

Witness Name: Ms Joan Bailey

Statement No.: WITN0316_01

Exhibits: 3

Dated:11 February 2022

THE POST OFFICE HORIZON INQUIRY

FIRST WITNESS STATEMENT OF MS JOAN BAILEY

I, MS JOAN BAILEY WILL SAY as follows:

INTRODUCTION

1. I am grateful to the Chair to be invited to provide a “human impact” statement, concerning the physical, psychological, emotional, reputational and financial consequences to me and my family of being held responsible for shortfalls shown by the Horizon IT system and Post Office Limited’s actions toward me and my family. The initial paragraphs below provide a brief summary of my background, and provide context to the detail of the human impact of the Horizon scandal on me and my family. This statement does not reflect a full account of my experiences or those of my family and if necessary or required I will provide further witness statement evidence.

BACKGROUND

2. My husband Lawrence and I moved to Wales in 2005. We had previously lived in a small farming village ten miles from Shrewsbury, Shropshire.
3. Lawrence and I raised all our four of our children in Shrewsbury, it was a very happy time and they attended a small school. There were lots of fields for the children to play in.

4. Our oldest daughter, **GRO** now lives in Shrewsbury, she previously lived in London. **GRO** is 51 years old and has two young daughters **GRO**. **GRO** is a professional singer and has had a long career in theatres and night clubs.
5. Our oldest son, **GRO** is 49 years old and lives in Newmarket. He has worked in horse racing and for the National stud for 35 years. **GRO** has four children, **GRO**.
GRO
GRO
6. Our second daughter, **GRO** is 42 years old. **GRO** lives in Shrewsbury near her sister **GRO**. **GRO** has one son, **GRO**. **GRO** was a hotel reception manager until she was taken ill **GRO**.
GRO is a lovely girl with a beautiful soul, she is the apple of Lawrence's eye.
7. **GRO** is our second son and he is 41 years old. **GRO** lives in the same village as Lawrence and I. He has one son, **GRO**. **GRO** is a self-employed electrician and is a single parent. He is quite a busy person and likes sports and martial arts.
8. Lawrence spent a lot of time with the children; he taught the boys how to fly fish, play snooker, tennis and martial arts, which Lawrence and **GRO** are both black belts in with **GRO** being the youngest boy to attain his black belt at 11 years old.
9. Lawrence trained at college to become a carpenter and builder.
10. In the 1970s, the building industry was going through a rough patch so Lawrence decided to try the car industry, in which he eventually became a service and general manager.
11. In the 1980s there were problems in the car industry so Lawrence retrained as a cheese maker, he enjoyed this and won many prizes for his cheeses.

12. Lawrence was offered a better paid job with better hours at Mullers dairy, he really liked working there and he would have stayed there had I not been taken ill with a brain tumour in 2000.
13. In 2005 Lawrence left Mullers when we bought the shop and post office, he thought that being with me all the time would be better. We never realised what the post office would do to our lives
14. When my younger children were small, I went to technical college and got my certificate in micro computer business studies, I thought computers would be quicker than my typewriter.
15. Prior to the post office, I worked in catering. I have experience in running a business and in the early 1970s my brother and I opened a French restaurant, a Bistro. Our Bistro was successful and we got into the Good Food Guide after two and a half years.
16. When we moved to Shrewsbury, we sold the Bistro and I worked for other people in restaurants as a caterer. I enjoyed it because I was front of house, I had chefs working under me and I was responsible for all the staff.
17. In 2000, I went into a coma, I was 50 years old. I had been having headaches for a long time and I had had various x-rays but no scan. It turned out that I had a tumour on my brain the size of a duck egg. I was in hospital for 3 months and I had to learn to walk again and feed myself. My brain tumour and the two surgeries I had to remove it had effected all my motor neurones.
18. I had fits after my brain tumour and Lawrence was concerned about me having a fit and him not being around, he said that he thought that we should do something together as he knew I liked to be busy.

