to raise concerns, please refer to the current Whistleblowing Policy which can be found [REDACTED]
[REDACTED]

Please note that a postmaster may also contact the National Federation of Sub-Postmasters (NFSP) for help and support.

5.3 Who to contact for more information

If you need further information about this policy or wish to report an issue in relation to this policy, please contact the [REDACTED]
[REDACTED]

6 Governance

6.1 Governance responsibilities

The Policy sponsor, the Group Chief Retail Officer of Post Office, takes responsibility at Group Executive level for policies covering their areas.

The Policy Owner is the [REDACTED] who is responsible for ensuring that the content is up to date and is capable of being executed. As part of the review process, they need to ensure that the minimum controls articulated in the policy are working or to identify any gaps and provide an action plan for remediation

Additionally, the [REDACTED] are responsible for providing appropriate and timely reporting to the Risk and Compliance Committee and the Audit, Risk and Compliance Committee as required.

The Audit, Risk and Compliance Committee are responsible for approving the Policy and overseeing compliance.

The Board is responsible for setting Post Office's risk appetite.

7 Document control

7.1 Document control record

Summary

| GE policy sponsor | Standard owner | Standard implementer | Standard approver |
|---|------------------------|-------------------------|---|
| Martin Roberts (Group Chief Retail Officer) | [REDACTED] | [REDACTED] | [REDACTED] |
| Version | Document review period | Policy – effective date | Policy location |
| 3.2 | Annual | 12/2023 | Postmaster Support Policies on [REDACTED] |

Revision history

| Version | Date | Changes | Updated by |
|---------|---------------------|--|------------|
| 0.1 | 1st June 2020 | Draft Version | [REDACTED] |
| 0.2 | 15th September 2020 | 1.1 Updated definitions of Established Loss and Gain 2.3 Added support information in para 2. Split bullet points 1 into 3 to clarify support options. 5.2 Replaced "How to raise a concern" as advised by [REDACTED] | [REDACTED] |
| 0.3 | 23rd September 2020 | Amended [REDACTED] throughout. | [REDACTED] |
| 0.4 | 25th September 2020 | Renamed policy to Postmaster Account Support Policy 4.1 Updated the Dispute section to encompass investigation 4.0 [REDACTED] | [REDACTED] |
| 0.5 | 10th October 2020 | Revised section 4.8 | [REDACTED] |
| 0.6 | 3rd November 2020 | Job roles updated throughout. | [REDACTED] |
| 0.7 | 15th December 2020 | Footnotes added. | [REDACTED] |
| 1.0 | 26th January 2021 | Final Version approved by ARC. | [REDACTED] |
| 1.1 | 8th April 2021 | Annual Review and internal legal review Change to risks in 2.5 and 3.5 Revised Risk Appetite Statements 3.1 Addition of section 3.2 Updated Roles and Responsibilities in 3.4 [REDACTED] Updated "How to raise a concern" in 5.2 | [REDACTED] |

| Committee | Date approved |
|-----------|---------------|
| POL R&CC | 13 SEP 2022 |
| POL ARC | 26 SEP 2022 |

Next review: 30 SEP 2023

7.3 Company details

Post Office Limited and Post Office Management Services Limited are registered in England and Wales. Registered numbers 2154540 and 08459718 respectively. Registered Office: Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ.

Post Office Management Services Limited is authorised and regulated by the Financial Conduct Authority (FCA), FRN 630318. Its Information Commissioners Office registration number is ZA090585.

Post Office Limited is authorised and regulated by Her Majesty's Revenue and Customs (HMRC), REF 12137104. Its Information Commissioners Office registration number is Z4866081.

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