



## Post Office News - April 2019

### Review warns UK's cash system at risk of collapse

Cash use is declining but we are not ready to go cashless, according to a new report. The [Access to Cash review](#) finds that over 1 in 3 payments are still made with cash, and more than 8 million UK adults would struggle to cope in a cashless society.

With bank branch and rural ATM closures, and rising charges for small businesses, the system allowing people to use cash in the UK is at risk. But access to cash will be essential to the UK for at least the next 15 years, and the report calls on government and regulators to step in to ensure cash remains viable.

The review also emphasises the role of the Post Office in providing banking services. With more branches than all the major banks combined and a unique statutory coverage requirement, there are 'significant opportunities to develop post offices as a channel for cash access'. However, the report raises concerns about people's lack of awareness about the Post Office service, and problems around service levels, queues and privacy. Previous [Citizens Advice research](#) also indicates similar service quality issues.

Separately, [Which? is campaigning to protect cash](#) as a payment option. The consumer group stresses the importance of cash, particularly for small business owners, people on low incomes, rural and isolated communities and people with disabilities. The [Scottish Affairs Committee has also launched an inquiry](#) into access to financial services, with a focus on the impact of closures of ATMs and rural banks in Scotland.

Citizens Advice will be undertaking work on post offices and banking during 2019/20. For further details, contact [annabel.barnett@citizensadvice.org.uk](mailto:annabel.barnett@citizensadvice.org.uk).

## **MPs query post office financial viability**

[MPs have raised concerns](#) brought to them by postmasters about 'huge uncertainty' over the financial viability of post offices. Highlighting the increasing importance of post offices in providing access to banking, MPs focused on insufficient pay for offering these services. MPs said this could lead to difficulties in recruiting new post office operators and [temporary branch closures](#). MPs stated that 22% of subpostmasters intend to close or downsize their business in the coming year.

Postal services minister, Kelly Tolhurst, responded that the Post Office is at its most stable for decades and said that she is 'determined to make sure that running a post office remains an attractive business proposition'. POL has previously confirmed that it is [holding talks with banks](#) about remuneration for Post Office banking services.

## **Labour announces Post Bank plan**

Labour's Shadow Chancellor, John McDonnell, has announced [plans for a publicly-owned 'Post Bank'](#) ensuring 'every community has easy access to face-to-face, trusted and affordable banking'.

The announcement follows publication of a [report](#) commissioned by the Communication Workers Union and The Democracy Collaborative. The report recommends establishment of a Post Bank under a public trust model - with a public service mandate and paying the Post Office an 'access payment' to cover use of its branch network, eliminating the need for the current public subsidy. The proposal requires an initial £2.5bn capitalisation from HM Treasury and would end the Post Office's current partnership with the Bank of Ireland.

Post Bank would offer basic retail banking services to all citizens regardless of income, as well as travel, currency and insurance services. Financial products, services and advice to small businesses would also be available. The full range of services would be provided through Crown and Main post office branches.

The [government rejected](#) a previous proposal for a Post Bank in 2017, on the grounds that it would be 'high risk and costly'. [Post Office Ltd](#) (POL) recently told MPs they remain 'entirely open to discussing' a Post Office bank, whilst recognising that many consumers are already customers of the big banks.

## **Legal dispute between Post Office and former subpostmasters**

A group of over 500 former subpostmasters are [reported](#) to have [won](#) their first case in a series of trials relating to claims that POL incorrectly and unfairly held

them responsible for accounting discrepancies. Some of the claimants were accused of theft, fraud and false accounting. The postmasters blame the computer system they use, Horizon, for the problems.

The complex dispute has been ongoing for a number of years and legal proceedings are scheduled to continue until at least March 2020. Four separate trials cover technical, operational and contractual matters.

## **Citizens Advice calls on Royal Mail to make redirections service more affordable**

Last year, Citizens Advice called for Royal Mail to fix its outdated pricing for mail redirection. Before, people had to pay a fee per surname - meaning many modern families had to pay more. But from 25 March, people pay a fairer flat rate, plus a fee per person, to have their post forwarded to a new address.