19. We had a look at post offices in different areas. We knew Wales well and when I saw the Howey Old Post Office I liked it, I liked the Victorian building and it had a big garden so we bought this post office.
20. Lawrence and I had expected to run the post office into retirement, it was the kind of job that once it was up and going if we had any illness we would get staff in to cover us. We did not realise it would be difficult to get cover.
21. I was a Manager of Camillia House, Howey Old Post Office, GRO GRO which my husband, Lawrence Bailey was subpostmaster at from 20 August 2005 to 11 March 2011. The post office was a four storey house and the post office and retail shop was on the ground floor.
22. GRO but the post office and shop are no longer there and was converted into a lounge, bedroom and wet room when Lawrence became ill and went through chemotherapy.
23. Lawrence also ran two satellite post office Lambden and Hundred House. Lawrence travelled 30 miles to one of the satellite branches and 10 miles to the other satellite branch on Tuesday and Thursday. I would run the Howey post office when Lawrence was not there.

TRAINING AND SUPPORT

24. When we went for our interview with Post Office Ltd in May 2005 we told them that we were going to complete on the sale 20 August 2005. The Post Office said they would get training set up for when we completed.
25. However, when we took possession of the post office on 20 August 2005, Post Office Ltd could not train us, as they had no trainers available. We went three months without a salary or training.

26. The previous subpostmaster stayed at the branch until November 2005 and ran the branch, he showed us a few transactions but he did not train us. He received a salary while we paid the post office expenses.
27. Lawrence and I requested training from the Post Office and a new start date several times but this was not provided by Post Office Ltd until November 2005.
28. We received four days of training from the Post Office in November 2005, but we were told by one of the Post Office trainers at the end that we would need to arrange more training because it had not been sufficient. We did not receive any classroom training. A letter of request for further training is exhibited to this statement (exhibit WITN0XXX_01/3)
29. The Post Office trainer went with my husband to the two satellite post office branches on Tuesday and Thursday, so I only received about two days of training. The post offices were very busy at this time in the run-up to Christmas and it was very difficult to understand how to operate the system. The training we received was dependent on the transactions being requested by customers.
30. We received more training in January 2006. This time we had two trainers, one who went with my husband to the satellite branches and one that stayed with me in the Howey branch.
31. The Post Office considers that Lawrence and I had four days of training, but actually my trainer left after two and a half days and my husband's trainer only came when he went to the satellite branches on Tuesday and Thursday.
32. We felt that the training was not sufficient and the work to learn how to operate the Horizon system was too much to take in within such a short time.
33. The Post Office also switched from weekly to monthly balancing between November 2005 and January 2006. We did not consider the training on balancing to be adequate and it was taking us all evening to begin with.

34. We got more used to using Horizon during the two training periods. However, after that training, the Post Office regularly introduced new products and we did not feel comfortable in processing these, especially financial products.
35. Initially we would attend two hour meetings after work about these new products, but after the first three meetings the Post Office discontinued these meetings and started sending DVDs and guidance through the post for us to review. However, we found that these DVDs and guidance were not very helpful.
36. We also had a half day of training on Horizon Online when it was installed.
37. We wrote to the Post Office on several occasions complaining about the lack of support and training. After we left the post office, I requested copies of these letters from the Post Office and only a small proportion were disclosed.

HELPLINE

38. We would call the Helpline regularly, around 2-3 times per month.
39. The Helpline was not open during the time that we needed it most, which was when we were doing the balancing, as it closed at around 5:30pm.
40. If we could not get through to the Helpline, we would have to leave a message and we would then usually be called back the next day, which was usually too late.
41. We called the Helpline most often about hardware and software problems. In particular, the computer that my husband used to operate the satellite branches broke down approximately once per month and he would report this to the Helpline. Occasionally hardware had to be replaced.

42. We called the Helpline to report the alleged shortfalls, but we were always told that we had to either find the discrepancy in our accounts or we would have to make the losses good. On one occasion, shortly after we started running the post office, we received a transaction correction for £3,000 which had happened before we had ever worked at the post office. This was reversed. When we later called we were never given any option to dispute any shortfall, so we always paid.
43. I called the Helpline more than my husband to report shortfalls and other operational problems I experienced. Some of the Helpline staff were helpful and others were not.
44. On one occasion, I was told by the Helpline that I should just consult the manual instead of calling them. The manual was ten ring binders full of documents and it was not convenient or professional to consult it when a customer was waiting to be served.
45. Sometimes the Helpline staff were patronising and said that I should know the answer to my query by now already.

