

THE POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF MR KEVIN PALMER

I, MR KEVIN PALMER WILL STATE 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. I am from Essex and I live Benfleet.
3. I live with my wife, **GRO** We have been married for 16 years and we have two daughters together who also live with us.
4. Prior to my appointment as Subpostmaster I had a thriving career in the city of London, I was working in investment banking, and I had done this since leaving college.

5. I worked in the financial services industry for about 8 years. For 4 of those years I worked at Deutsch Kreditbank AG (DKB) and for the other 4 years I worked at Skandinaviska Enskilda Banken AB (SEB).
6. I also spent one year working in Taiwan as a financial advisor.
7. It was not my intention to leave investment banking, at the time I had just been headhunted by a large Russian bank, and I was planning to go and work for them.
8. My Mother, Suzanna Palmer, is a core participant in this Inquiry. She was a Subpostmistress and she had been suspended from her branch due to the shortfalls and problems with Horizon, so I left my career and job in the city to support my mother and take over her branch.

DECISION TO BECOME A SPM

9. Following my Mothers suspension by the Post Office, I wanted to help her out and they suggested that I take over the Subpostmastership, and that is what I did. It was a very straight forward process, I simply had to fill out some forms.
10. At the time, my mum and I were both under the impression that she would be reinstated. So when I took over the post office I was under the impression that it was just temporary, and in order to help my mother.
11. However, that is not how it turned out.
12. I gave up everything I had built in my career to help my mum, I even bought the post office from her to help her out financially.
13. I was a Subpostmaster of The Grange Post Office, 105 London Road, Rayleigh, Essex SS6 9AX from on or around 1 February 2007 to 14 April 2016.

14. I operated a retail business from the premises. I also operated a newsagents from the premises. This was owned by my Company, First Class News Limited; and I employed four assistants.
15. There was a linked residential premises at the branch, and I let this out and received £695.00 per month in rent.

TRAINING AND SUPPORT

16. My appointment started after the initial introduction of Horizon. I did not receive any training from the Post Office, my mum trained me in the post office as she was the previous subpostmistress.
17. I remember attending one meeting where I was told to sell a book of stamps but I never had any training from the Post Office on balancing or how to operate the branch.

HELPLINE

18. I contacted the helpline roughly once a week, mainly on balance nights regarding problems relating to alleged shortfalls and balancing.
19. Generally, the advice from the Helpline when I called querying alleged shortfalls on balancing was "*don't worry it will come back as a transaction correction*".
20. On some occasions, I did receive transaction corrections. However, these would often come through some 8-10 weeks later and so it was impossible to understand what they related to.

21. The Helpline were not able to resolve any of the problems. The help they provided was simply reading from a booklet, the same booklet that I had in the branch that showed you how to do a transaction.
22. I felt that I was being 'fobbed off' whenever I called and I do not think that the Helpline advisors were knowledgeable of the system at all.

SHORTFALLS

23. 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.
24. Over the period of my tenure I paid, or the Post Office deducted in excess of £20,000. When I performed a weekly balance, the system would regularly show an alleged shortfall.
25. This happened at least twice a month, every month. I often called the Helpline to seek assistance with the balance but they were of little to no assistance. On every balance I checked through my own records, sometimes I would sit on the floor until 12am in the morning looking thorough receipts to find the errors.
26. For the smaller shortfalls, ranging from £100.00 - £200.00 I would always make the difference good in cash immediately. I would estimate that I paid roughly in excess of £15,000.00 in relation to these smaller discrepancies.
27. The errors that I had would always show either immediately before, or after I had performed a trading period balance.
28. The following shortfalls are examples of larger discrepancies that I encountered in the branch though this is not an exhaustive list of shortfalls that I suffered.

