

Witness Name: Adrian Harvey Jarman

Statement No.: WITN05530100

Dated: 29 March 2023

## THE POST OFFICE HORIZON IT INQUIRY

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### First Witness Statement of Adrian Harvey Jarman

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I, **ADRIAN HARVEY JARMAN**, of GRO

GRO **WILL SAY AS FOLLOWS:**

1. My name is Adrian Harvey Jarman, though I am generally known as Eddie Jarman. I have been employed by Post Office Limited ("**POL**") (or its predecessors) since January 1981.
2. Except where I indicate to the contrary, the facts and matters contained in this witness statement are within my own knowledge. Where any information is not within my personal knowledge, I have identified the source of my information or the basis for my belief. The facts in this witness statement are true to the best of my knowledge and belief.
3. In this statement I use the term "Postmaster" broadly to refer to those people or entities that are responsible for operating post offices (but excluding those individuals employed by POL), rather than with any formal definition in mind. I use the terms "Postmaster" and "Subpostmaster" interchangeably given their common usage. Nothing in this statement is intended to detract or differ from any definition adopted by POL.

4. This witness statement has been prepared in response to the request made by the Horizon IT Inquiry (the "**Inquiry**") pursuant to Rule 9 of the Inquiry Rules 2006, dated 18 August 2022 (the "**Rule 9 Request**"). In this witness statement, I address each of the questions set out in Appendix 1 to the Rule 9 Request regarding my career background at POL and my knowledge of and involvement with the following areas within POL:
  - a. Advice and assistance;
  - b. Training;
  - c. Errors or issues with Horizon system; and
  - d. Resolution of disputes.
5. Where I refer to specific documents in this statement, copies of those documents are exhibited to this statement (as set out in the index below) and identified by the Inquiry's unique reference number for that document.

#### **DEFINED TERMS**

6. In this statement, I have used a number of acronyms and defined terms. I have set out a definition of each, as I have introduced them. However, for convenience, I also set out the definitions of these acronyms and definitions below:

<b>Dynamics</b>	The Helpline's Dynamics 365 case management system
<b>First Rate</b>	First Rate Travel Services Limited (which later became First Rate Exchange Services Limited)
<b>FSC</b>	Financial Service Centre
<b>Helpline</b>	The NBSC Helpline
<b>Horizon</b>	The Horizon IT System

<b>Inquiry</b>	The Horizon IT Inquiry
<b>KBA</b>	Knowledge base article
<b>MCC</b>	Multi-currency card
<b>NBSC</b>	Network Business Support Centre (which later became the Branch Support Centre)
<b>POL</b>	Post Office Limited
<b>Rule 9 Request</b>	The Inquiry's request pursuant to Rule 9 of the Inquiry Rules 2006, dated 18 August 2022

## **CAREER BACKGROUND**

7. I first joined Post Office in January 1981 as a counter clerk in Portman Square Post Office, a branch directly managed by Post Office. I had two O Levels when I joined and have not obtained any further qualifications since. When I first joined, I received four weeks of training at a POL training school, and then did four weeks of supervised working at a "satellite" or "training" office on Kingsland High Street. The branch was fully functional and we were serving the public, but I had someone sitting behind me all the time providing supervision.
8. I continued to work as a counter clerk at different Crown branches in the West End until 1995, when I was promoted to branch manager in the Marble Arch Crown Office. I then managed the Acton Crown Office, followed by the Albemarle Street Crown Office. I recall doing a management course in Rugby, which focused mainly on management skills and how to handle staff. I also received training for any new system that came out, including the Horizon IT system ("**Horizon**"). I remember attending a day of off-site training about Horizon and how to use the system. When Horizon was installed in my branch,

I vaguely recall that a member of the project team was available in branch all week to answer any questions.

9. In 2001, I was promoted as a product manager dealing with foreign exchange in the Travel team. In 2017, my title changed to senior product manager.
10. The role of a product manager essentially involves taking responsibility for one or more products offered by the Post Office. Every product has a manager (or more than one manager), and they are expected to be the subject matter expert for that particular product. Product managers are mainly responsible for product development and income generation, and they also deal with queries from other areas of the business in relation to that product.
11. I have been the product manager for foreign currency since 2001. I was also the product manager for MoneyGram for a while roughly eight to ten years ago, but I cannot remember the exact dates. Since 2017 I have been responsible for travel money cards and travel cheques in addition to foreign currency. A job description for my role was produced in 2017 [**POL00113425**].
12. Rather than receiving formal training when I became a product manager, I learnt about the products for which I was responsible through observation and discussions with my line manager, Hugh Stacey, who also worked on foreign currency at the time, and First Rate Travel Services Limited (which later became First Rate Exchange Services Limited) ("**First Rate**"), who provided foreign currency to POL. First Rate is a joint venture between POL and Bank of Ireland. I also already had some knowledge of selling foreign currency over the counter through my previous work in branch.