SHORTFALLS

46. In this section, I set out in very brief detail my experience of shortfalls arising from deficiencies in the Horizon IT System, and Post Office Limited's actions as a result. This is only a brief introduction to those matters, in order to provide necessary context for the explanation of the human impact which follows.
47. I would estimate that throughout our position in the branch, we paid (or Post Office deducted) in excess of £40,000.
48. In the first two years we had regular shortfalls of around £50 - £100 per month. The real problems began after the installation of Horizon Online in 2009 when we would regularly get shortfalls of £1,000 or more per month.

49. In the latter months of 2010 we had a lot of problems, that is when most of the shortfalls happened. I kept these serious shortfalls from my husband because he was under a lot of stress as he was dealing with several family problems **GRO**
GRO I was afraid to tell Lawrence about the shortfalls and cause him any more anxiety than he already got **GRO**
50. I borrowed £9,000 from our daughter in 2009 to pay a shortfall of around £10,000 at that time. I took out a secured loan on our house with Blemain Finance Ltd for £18,000 in the second half of 2010 and also a loan with Barclays bank for approximately £10,000 in order to put money towards the shortfalls. We were most worried about the Blemain Finance loan as it was on our house.
51. These shortfalls were often paid in cash using the money we were generating from the Howey post office retail side, but some were also settled centrally.
52. We had built up the retail business a lot because of my experience in catering and I did a Higher National Diploma at the local polytechnic. I was a trained chef and I baked cakes, quiches and pies, the retail business was very successful. The retail business income ended up just being money to pay shortfalls, it was no longer a second income for us.
53. I had hoped that the money would be returned in transaction corrections. I had contacted the Helpline several times to dispute transaction corrections and, besides the £3,000 transaction correction that we received in respect of the previous subpostmaster, I was always told that we had to make good every shortfall in the branch.
54. I sent two £5,000 cheques to Chesterfield; the two cheques were from a customer for saving bonds, however, Chesterfield said that they had not received the two cheques.

55. In around mid-2010, I began inflating the cash figures in the Howey branch because I had no more money to put towards the shortfalls.
56. The shortfalls continued until the branch was audited on 5 January 2011, at which point the alleged outstanding shortfall was £13,044.23, although I believed at the time that it would have been approximately £10,000. My husband was not aware of any shortfall at this time.
57. Although the Post Office did ask us to re-pay the £13,000 (later approximately £12,700) we could not afford to do so and the Post Office stopped asking for it.
58. The estimate of £40,000 does not include approximately £11,000 that we made good when I lost a bundle of bank notes of that value. We made this good fully by a lump sum and regular deductions of approximately £350 per month from our salary.

AUDIT AND INVESTIGATION

59. We only had one audit throughout the 5 years that we were at the branches, which was on 5 January 2011.
60. I was ill in bed with swine flu when the auditors arrived in the morning, and my husband was operating the Howey branch.
61. The auditors only counted the cash and stock that they could find. They did not check any of the Horizon system or paper records. The auditors also refused to acknowledge that a package of unremitted stamps had any value as they had not been remitted back to the Post Office on time.
62. The auditors found that there was a large shortfall and asked to speak to me. My husband came to get me. The auditor said to me that they had counted all the money and stamps and there was a shortfall. I admitted to the auditors that there was a shortfall in the account.

63. Lawrence was distraught. I said to my husband that I was sorry and I should have told him. Lawrence stood by me and said it was not my fault. He never had any doubts I stolen the money as I would not do that kind of thing.
64. Shortly afterwards, the auditors suspended my husband from all of the Post Office positions and closed the Howey branch.
65. The auditors also tried to audit the satellite branches but they could not access the computer because it was broken. These could not be audited until 17 January 2011.
66. I have seen no evidence or reports of any adequate investigation.

SUSPENSION AND TERMINATION

67. My husband was suspended without pay as subpostmaster on 5 January 2011. We were not able to log in to the Horizon system to search for any details after my suspension. We had seven years of paper files going back to when we started at the branch which we retained.
68. My husband resigned on 11 March 2011. This was partially because he was too ill to continue working as subpostmaster and partially because the Post Office insisted that his reinstatement would be on the conditions that we re-pay the shortfall, and that I no longer work in the branch. We could not afford to pay the alleged shortfall or to employ any staff to cover my position so my husband had no choice but to resign. Because of our satellite branches we needed to have at least two members of staff available.
69. The Post Office said that my husband's reinstatement would be conditional on the payment of the alleged shortfall and my husband had begun experiencing mental health problems as a result of Post Office's treatment towards him.