29. In or around August 2007 a shortfall arose amounting to £2,700.00. I paid the Post Office this alleged shortfall by way of deductions from my remuneration because the Post Office maintained I had to pay the amount back.
30. I experienced a much larger shortfall amounting to £62,084.01. I did not pay the Post Office for this shortfall.
31. This alleged shortfall showed on the system when I conducted a trading period balance. I called the helpline in an attempt to find out why this figure was so large. The helpline advisor told me that it was not possible for this to be a result of a system error, and simply advised me to check my figures again.
32. I looked through my own records again, but could not find any error or any explanation for this discrepancy. I started to panic, as I knew what had previously happened in my mother's case at the same branch.
33. I did not have this kind of money to put into the branch cover such a larger shortfall; I therefore, had no choice but to "settle centrally" in order to continue trading the next day.
34. I hoped that this would be identified as an error and that it would "come back" as a transaction correction. However, this shortfall appeared on every subsequent weekly balance.
35. On each weekly balance, I called the Helpline in the hope that they would assist, but each time I was just told to check my own records and that it might "come back". I did not hide the discrepancy; I declared it every time, hoping that I would eventually receive a transaction correction to resolve the problem.
36. I was extremely concerned about this shortfall and all I kept thinking was that Post Office were going to do the same to me as they had done to my mother (i.e. take me to Court and prosecute me).

37. The shortfall remained unresolved for a long period of time, to the point where it exceeded the 60 day branch reporting period, which meant I could no longer access any transaction records my end.
38. When the auditors attended my branch on 20 November 2015, as expected, they discovered the alleged discrepancy.
39. The Post Office demanded that I "repay" this alleged "debt" on a number of occasions by way of letter (for example letter of termination dated 14 April 2016 and more recently draft agreement of release July 2017).
40. After my suspension (following the audit of 20 November 2015) my staff continued to experience alleged shortfalls in the branch under the appointed temporary Subpostmaster.
41. My mother, Suzanne Palmer had also experienced similar unexplained shortfalls prior to my appointment. This pattern of problems, despite a change of operator, brings in to question whether there were wider problems in the branch, including in the system.

Audit and investigation

42. Approximately 6 months in to my appointment, the Post Office conducted an audit of my branch in or around August 2007. At the end of this audit, I was informed that a shortfall of £2,700.00 had been discovered (the one referred to above).
43. The auditors explained that this shortfall related to scratch cards and went back 3 years. This would have meant that the shortfall occurred before I was even in position. However, Post Office maintained that I had to pay the amount back. This sum was deducted from my remuneration over several months.

44. Following this audit, I made a complaint about one of the auditors. She came back to my branch under the pretence of doing a "cash deck audit" but it was clear that she was just being nice wanting me to give positive feedback and revoke my complaint.
45. The Post Office conducted a second audit of my branch on 20 November 2015. Two auditors attended the branch (one being the auditor I had previously raised a complaint about), I was not present at the branch when the auditors arrived.
46. I was at home, as I had taken the day off to look after my children. It took me a couple of hours to arrange childcare but I got to the branch as soon as I could.
47. When I arrived, I immediately told them about the approximate £60,000.00 discrepancy that I had been experiencing in the hope that they would help me resolve it. My first comment to the auditors was "*good, you have come to solve my discrepancies I hope*".
48. After I informed them of the shortfall the auditors looked at each other and contacted the police, Post Office security team and head office before I even had a chance to explain what I thought had happened. They suspended me before they had even stepped foot in the Post Office to conduct the audit.
49. The auditors threatened that I would be looking at 10-15 years in prison if I could not make good the losses straight away.
50. I was told that my contract was suspended and they asked me if I could make good the alleged loss immediately to avoid prison. I panicked and called my father in law. I was hyperventilating as all I could think about was what had happened with my mum and that I would not see my wife and children again.
51. I was ordered to stand at the back of the office whilst the auditors counted the cash and stock. I was told to stay where I was. I was never given the opportunity to count or validate any of their findings.

52. Before the auditors left, they balanced the "cash" amount in the system. They took the keys to the safe and I was only able to access the retail side of the business from this moment onwards. I therefore, had no access to the branch overnight.
53. The auditors returned the following Monday (23 November 2015) in order to hand over the branch to the temporary Subpostmaster. When they performed the balance, the system showed a further £200.00 shortfall.
54. This was impossible as I was locked out of the branch. This shows that the Horizon System was clearly flawed.
55. Neither I, nor any staff, had access to the Horizon system or the branch for that matter after the auditors left on 20 November 2015 and yet an alleged shortfall had appeared. The auditors could not explain this but insisted that I signed something saying that this additional £200.00 would be added to my outstanding balance.
56. I disputed this and said that the system must be flawed. The auditors provided no comment on this and seemed to ignore my concerns.
57. I have seen no records of any adequate investigation being carried out despite the fact that I was assured, and believed, that an investigation was being conducted at the time.
58. Despite my numerous calls to the Helpline seeking help (particularly in relation to the larger shortfall), Post Office never visited my branch. My Area Manager never visited the branch and there was no support system.
59. Following my suspension, I was invited to and attend an interview under caution with Post Office investigators (letter from Matt Mowbray, Security Manager, of Post Office dated 4 January 2015). I instructed a criminal solicitor who accompanied me to this interview.

