



OFFICIAL

Department for
Business & Trade

Government Response to

The Independent Investigation into the Capture Accounting Software

Government response to the independent investigation into Capture accounting software

Ministerial Foreword

The fact that so many of our country's postmasters suffered immeasurably over many years because of defective IT software is both unconscionable and inexcusable.

Redress for victims of the Horizon scandal and the overturning of their convictions are the result of long, hard-fought victories by brave campaigners, including Sir Alan Bates, Jo Hamilton and the members of the Justice for Subpostmasters Alliance.

In contrast, issues surrounding 'Capture' software have only recently been given the same level of attention. Thanks to a small group of postmasters and their families who came forward earlier this year, and parliamentarians such as Lord Beamish, we now know more about the impacts of the roll out of the Capture software in the 1990s.

It is now apparent 'Capture' could have contained bugs which may have caused shortfalls in post office branch accounts.

I have heard directly from postmasters who used the software, suffered shortfalls and were required to pay these back to the Post Office using their own money. Some had no other choice than to sell their business to pay back money caused by these shortfalls. Some postmasters who used Capture were prosecuted in the civil and criminal courts. While we assume that the number of affected postmasters is fewer than those affected by the Horizon scandal, because the software was not rolled out to all branches, it is still an appalling miscarriage of justice if postmasters were prosecuted for crimes they did not commit. The Government is working closely with the Post Office to provide relevant information to the Criminal Cases Review Commission to review the criminal cases urgently.

I would like to thank every single postmaster who has come forward to share their story and courageously fight for both redress and the restoration of their good names.

Since first learning of this issue, the Government has supported an independent investigation by Kroll Associates.

Their report – published in September – concluded that there was a reasonable likelihood that Capture could have created shortfalls for postmasters. We accept those findings entirely.

This document – the Government's response to the independent investigation into the Capture Accounting Software – sets out the next steps we intend to take.

First, in response to calls for the overturning of convictions, the Government is supporting the work of the Criminal Cases Review Commission and the Scottish Criminal Cases Review Commission in considering cases submitted by former postmasters or their families.

We are doing everything we can to facilitate the Post Office in responding to their requests for information and thereby assist the review process.

Second, we are considering the right form of redress for those who have suffered losses through using Capture.

This is a challenging exercise given the passage of time and the significant lack of records and evidence.

Our proposals will be developed through engaging with postmasters and legal representatives.

Over the coming months, we want to determine the scope of the financial redress and the eligibility criteria so that we can bring closure to the impacted postmasters.

I would encourage all postmasters who may have used Capture and experienced shortfalls during their time at the Post Office, to please come forward and make themselves known. They can do so by emailing: capture@businessandtrade.gov.uk.

The Government is also encouraging family members of any postmasters who have passed away to get in touch with us if they believe that their relative may have been affected by issues with Capture software.

Postmasters have provided - and continue to provide - an invaluable service to their communities and our country. It's a disgrace that many diligent, honest, hard-working people running our Post Office branches should have endured such terrible financial and personal distress. The Government is determined to support them and their families both now and long into the future so that fair redress is paid, justice is done, and the victims can begin to rebuild their lives.

Minister Gareth Thomas

Introduction

1. Capture software (developed by the Post Office) was rolled out to some Post Office branches across the UK in the 1990s before Horizon was introduced. It was introduced to assist postmasters with balancing and periodic reconciliations. Earlier this year, some postmasters came forward to explain that they believed Capture also had similar issues/bugs to Horizon, creating shortfalls that the postmasters then had to pay back, with some postmasters suspended, prosecuted, convicted and/or their contract terminated.
2. In April 2024, the then Postal Affairs Minister announced that the Department for Business and Trade (DBT) would appoint a forensic accountant (Kroll Associates) to investigate the Capture software. On 30 September 2024, the Government published the independent report into Capture, and an addendum published on 18 October 2024.
3. Kroll concluded their work on 31 October. The link to the report and addendum can be found here: [Report of the independent investigation into Capture accounting software](#) - [GOV.UK](#)
4. The UK Government committed to respond to the report findings by December 2024. In producing this response, the UK Government has carefully considered the Kroll report and addendum. The Government has also heard from postmasters who have come forward to share their experiences with Capture.
5. The UK Government continues to work closely with:
 - The Scottish Government; recognising devolved powers on Justice in Scotland.
 - Department of Justice Northern Ireland, recognising devolved powers on Justice in Northern Ireland. We thank both for their continued collaboration in this space.
 - The Criminal Cases Review Commission (CCRC), recognising that they are an independent body, but are able to provide the UK Government with general information on the progress of investigations relating to England, Wales, and Northern Ireland.
 - The Scottish Criminal Cases Review Commission (SCCRC), recognising that they are an independent body, but are able to provide the Scottish Government with general information on the progress of investigations relating to Scotland.
6. The Government response:
 - **summarises the key themes of the Kroll report;**
 - **outlines UK Government view of the evidence; and**
 - **sets out the UK Government's planned next steps.**