## ADVICE AND ASSISTANCE

### *Dealing with queries*

13. As a product manager, I have very rarely had direct contact with postmasters. My only direct contact with postmasters is addressed in paragraph 22 below. As such, I do not know whether there was anyone who could have done more to assist or make things better for postmasters.
14. For most of my tenure, if postmasters had queries about foreign currency that the Network Business Support Centre (the "**NBSC**") Helpline (the "**Helpline**") was unable to answer immediately, they would be lodged with the "Tier 2" team for investigation. The Tier 2 team would send those queries onto someone in operations named Raj Kalsi, who provided product support for foreign currency. Raj would deal with the vast majority of those questions but occasionally one would be forwarded to me if he was unable to answer (for example, why POL did not sell a particular currency).
15. In around 2017, as part of a major reorganisation, the team in which Raj sat was made redundant and since then the Tier 2 team (as well as area managers and the sales team) have sent any queries from postmasters about my products that they were unable to answer to me. The number of queries about my products has increased significantly in the last year, as a lot of knowledge about travel products has been lost due to the decrease in travel during the pandemic.
16. Any query about a transaction would involve Horizon, though that might simply be because a transaction has been completed incorrectly. I now receive around ten or a dozen queries a week regarding how specific transactions have worked at the counter. Depending on the investigation, I usually respond to queries

within a couple of days, or on the same day where possible. The most common query is where someone has put through a sale of foreign currency as a purchase. I set out the implications of this in paragraph 34 below. Another common query concerns click & collect transactions (where a customer orders foreign currency online before picking it up in branch), as if a click & collect transaction is abandoned part way through for any reason it is then 'locked' security reasons. The lock stays in place for 30 minutes usually but sometimes it can require First Rate to unlock the transaction manually, and I liaise with First Rate about this.

17. As a product manager, I am generally expected to be able to answer queries relating to my products, and so it is rare for me to escalate queries to others. On occasion, I have escalated queries to my line manager (currently Sean Morley), for example if someone was complaining about the rates offered in branch. I might also go to First Rate, as they have detailed records of all of the transactions. If there were a need to contact the branch, I might go to the area manager. If I were to have any queries for Fujitsu, I would send these to POL's service delivery team who would deal with Fujitsu directly. However I cannot recall much that I was able to escalate to someone else.

***Written materials***

18. Where the Helpline staff inform me that they are frequently getting the same question, I may assist with updating their knowledge base articles ("**KBAs**") so that guidance is readily available to them when answering calls. However I do not have access to the Helpline's Dynamics 365 case management system ("**Dynamics**"), on which the KBAs are stored. If a new product was being introduced or significant changes were being made to a product, I would

generally provide the Helpline staff with an FAQ sheet to assist with common questions that they might be asked.

19. I am responsible for keeping the Horizon Help pages relating to my products up to date. Updates are usually made where we are introducing a new product, or where I have received a query as to the accuracy of a page. I then send any updates through to the communications team, who will arrange for the pages to be updated on Horizon Help. For example, I recently produced a currency guide detailing all of the different currencies and denominations that POL accepts that was uploaded onto Horizon Help.

## **TRAINING**

20. I have not been responsible for managing the contracts of postmasters as such. However, in the early 2000s, we had a very small foreign currency network and a lot of branches that wanted to offer foreign currency. In order to facilitate this, POL created an arrangement whereby the branch had to provide a £2,000 deposit, and if they hit a certain target, they got their deposit back. This was known as the "Commercial Package". This involved the postmaster signing a small two-page contract confirming that they understood that they would not get their deposit back if they did not hit those targets. I recall that those postmasters who signed up to the arrangement were provided with a workbook on foreign currency, including the Horizon processes to follow.
21. The Commercial Package arrangement was in operation for about two to three years. Once foreign currency was rolled out to branches on a wider basis and the Commercial Package arrangement brought to an end, the postmasters who were still in their one-year trial period at that time had their deposits returned.