60. I was then invited to attend a further "informal" meeting with my Contract Manager, Carol Ballan. I attended this meeting on 27 January 2016 at Dartford Crown Office. My criminal solicitors recommended that I contacted the NFSP and ask for a representative to attend the meeting with me, which they did.
61. My criminal solicitor told me not to speak about the accusations that Post Office had made against me, as the meeting should only concern the future of my contract. When we arrived for the interview, the NFSP representative went in first and spoke with Carol alone. I was left outside.
62. The NFSP representative then told me that I should resign as Subpostmaster as it would "protect" me.
63. Although Ms Ballan wanted to tape the meeting, I refused as I felt that this was not the purpose of the meeting. During the meeting, Ms Ballan kept accusing me of stealing the alleged shortfall money and asked me when I was going to admit it.
64. The NFSP representative did not intervene, despite this accusatory line of questioning. He did nothing to protect me. I remained strong and repeated the advice of my criminal solicitor stating that the accusations were not what the interview was about. Carol got very angry and started shouting at me, which was very intimidating. She shouted that I "*had to*" tell her where the money was. I was not going to accept this behaviour so walked out of the meeting.
65. I was very disappointed with the 'support' from the NFSP and it seemed that they were just there to support Post Office, rather than me.
66. I attended a further interview at Chelmsford Post Office on 28 January 2016 where I gave explanation. I also raised concerns over the Horizon system and said that I believe that the system may have caused losses at my branch.
67. In the Post Office's letter of termination addressed to me, dated 14 April 2016, the Post Office dismissed this and merely stated that it "*rejects this unsupported*

allegation" and that: "Horizon is used by 11,500 branches currently as around 78,000 registered users and is used to process 6 million transactions every day. It is consistently subject to independent audits and meeting or exceeds industry accreditations".

68. Post Office, through their legal representatives, started to negotiate an "agreement and release" with my instructed solicitors, at the time.
69. Under this draft agreement, it was proposed that I repaid the alleged "debt" of £62,084.01 and in return Post Office would agree not to pursue any civil or criminal proceedings against me.
70. I very nearly entered into this agreement, as I was so worried about what Post Office would do to me. I could not bear the thought of being sent to prison and not seeing my children, even though I knew I had done nothing wrong.
71. However, prior to signing this agreement I learnt of the civil litigation with Freeths LLP and found the strength to dispute the alleged outstanding sum. Freeths LLP confirmed that I would not be entering into this agreement.

Suspension and Termination

72. I was suspended immediately following the audit of my branch on 20 November 2015 due to the alleged shortfalls at my branch.
73. The Post Office immediately asked me to pay back the shortfall of £62,084.01. I completely panicked, as I did not have this sort of money so I called my father in law, knowing he might have the sums and he immediately came down to the post office. He asked the auditors for more information if he was going to consider handing over the money but the auditors refused to give him any details. As such he did not pay the money on my behalf.

74. The branch was closed during the audit on 20 November 2015 and it was reopened on 23 November 2015 when Interim Enterprises in Sheffield were appointed as temporary subpostmaster. My staff however, took on all duties and responsibilities of running the branch. The auditors took the keys to the safe and I could not access records in my branch, my staff could but I wasn't allowed in the post office area.
75. My contract was terminated by Post Office. I was advised to resign by my NFSP representative. He said that this would "protect" me. Following his advice, I tendered my resignation with immediate effect by letter dated 7 March 2016.
76. I received a letter dated 14 April 2016 from Post Office stating that they did not accept my resignation, as my contract did not allow me to "terminate my appointment with immediate effect". The letter however, went on to terminate my contract with immediate effect on 14 April 2016.