70. After Lawrence was suspended, we went for our first interview in Cardiff about the shortfalls. The Post Office interviewers said that they would send a CD and recording to us of the interview. They sent the password for the recording and the CD in the same letter, anyone could have read the password and seen the interview. The way the Post Office was doing their job was ridiculous.

CIVIL AND CRIMINAL PROCEEDINGS

71. The Post Office did not pursue civil proceedings against me for the recovery of the shortfalls.

72. I was the subject of a security investigation and attended two meetings with Stephen Bradshaw, a Post Office investigation officer. In November 2011 I was cautioned for false accounting, no further proceedings took place.

73. I was interviewed by Mr Bradshaw on 9 March 2011 but I did not hear anything else until November 2011 when I was given a caution for false accounting. They kept me waiting from March to November to decide what they were going to do, it was frightening because we had not done anything.

74. I was waiting for eight months for a decision from the Post Office and we were constantly on tender hooks did not know what would happen. Lawrence was worrying and thinking that if the Post Office prosecuted me I could go to jail and I had been so ill.

75. It constantly felt like somebody was on my shoulders and my back, it was depressing. I am not that kind of person, I am a happy person.

76. I got a criminal solicitor from Shrewsbury to go with me for the first meeting on 9 March 2011. The solicitor was helpful.

LOSSES

77. I repaid the Post Office £40,000. I was led to believe that I had no alternative but to repay the shortfalls.
78. I took out a loan of £18,000 to pay for shortfalls at the branch. That loan was taken out in October 2010 and we finished making payments in October 2017. The payments were £370 per month, so in total we will have re-paid £31,080. There was no interest applicable on the loan from our daughter. We also took out a loan of £10,000.
79. We lost the value of the business (plus the retail shop). We will make attempts to sell the house, but we may suffer losses in this respect.
80. We earned about £1,200 per month net from the post office. Between 5 January and 11 March 2011 we would have earned approximately £2,564 from the branch.
81. On the day of the audit, Mrs Balderson, the auditor, contacted another post office two miles away from our office and asked if they could cover our branch as there was a financial discrepancy.
82. Within two hours most of the village and town knew that there was a problem with the post office and what it was. Lawrence and I were well regarded and thought of in the community and our four children who visited often with our grandchildren were well known. The stigma that the post office put on us made us not want to go out.
83. My husband changed completely because of the allegation made by the Post Office. He went from being a happy go lucky, kind, helpful person who would do anything for anyone, to a withdrawn individual not wanting to see anyone or speak to them. He had completely lost his confidence and will to live.

84. I have suffered from stress and anxiety ever since we first began experiencing large shortfalls at the branch. I have had to cope with supporting my husband and the shop since 2011. I suffer from pressure headaches which I believe are caused by the stress.
85. I instructed a criminal solicitor who attended my interview with Mr Bradshaw and also gave several letters of advice about whether I could be subject to criminal proceedings. In total I paid around £2,000 in legal costs.

HUMAN IMPACT

86. Me and my husband, Lawrence Bailey, ran the Old Post Office together.
87. We suffered serious problems with the Horizon system, including shortfalls. We reported these to the Post Office as we were seeking help from Post Office Ltd.
88. Lawrence and I were both interviewed under caution by the Post Office and we were both threatened with prosecution. I was questioned three times by Mr Bradshaw, a Post Office investigation officer, at three different locations each over 130 miles from my home.
89. There was no real investigation by the Post Office into the shortfalls, all Post Office Ltd was interested in was for us to pay back the money that we had supposedly had. The Post Office just counted the money we had against the amount the Horizon system said we should have. They did not go into the system and look to see if there were problems with the transactions; we could not check ourselves as the system would not allow us to go through past transactions.
90. I received a caution and Lawrence was suspended without pay from the Post Office for three months.