22. My role in the Commercial Package arrangement was to post these two-page contracts to branches and then file the hard copies. I do not believe the contracts were ever scanned, and I think the hard copies were later destroyed (after the arrangement ended) in accordance with POL's document retention policy at the time.
23. Given my very limited interactions with postmasters, I do not recall anyone telling me that they did not feel confident using Horizon.
24. In terms of training, each time a new product is introduced for which I am responsible, I have worked with the training team and the communications team to put together a workbook on that product. Once a year the training team also send me various training materials that are available to branches which contain information related to my products. I 'sign off' these materials for accuracy and confirm whether anything has changed in the meantime. As my input on training is limited, I cannot think of improvements that could have been made to the training received by postmasters.

#### **ERRORS OR ISSUES WITH HORIZON SYSTEM**

25. I cannot recall any systemic issues or problems with Horizon. Specific issues did arise in relation to foreign currency products for which I was responsible but, as far as I remember, these were not recurring issues which could give me cause to believe that there was a problem with Horizon. I do recall that a few years ago there was an issue with multi-currency transactions using the Travel Money card, leading to freezing of the terminals and crashing of the system. This was the result of the script in the files sent to First Rate detailing the relevant transaction exceeding the maximum length by one or two characters.

However, as far as I am aware, no discrepancies or shortfalls arose as result of this issue as the issue arose prior to the transaction being logged and payment being processed. The issue was resolved through a fix which removed some unnecessary text from the scripts. The project was led by POL's IT team and my involvement was quite limited.

26. I have been asked to consider my recollection of, and involvement in, two bugs identified by Fraser J in the Technical Appendix to *Bates & O'rs v. Post Office Ltd* [2019] EWHC 3408 (QB): Bureau discrepancies and Bureau de change.

(a) The first issue in relation to the "Bureau discrepancy bug" appears to relate to a problem that arose due to a network timeout while a branch was attempting to pre-order amounts for Indonesian rupiah and Singaporean dollars for a single customer. I do not recall this issue, nor do I remember having any involvement in it. However, it does seem to be an example of a "comms issue", by which I mean issues that arose when the Horizon system went down mid-transaction. I am familiar with issues of this nature, although I do not recall this specific incident. For example, some transactions like "click and collect" required an interaction with First Rate during the transaction. Occasionally, comms would drop and only half the transaction might have been recorded. If comms went down, First Rate would need to unlock the transaction and the branch would technically be short until it processed the transaction again. In such circumstances, it was necessary to determine whether the transaction had gone through with First Rate. In the case of the "Bureau discrepancy bug", I would imagine that a similar investigation would have taken place. If the Operations Team (who were responsible for dealing with day-to-day operational issues with respect to

the product) could not understand what had happened, it might have been escalated to the Travel Team. If on investigation the Operations Team decided to issue a transaction correction, then it is unlikely that the issue would have been escalated to the Travel Team. The "fix" for this issue appears to have been to simplify multiple currency orders so that they were processed as a single transaction (rather than multiple transactions). I do recall having a conversation recently with James Brett (Test Manager at POL) in the context of changes to the Pre-Order transactions, where I noted my understanding that transactions such as these were processed as multiple transactions. However, I was informed that the process had changed a few years ago and that now these transactions were processed individually. That is the extent of my recollection of this issue.

(b) The second issue that arose in relation to the "Bureau discrepancy bug" appears to relate to a cash-flow problem experienced by a particular branch, in that the Cash Management Team indicated that a branch was holding more currency than the branch was declaring it held. The Cash Management Team is part of POL's supply chain and provides branches with currency. I am aware of instances like this occurring, but not with respect to the specific branch mentioned. This is not an issue that I would typically be involved in as it is a Cash Management Team issue. The branch would contact the Cash Management Team to request currency and the Cash Management Team may respond that the system records the branch as having sufficient cash. If there was any issue to be reconciled, in my experience, that would be dealt with by the Cash Management Team. If the branch was dealing with the Cash Management Team directly, it would not

surprise me that I was not made aware of the issue. The only time in which the issue might be escalated to me is where the Area Manager asked for assistance; however, I do not recall this occurring in relation to this issue.