Civil and Criminal Proceedings

77. The Post Office did not pursue civil or criminal proceedings against me for recovery of the alleged shortfalls.
78. However, the Post Office have accused me of criminal offences and I had to attend an interview under caution shortly after my suspension. The Post office representatives, including the auditors, threatened that I would be prosecuted and put in prison.

HUMAN IMPACT

79. I was the subject of an audit by Post Office Ltd, in which shortfalls were found and subsequently I was suspended from my position as subpostmaster.

80. I participated in the mediation scheme and received £52,000. I was a party to the group litigation against Post Office Limited; and as a result, I am excluded from the Historic Shortfall Scheme.
81. Had it not been for the events that occurred, my future plans in my role were to remain in position as Subpostmaster, and continue building the business and its reputation.
82. Prior to my appointment as Subpostmaster, I worked and had a good career in London. However, following my mother's termination as Subpostmistress and the destruction that those events had on my family, as the older sibling I felt it was my duty to return home to help and protect my family. Despite this not being my intended career path, I loved my job as Subpostmaster.
83. I wanted to purchase the freehold of the premises and would have used this as an investment for my pension. I had plans to expand the retail business into a card and gift shop. I loved my job and really felt I had found my niche. I loved serving my community and working to grow the business.
84. During my appointment I was so pleased to be offered the mains model under the Network Transformation programme as I thought that this was going to take the business to new strengths.
85. In fact, prior to the events leading to my termination, Post Office had approached me to discuss opportunities of taking on other branches in my area. At the time, I declined but it gave me confidence that I was 'doing ok'. I certainly intended to remain in post until retirement (i.e. 65 years of age, a further 28 years).
86. The consequences of being required to cover shortfalls were that it made working and living a lot harder.
87. My stress levels were so high. We balanced the office every day and as a busy office, it was always in the back of my mind that no matter how cautious and careful we were I

would be 'down' on the books and then have to put in cash to make good the fictitious losses.

88. I felt awful for even questioning whether my staff could be stealing. They were not stealing, but I could not help having these things go through my mind. They were my team, and we had worked together for years and there were never any losses on my retail side so why were they only in the post office side.
89. The team worked both areas of the business and I knew they were not taking any money.
90. The stress was unbelievable and it was not nice for my family, my staff or even my customers.
91. We had to rein in our budget and give up some of our luxuries. I had to give up my season ticket which was my only down time from the shop and we had to stop sending our children to kids club.
92. I was having to take money out of the retail side of the business to put into the Post Office, and I ended up having to work longer hours I couldn't afford to pay staff. This meant I was losing out on spending quality time with my family.
93. I had to borrow money to cover the shortfalls.
94. As we lost the Post Office salary, we ended up having to take out loans and re-mortgage the house in order to stay afloat and keep the business going.
95. I am now on a debt management plan and my credit rating is at zero.
96. When it was alleged that I was responsible for the shortfalls I was suspended with immediate effect, and I was told I would go to jail for 10- 15 years for stealing money from a government company and that I would lose everything.

97. Upon hearing this, I blacked out. I could not breathe, my life, my children and my wife flashed before my eyes. I felt numb.
98. I was told by the Post Office to keep my shop side open and that the Post Office would put a team of people in the post office to keep it running. I had to open up the following day and pretend everything was normal.
99. The Post Office told me if I cooperated until the police enquiry they would make sure it was noted I was helping. I had to stand in my shop and everyone ask me what was going on. I was told I could not say a thing. I had done nothing wrong but I was made out to be a criminal without any chance to address any issues.
100. I cannot put into words what that does to a person.
101. My family's reputation in this business had already been tarnished, due to the way that Post Office treated my mother. It took a long time for the community to believe my mother, even though she was found not guilty at trial.
102. I left my job and career in London in order to prove my family's innocence and build our reputation back up. During my appointment I established good relationships with my customers and built our reputation back up, in fact people bypassed other offices to use mine.
103. However, this completely changed after my suspension and termination.
104. I was the face of the branch, however even after I stopped working there yet again rumours about my family, and me, began to circulate amongst the community.
105. My reputation was in ruins. There was a hate campaign created about me on social media. They accused me of being a thief and a liar and to everyone to boycott my shop as I was still running the retail side. I had to take this abuse day in and day out from people in the community.