91. We were party to the mediation scheme and were offered £5,000. We were party to the group litigation against Post Office Limited, as a result we are excluded from the Historic Shortfall Scheme.
92. Lawrence and I used all the money we had saved over the years and borrowed money from family and loan companies to pay the shortfalls.
93. At first the shortfall amounts were small so I covered them out of our takings from the retail business. However, after a while the shortfalls started to get larger so we had to use money from our bank account and savings to pay the shortfalls.
94. When all our savings had gone, due to us paying the shortfalls, we borrowed money from our family and took out loans. I could no longer keep borrowing money and taking out loans, as I had no way of paying them back, I felt like I would be robbing people. As a result, I began to inflate the post office money held to help to cover the shortfalls.
95. The amounts got larger after the Post Office went live in 2009, prior to that date the post office was not on the internet. Horizon was originally in-house but it went live in 2009. The Post Office made out that going live was a big thing that it would be better and easier for postmasters but it was not.
96. After Horizon went live, you could do a balance declaration in the evening and it would be different in the morning. I started counting every morning when the shortfalls started to get bigger; I did this to settle my mind that it was not me making mistakes. Obviously I had had major brain surgery and I thought it must be me making mistakes. On three separate occasions the figures were different in the morning.
97. I telephoned the Helpline many times when the Horizon system showed a shortfall, but they said to me that no one else had this problem and that we must put the money in ourselves.

98. A lot of the times when I called the Helpline, I had a recorded message telling me to leave a message and that they would get back to me within twenty four hours, however, they did not do so. The Helpline were not interested in helping us. The stress was horrendous and we could not sleep properly. Both Lawrence and I had sleepless nights due to the stress and worry.
99. The Helpline often said that nobody else having these problems. I just could not understand why it was only me having these problems.
100. Lawrence was suspended without pay on 5th January 2011 and the Post Office offered him the post office back in the beginning of March 2011, three months later. By that time Lawrence was under the care of a mental health practitioner after having a breakdown. Because my husband was so ill and because the mental health practitioner advised Lawrence to not take back the post office, my husband resigned as subpostmaster.
101. Lawrence received a letter from the Post Office stating that the he had resigned and so he was not summarily dismissed. A true of that letter is exhibited to this statement (exhibit WITNOXXX_02/3).
102. Lawrence was talking about committing suicide, he had never had problems with depression before and it completely took him off his feet.
103. After Lawrence and I spoke to the mental health doctor, he advised Lawrence not to take back the post office as the stress could tip him over the edge.
104. To see Lawrence suffering was very very sad. Lawrence has always been the one to take care of me and the family. He would always be telling jokes and was a happy man. To see him change from what he was, I felt as if Lawrence's legs were going to go.
105. Lawrence has never fully returned to the funny happy man I knew 55 years before and he is still taking medication for his depression all these years later.

106. My mental health was not good. I think because Lawrence was leaning on me because of the children, I would try not to show Lawrence that I was worried about the children. I become very teary. I had never previously suffered from depression but I was down and suffered from depression as a result of the shortfalls.
107. It did not help me that part of the effect of my tumour was that my concentration was not quite so good, I thought this was playing into the shortfalls. I was trying to concentrate more and the shortfalls were not making sense, this made me anxious all the time.
108. I have headaches every day, sometimes they are far worse than usual. I had two lots of brain surgery and the effect of second surgery is that it affects my nerve endings. Because nerve endings do not heal, I take medication every day for the headaches. When the stress from the Post Office was bad, I had to take more painkillers because the pain from the headaches would not go. Stress and worry from the Post Office made my headaches worse.
109. The stress from the Post Office caused so many health problems for Lawrence and myself.
110. The most profound effect of the Post Office issues was that the stress suffered by Lawrence had masked symptoms of oesophageal cancer which my husband nearly died from.
111. Lawrence was diagnosed with oesophageal cancer a few months after resigning. He had malignant cancer growing from his oesophagus to his chest wall and had to start chemotherapy straight away.
112. We asked the doctor why Lawrence did not have symptoms and when they went through the symptoms we realised he had been showing the symptoms; he was not sleeping, getting up because his chest was hurting, he could not clear his throat. I had

put those symptoms down to worry about the post office. Because Lawrence had changed since the post office and was not the happy person he normally was it masked that there was something seriously wrong with him.

113. When Lawrence was on the operating table he had two heart attacks. He was very very ill. My husband is okay now, but he is still not the same as he was. Sometimes Lawrence is quite miserable, he used to always laugh and joke and was life and soul of family gatherings. He is not like that anymore.