(c) The "Bureau de change" bug, which I will refer to as the "Rate Board issue", appears to relate to an inconsistency between exchange rate figures featured in the Horizon system and the figures featured on the client-facing rate board. I do not recall the Rate Board issue. The solution appears to have been a code fix. First Rate would typically issue rates to the Travel Team in the morning, which would be inputted into Horizon, and Horizon would upload those rates onto the rate board. It is not clear to me, nor do I recall, why the rate board featured a different rate. Given the Rate Board issue involved a problem with exchange rates and foreign currency, I was surprised for an issue like this to occur and not involve the Travel Team. However, it might have been an incident that the IT team had awareness of and did not feel it was necessary to involve the Travel Team. Equally, even if the Travel Team was contacted, it may have been in relation to a limited question or in an advisory capacity without being involved in the detail of the fix.

27. In relation to the issues that the Inquiry has asked me to consider, I would add that, up until about five years ago, teams within POL tended to operate independently – at least far more compared to how we operate today. As a Product Team, it would not be realistic to involve us in every issue across the network simply because it involved travel money. For example, if a branch sent counterfeit currency to the Cash Management Team and were subsequently contacted noting that the branch had accepted counterfeit currency, none of

that would come across my desk. My remit, which has changed recently, was product development and marketing: essentially growing the product. I did not tend to be involved in operational issues. Furthermore, as a product team, the Travel Team would launch a new product and it would then operate in the network for a period of 12-weeks. After that, if there were no issues encountered, the Operations Team would take on responsibility for resolving issues. This might explain why I do not recall the specific issues that the Inquiry has asked me to consider. However, the Operations Team was made redundant about five years ago.

28. In the course of preparing this witness statement, I was also shown (by Herbert Smith Freehills LLP) an email chain from Spring 2017, relating to an issue with Multi-currency Card ("**MCC**") Withdrawals [**POL00113462**], which showed that over the counter MCC cash withdrawals were being treated as deposits, which meant that branches where cash withdrawals were made were showing a loss. 40 transactions were affected by this issue which, I understand, was caused as result of a problem with the reference data in Horizon. This issue was raised on 21 March 2017 and a fix was identified on 22 March 2017 with the roll out of the fix to be implemented on 23 March 2017. My involvement with this issue was limited as I had only taken over MCCs as a product in February 2017 from Steve Brown. For the most part Steve was still managing this product at the time but I was the one who communicated with other teams within Post Office to explain this issue. As such I do not have any recollection of this issue beyond what I have seen in the email chain from Spring 2017, which suggests I was made aware of this issue by Tracy Middleton, an Automated Payment Enquiry

Team Leader, and that I was later contacted about the issue by Jane MacLeod and spoke to lawyers from Bond Dickinson at their request.

29. Beyond those copied to the email chain, I do not think the issue with MCC cash withdrawals was particularly widely known. I vaguely recall thinking at the time that the transaction correction issued to affected branches would contain an explanation as to what the issue was, but since it did not, the Financial Service Centre ("**FSC**") received a few calls from postmasters when the transaction correction was sent out to understand what it related to. From the email chain, it looks like we had been focusing on getting money back to the branches as quickly as possible. As I have had very limited interaction with postmasters, I do not recall the issue impacting upon my subsequent dealings with them, though I would try to ensure that effective communications went out to affected branches together with the transaction corrections if a similar issue arose in the future.
30. While I do not have any recollection of system wide issues with Horizon, I have not carried out an extensive search of my emails or underlying documents to identify all instances where problems arose.

## **RESOLUTION OF DISPUTES**

### ***Alleged Shortfalls***

31. I recall having involvement in issues raised by postmasters to POL regarding alleged shortfalls of money, where those disputes related to foreign currency, although this was generally the result of transactions or declarations being made incorrectly (i.e. human error). As the product manager, I might be asked to provide input as to an issue from my perspective as the 'product specialist'

on foreign currency. This could include investigating why the shortfall had occurred. Sometimes this would involve asking questions within the Post Office business or to First Rate, in order to identify the cause of the shortfall. Following my train of enquiry or conclusion on why a shortfall was caused, I might make a recommendation as to what should be done with the shortfall and how it could be resolved. However, this recommendation would be offered from my perspective as a product specialist and I did not have ultimate responsibility in deciding how any dispute should be resolved.