Key themes from the Kroll independent investigation

Evidence gaps

7. Given the amount of time that has elapsed since Capture was in operation in the 1990s, much of the relevant data is likely to have been lost or destroyed. Kroll relied upon evidence and documentation gathered from numerous third parties for this investigation, including the Post Office, current and former employees of the Post Office, Peters & Peters LLP (the legal firm instructed by the Post Office in connection to criminal cases), former postmasters, and other sources that became relevant during the course of the Investigation. Due to the passage of time, Kroll was not able to test all versions of Capture and therefore it was not possible to say definitively that every version of the software contained faults. The report did not make any judgement on whether the software contained more faults than comparable software from that time.

Number of people or post offices who used Capture

8. Kroll was not able to confirm the exact number of users during this period. No definite number could be found on Capture usage, or which postmasters used it. While some branches used Capture, there is evidence to suggest that most branches were still using manual ledgers during the 1990s. Development and rollout of Capture appears not to have been a centrally strategic project of the Post Office at the time, and Kroll estimates that a maximum of only 13.5% of all branches may have been using it. There were at least two other systems in use by sub-postmasters during this time, but these were not developed by the Post Office.

Capture software: bugs

9. During the period it was in use, Capture software was updated several times. Kroll has identified reference to 19 different versions of the Capture Accounting System being released by the Post Office between 1992 and 1999. No other suppliers were involved, and the system was superseded by the launch of Horizon in 1999. Five potential software faults were selected for testing by Kroll from the 46 bugs identified during a review of different newsletters and circulars. The selection was based on criteria including whether the:
 - available description of the bug suggested it could have created an incorrect weekly cash account;
 - description of the bug suggested the cause was a software fault rather than other potential causes such as a faulty power supply; and
 - relevant version of the software was available for testing.

Out of five reported Capture bugs examined, Kroll was able to replicate three of the bugs within the limited time available for testing. The impact of the three bugs would have resulted in variance between cash or stock on hand and the cash or stock balance in the summary reported in the software. Despite various control functions being in place at the Post Office, there is an acknowledgement both in internal and external communications during the 1990s that Capture had bugs and errors that varied in severity.

Shortfalls

10. Kroll has concluded that there was a reasonable likelihood that Capture could have created shortfalls for postmasters. Due to the passage of time, Kroll was not able to test all versions and bugs within Capture and therefore it is not possible to say definitively that every version of the software contained faults, nor every bug created shortfalls. The report does not definitively say if every postmaster that used Capture will have experienced shortfalls.
11. It is important to note that Capture was not networked to a central system like Horizon. This meant the data in Capture could not be accessed or manipulated from elsewhere.

Treatment of shortfalls in respect of sub-postmaster contracts

12. Kroll reviewed the template sub-postmaster contract understood to be in use during the mid-1990s, and sub-postmasters were held legally responsible for any losses of cash or stock resulting from negligence, carelessness, or error. This responsibility was understood by at least some sub-postmasters, who were interviewed in the course of the investigation, as meaning that any shortfalls were required to be reimbursed (or “made good”) by the sub-postmaster.

Post Office training and support on Capture

13. A Capture helpdesk was available and produced newsletters to update postmasters on the system, including communicating details of bugs and fixes. Some postmasters were aware of the Capture helpdesk; however, its specific remit and effectiveness were questioned in postmasters’ witness testimony. The burden placed upon postmasters to implement fixes, which varied in complexity, together with a reliance on communications from the Post Office to identify these bugs and fixes, meant there was a high capacity for errors to go unnoticed.
14. There was an option to revert to manual accounting. Postmasters were supposed to be advised that they could revert to these manual processes if they encountered issues with Capture, but experiences gathered through witness testimony show the implementation of this practice was inconsistent. In some cases, postmasters’ testimony sets out that they were deterred from reverting to the manual process and pressured to adopt and/or continue to use Capture. There were opportunities for postmasters to question and validate figures generated in spreadsheet form by the standalone Capture system, but there is testimonial evidence to suggest that the Post Office may have interfered with postmasters’ ability to do so.
15. There is also testimony that suggests that the Post Office behaved in a heavy-handed manner towards postmasters who used Capture. This could be both in circumstances where a postmaster had not been convicted of an offence, as well as in circumstances where they could have been.