114. I still do not know how Lawrence survived five months of Chemotherapy, a nine hour operation and two heart attacks; the surgeon said it was mainly because he was very fit as a younger man, playing table tennis and lawn tennis every day and martial arts.

115. Lawrence and I always had a strong marriage but the problems with the post office, the worry and waiting, put a strain on our marriage to a certain extent. When Lawrence was first suspended in January, it was not until March that he was told he could have post office back – for three months we had no money coming in. The Post Office would not pay Lawrence sick pay and you could only get statutory sick pay when employed and Post Office said he was not employed.

116. In order to pay our mortgage, we cut down on the stock we bought for the shop and we did not use the heating in our house during the day and only put it on for an hour in the evening so that we did not have large gas bills. We explained our financial situation to our suppliers and they agreed that we could pay them over a longer period of time.

117. Lawrence and I had been working for fifty years; we both worked part time whilst attending college and I worked after having my children, Lawrence would come home from work and I would then go to work.

118. I cannot find the words to explain how ashamed we felt, even though we had done nothing, when we were accused by Post Office Limited of committing a criminal offence.
119. Our faithful customers stood by us and gave us words and letters of encouragement and stated their disgust at the Post Office, but others said there was no smoke without fire.
120. Lawrence was told that he was not responsible for the shortfalls, but I was cautioned by the Post Office investigator for false accounting the amount of money held. A copy of that caution is exhibited to this statement (exhibit WITNOXXX_03/3).
121. I was interviewed three times at three different sorting offices over a hundred miles away from our home, Lawrence drove me to the interviews each time.
122. The caution was given to me in a dirty room at what looked like a disused sorting office. When I came out I felt as dirty as that office and broke down and sobbed.
123. Our children, friends and the local community were very upset and could not believe the way Post Office Limited had treated Lawrence and I. We were both regarded as kind helpful people who would spend time with people explaining any forms from the D.V.L.A, the County Council etc.
124. We still have a mortgage of £87,000 which should have finished last year. The bank, NatWest, have been wonderful in regards of letting us pay much lower monthly amounts. We have also paid off some of the £18,000 owed to loan companies.
125. It was a nightmare working for the Post Office, the way they treated people with a total disregard to their duty of care and their Dickensian rules was horrendous.

CONCLUSION

126. One of the major impacts on us is that we still have a mortgage and various loans to pay back, we should have finished our mortgage last year but we still have £87,000 left on the mortgage and with other loans the total amount we still owe is £110,000. We should not have that now.
127. We did try to sell property in 2011 but there was no post office and shop so the sale would not make the money back, as a result, we decided to stay at the property.
128. Lawrence and I do not have money in savings. We have not had a proper holiday as we have not had the money for hotels and flight. Our experience with Post Office Ltd altered our lifestyle.
129. We are both in our 70s now and we have both worked very hard all our lives. We should have fall back money savings now but we do not because we had to use our money to pay the shortfalls.
130. When I read the accounts and background on the Justice For Subpostmaster Alliance website it was as if I was reading things that I had written, I could not believe it as all this time I thought we were the only ones who had shortfalls and issues with the Post Office and actually there were hundreds of us. Lawrence and I were number 197 when we joined Alan Bates in the Group Litigation against Post Office Ltd.
131. Our experience with Post Office Ltd altered my faith in people and corporations, as we were blatantly lied to by the Post Office.
132. I think the postmasters are wonderful people, they have to be to work for such an organisation as Post Office Limited. I think the postmasters and mistresses were the life and soul of the Post Office but the people who ran Post Office Ltd were not

concerned for postmasters and their health. I believe that postmasters took the fall for Post Office Ltd.'s bad negotiations.

133. I would definitely like people to be held to account because Post Officials were just downright rude to us.

134. I think Post Office Ltd should be held account because they got away with so much and caused so much stress. Lawrence did not want to live anymore and had had enough. When Lawrence was seeing a psychiatrist, he said that he could not do it anymore and that he cannot live through the stress. This should never have happened.

135. The Post Office accused people of stealing so much money without having any proof.

136. I would like the Inquiry to discover the truth.

STATEMENT OF TRUTH

I believe the contents of this statement to be true.

Signed..... **GRO** Dated..... *11th Feb 2022*

Joan Baile,