32. In particular, I recall that there were two types of alleged shortfalls which postmasters raised in relation to foreign currency. I outline these below. I do not recall specific incidents but rather recall that these types of issues were raised on more than one occasion and that I had involvement in my role as product manager.
33. The first type of shortfall was where a branch had 'overestimated' the number of euros that it held. This could occur for example, where a branch typed in too many 0s into Horizon, when recording how many euros were held at that branch. Subsequent to this inputting error, it was possible that the euro exchange rate moved in such a way ('against' the branch) as to mean there would be a loss showing on Horizon when the branch came to correct the number of euros that had been input. By way of illustration, a branch could hold 1,000 euros but might mistakenly input that it held 100,000 euros into Horizon. This means that when it came balancing the branch's accounts, there would be a discrepancy of 99,000 euros. However, if the euro to pound exchange rate moved 'against' the branch in the meantime, then there would be an additional shortfall even if the branch had corrected the inputting error such that the

99,000 euros loss was removed. This is because the transaction would be recorded in pounds on Horizon, so that 99,000 euros may have been recorded as an £80,000 gain at the time the input error was made, but when the transaction was reversed 99,000 euros was worth £81,000. This would then result in a £1,000 net 'loss'. Sometimes a branch would raise the issue with the Post Office as it would not be aware as to why this additional loss was showing on Horizon even after it had corrected the overestimation error. My input may have been sought because the issue related to foreign currency and therefore I may have been asked to assist with identifying the cause of the shortfall. In this scenario, given that the loss was simply caused by the exchange rate moving in relation to euros that did not actually exist (because they had been inputted in error on Horizon), any shortfall would have merely represented a paper loss. Therefore, I recall that such a shortfall would be written off by the Post Office.

34. The second type of issue which I recall could occur, was where a branch mistakenly recorded a transaction of selling currency to a customer as a currency buy-back. This would be caused by the branch pressing the wrong button on Horizon, i.e. using the 'buy' button rather than the 'sell' button. The branch can 'stock adjust' to correct the actual amounts of Sterling and foreign currency held, but if the branch has sold its currency at the 'buy' rate rather than the 'sell' rate, then it would still incur a shortfall by selling the currency to a customer cheaper than it should have been sold for. This would result in the customer having more euros than they would have done if they had been sold the euros at the proper 'sell' rate rather than the 'buy' rate. In this case, if such an issue was raised by the branch, then this shortfall was unfortunately due to

the manual error of the person operating Horizon at the time of the transaction.

Given that the loss represented a real loss and there was nothing that we at the Post Office could do to recover the loss, the branch would be responsible for such a shortfall.

***Process for raising and resolving disputes***

35. As explained at paragraph 14, I recall that any foreign currency-related issues were generally raised to me via the Helpline, Tier 2 team and/or Raj Kalsi. It was also possible that issues might be raised with me via an Area Manager with whom a postmaster had been in contact. On occasion, a postmaster might raise their issue directly with POL's chief executive and I recall that the issue might be 'escalated' back down to me and/or others within POL as appropriate. I recall that issues would need to have been resolved within a month but that it would be extremely rare for any issues to remain unresolved for a month or longer.
36. I recall that there was some form of appeal process and that where a postmaster appealed a dispute, then I might be contacted by someone within the FSC who sat at Chesterfield. I cannot recall exactly who this person was. I recall speaking to someone called Andrew Winn but I cannot recall if he was the person handling appeals or not. My involvement or input into any appeal process would have been similar to my involvement in any dispute or issue as outlined at paragraph 31 above.
37. Under the current system, I may be contacted about a dispute/issue via the 'Issues Resolution' team and the Helpline. My involvement in relation to such issues is the same as outlined above.

38. I do not recall having any contact or input from Fujitsu in the resolution of any disputes that I had been involved in.

39. I cannot think of improvements that could have been made in the process, although I was only involved in one part of the dispute resolution process as outlined above. I am not aware of who would have been responsible for implementing any improvements.

#### **OTHER MATTERS**

40. I do not consider the Chair of the Inquiry should be aware of any other matters which I recall or have knowledge of.

#### **Statement of truth**

I believe the content of this statement to be true.

Signed:

**GRO**

Dated: 29<sup>th</sup> March 2023

**Index to First Witness Statement of Adrian Harvey Jarman**

<b><u>No.</u></b>	<b><u>URN</u></b>	<b><u>Document Description</u></b>	<b><u>Control Number</u></b>
1	POL00113425	Job Description document for role of FX Manager	POL-0087423
2	POL00113426	Email chain between Eddie Jarman (POL Product Manager) and Amy Prime (Womble Bond Dickinson)	POL-0087422