**£33.99**  
Upfront cost of a 3-month mail redirection for 1 person. Add an £8 fee for each extra person



**£36.10**  
Amount that households with the lowest 10% of disposable income spend on food each week

However, [Citizens Advice is concerned](#) that Royal Mail's redirection service is not offered at the 'affordable price' required by the regulator Ofcom - especially as the new pricing structure means many households will end up paying more. For households

with the lowest disposable income, the cheapest 3-month redirection service costs about the same as their entire weekly food shop. Royal Mail will also introduce a 20% concessionary rate for renters on Jobseekers' Allowance or Pension Credit. This is a welcome first step, but doesn't go far enough to making the service affordable for people on low incomes.

We're calling for Royal Mail to allow people to spread the cost in monthly instalments. Our research suggests that as the upfront cost is seen as a major barrier, doing so could actually increase use of the redirection service. If not, Ofcom should step in to ensure the redirection service is truly affordable.

## **Citizens Advice examines parcel complaints on social media**

2 billion parcels are delivered to UK homes each year and as many as 6 in 10 consumers have experienced a problem with parcel delivery in the past year.

To voice these frustrations, and get a quick response consumers are turning to Twitter. Citizens Advice [research into consumer parcel complaints on Twitter](#) finds that consumers raise around 35,000 complaints on Twitter each month,

rising to over 60,000 at Christmas. 1 in 4 Tweets stem from a misdelivery problem. This includes instances where someone receives a 'sorry you were out' card when they were at home, or a delivery confirmation notification with no sign of the parcel. It also includes items being left in insecure locations, or not where instructed.

Citizens Advice has looked at how parcel carriers compare to one another on a range of sources, including Twitter. But different sources sometimes present an inconsistent view of carrier performance. We are recommending that parcel carriers should publish standardised complaints data to enable a more robust comparison. Citizens Advice is currently in discussion with carriers about progressing this recommendation.

### **National postal operators move into 'dynamic, uncertain future'**

National postal operators ('Posts') throughout the world are shifting from state-owned monopolies to commercial companies, from a focus on letter mail to parcels and logistics. A recent [report on global trends](#) from the [International Post Corporation](#) (IPC) says some Posts have seen letter volumes fall by over 50% in the last decade. Whilst Posts' fixed costs remain and letter volumes decrease, the cost per item rises - and over half of all Posts have increased domestic consumer prices by 10%-90% since 2012.

In contrast, e-commerce is booming, with around 10% of retail sales worldwide now being made online. On aggregate, national postal operators' parcel volume has more than doubled over the last 10 years. But this lags behind online retail which has almost quadrupled - partly due to competition from other parcel firms and e-retailers investing in click and collect, and in some cases (eg Amazon) delivering directly to consumers themselves.

The IPC reports that as a result, a growing number of Posts are diversifying their business and investing in logistics relating to ecommerce. This includes warehousing, order fulfilment and returns management. Posts have been buying large stakes in other parcels and logistics companies. As ecommerce is international, Posts have been increasing their global business. Today around 25% of total revenue on average is generated by subsidiaries abroad or from customers outside the domestic market.

## Post developments around the world

- **Ireland** - An Post's new [Address Point](#) service will offer homeless people an address at their local post office. The service is for people who need a secure mailing address to receive post such as school correspondence, medical appointments or to apply for a job. An Post will partner a number of homeless charities to provide the service. The service is similar to that being [recommended by Citizens Advice](#) for homeless people in the UK.
- **Jersey** - The Jersey government is funding the [Call & Check](#) scheme, where Jersey Post staff call and check up on island residents who are either living alone, are isolated or would otherwise benefit from the service. Every postman/woman delivers the service as part of their normal duties. A similar service is currently being [trialled by Royal Mail](#).
- **Denmark** - PostNord is planning a new [network of parcel lockers](#) in Denmark. The lockers will be agnostic, giving all logistics providers the possibility of delivering parcels through them. Lockers will be located in homes, at public transport stations and local garages.
- **Austria** - [Old phone booths are being converted into parcel lockers](#) in Vienna. Austrian Post can deliver parcels to the lockers, and the public can drop off and pick up items. Leaving an item costs consumers €1-€4 for 24 hours, depending on size. Collection is free.

## More on Citizens Advice post policy work

- See our section on the Citizens Advice [website](#)
- Follow our Twitter account for regular updates: [@CABPost](#)