Post Office control functions and Governance

16. Based on the information Kroll was provided, it does not appear that issues with Capture (and the possibility of bugs/errors in the Capture Accounting System resulting in incorrect financial information) were specifically considered by the Post Office’s audit, legal or investigation teams as a possible contributing factor to shortfalls. Kroll has not identified from the available evidence that the Post Office’s audit, investigations or legal teams considered known issues with Capture, arising from bugs which were identified in various versions of the software, as the potential

reason for shortfalls/accounting errors. Several sub-postmasters raised the issues with Capture to the Post Office at the time, including that shortfalls and surpluses began to be generated in greater frequency after the adoption of Capture, when compared to prior use of manual reporting. There is no evidence that the Post Office responded effectively to these concerns.

Prosecutions and Convictions

17. The actions by the Post Office, based on postmasters' witness testimony, in certain cases, were claimed to have led to suspension, contract termination and prosecution based on theft and false accounting charges, as generally the understanding of contractual requirements was to reimburse (or "make good") any shortfalls that occurred. The report does not make any conclusions on criminal convictions and Kroll confirmed that it could not comment on this point. The report therefore does not provide any conclusions on criminal convictions.

UK Government view

Evidence

18. Firstly, it is the Government's view that care must be taken not to draw too many comparisons between the situation on Horizon and Capture. Although there are some similarities in the behaviour patterns and some evidence of a heavy-handed approach from the Post Office, the circumstances relating to Capture are different to those of Horizon. A significant amount of time has also passed, and we recognise that this means that timescales are far greater, and the population of postmasters that used Capture will be more advanced in age, or a greater proportion of the population may have unfortunately died. We also recognise that the passage of time means that evidence of shortfalls and consequential losses, and evidence relating to suspensions, termination, prosecution, or convictions, will be far more difficult to find. It will therefore be difficult for claimants to corroborate their claims with contemporary evidence. Postmasters, the Post Office, or the UK Government may not have enough evidence, and we may never find enough evidence to determine liability to the level that would be expected by the courts.

Redress for those without criminal convictions

19. Having reviewed the evidence in the Kroll report, which highlights the likelihood that postmasters experienced shortfalls because of Capture, the Government has decided that redress should be offered, in some form, to those adversely affected.
20. The Government will determine the form and scope of redress and any eligibility criteria over the coming months and publish its proposed approach by Spring 2025.
21. The final form of redress will need to take account of the very low levels of contemporaneous records and evidence from this period.
22. Eligibility will be a key question, and the Government will carefully consider this point through engagement with postmasters and others. Eligibility will impact the number of claimants in scope, the cost, and resource needed to administer redress.
23. The lack of contemporaneous records and evidence also poses fundamental questions about how the appropriate form and level of redress can be determined and how the Government manages the risk of fraudulent claims.
24. The Government will develop its proposals in consultation with postmasters and other key stakeholders. The Government would like to thank the postmasters that have come forward so far, and for those who have shared their initial suggestions for redress.
25. The Government calls on any postmasters who are yet to come forward and who experienced shortfalls that may have been related to Capture to come forward and make themselves known. Equally, we welcome family members of any postmasters who have unfortunately passed away, but may have been affected, to come forward. This will help to build a better understanding of how many people should be offered some form of redress.

Prosecutions which resulted in criminal convictions

26. We do not yet know how many criminal prosecutions there were during this time, or who may have been prosecuted based on evidence relating to Capture. The Kroll report does not make conclusions on whether Capture led to unsafe convictions. Therefore, it is vital that we respect proper constitutional boundaries and allow the independent judiciary to consider the safety of any convictions through the existing process for criminal appeals.
27. The Post Office (Horizon System) Offences Act 2024 was an unprecedented step to take. Such intervention could only be justified due to the extraordinary scale and circumstances of the Horizon Scandal.
28. The Government supports the current approach, which is for the CCRC and its Scottish equivalent to review the cases that have been submitted for consideration for referral to appellate courts, and expects Post Office to fully engage with any ongoing or future investigations into Capture.
29. The CCRC and SCCRC are currently considering several convictions which may be Capture related. Both the CCRC and SCCRC have requested information from the UK Government and the Post Office to facilitate their investigations. The UK Government and the Post Office have supported these requests and have provided the information as quickly as possible.
30. The Post Office has indicated that it holds further information on convictions and prosecutions during 1991-1999 and are carrying out a thorough review of these records. We have asked them – as a matter of urgency – to go through these records and send any information of cases that may be in relevant to the CCRC and SCCRC.

UK Government actions/next steps

31. The UK Government will:

- Engage with postmasters, the National Federation of Sub-Postmasters, and the Horizon Compensation Advisory Board, on the form of redress.
- Continue to work with the CCRC/SCCRC and the Post Office on ongoing investigations into Capture.
- Continue to work closely with the Scottish Government and Department of Justice in Northern Ireland on any issues relating to Capture convictions and justice in Scotland and Northern Ireland.

Indicative timeline for development of redress	
Stakeholder engagement and development of proposals	Spring 2025
Approach to redress published	