106. I had people shout at me, vandalise my shop, spit at me and verbally abuse my wife and children.
107. I had someone walk in my shop and shout out that I should be in jail in front of my daughter who was behind the counter with me at the time. It was awful.
108. To add fuel to the fire, the Post Office took the post office out of my store and moved it three doors down, so not only was I having to put up with abuse, I also had to keep working knowing the office was just down the road from me.
109. I was treated as guilty until proven innocent in the community because they thought I had stolen their money from the Post Office.
110. My wife was my rock throughout this whole experience, and she encouraged me to keep going. Her logic was that if I was still behind the counter and people could see my face then I could not have been guilty of theft because I would have been sent to prison.
111. After about 2 years of taking the abuse and trying to keep the retail business running people stopped coming into the store and business started going under.
112. I became so depressed I stopped going into the shop. As the business was failing, we eventually decided to remodel the premises, and my wife and father in law helped me turn the business into an events company and start over.
113. I would always get someone saying do not use my shop, and people still think I am a thief and that I used the money to start a new business.
114. We have since closed the events business.
115. I think I will have to live with people believing I am a thief until the day I die, but I do hope that one day they see this inquiry on the news and realise they were wrong about me.
116. The accusations against me took me into some of the darkest days of my life.

117. I became extremely depressed and suicidal.
118. My close friends and family have noticed that my personality and mannerisms have changed drastically; I am not the same. Initially I was unable to leave the house due to my vulnerable mental state.
119. I actually contemplated suicide. On one occasion, my wife found me wandering along a busy motorway in a daydream and she had to drag me into the car before I got hurt.
120. It nearly cost me my marriage but my wife has been a rock. The effect that this has had on me is still ongoing and although I feel stronger mentally, I am not the same person and do not think I ever will be.
121. My life has been ruined. I have lost all my confidence and my self-worth hit rock bottom.
122. We had a thriving business, I was well known in the community having always lived in the area and being involved with the locals. We were known for our charity work and helping out others where we could. We were pillars to the community in my eyes and I loved my shop and the people who used it.
123. I was the well-known, bubbly subpostmaster with a big personality and now I am a complete introvert with little confidence and somewhat of a hermit.
124. I lost everything, including myself overnight.
125. I tried to stay on and build up my reputation, through the help of my wife and her family I got out of bed, put on a brave face, smiled and stood, head held high behind the counter of my shop.
126. However, I felt like an outcast, and I cried myself to sleep most nights. I gave up my social life and friends. I went from being this big, bubbly personality to being a totally recluse and I still am to this day.

127. I do not do anything today and that has been the hardest thing for me, I just sit at home.
128. I keep going for my wife and children but with the debt, I now have due to the Post Office makes me want to give up some days. I am working on my self-worth and mental health but until I can pay off the debts, I do not think I will ever be able to fully move on.
129. I question whether my children and wife would be better off if I am not here anymore.
130. My relationship with my mother also broke down because of the actions of the post office.
131. My marriage nearly broke up under the circumstances. I thought my wife thought I had done it, that I had stolen the money. I did not trust anyone and I didn't think anyone trusted me. I thought they all hated me.
132. Because of these intrusive thoughts I was horrible to live with, I drank, I was depressed and I was awful to be around.
133. My wife was my rock. She helped me every day and persevered. She encouraged me to be brave and show people I had not done anything wrong and she believed everything I said, I owe her everything.
134. I lost out on 2 years with my children where I wasn't there for them. That is time I will never get back. The post office did that, they took that time away from me and my children.
135. To this day, I get nervous just driving past my old shop. Everything comes rushing back to me when I see it.
136. I will never forgive the Post Office.

137. We are holding onto our house by the skin of our teeth now. My in-laws are paying for our house on a monthly basis because it is our family home, they are keeping a roof over our heads.

138. I thought I would have had a job until retirement, if the post office had never taken my business away from me I would still be working in my shop and running post office now.

139. Instead, I am unemployed, unable to get a job, in debt and without a pension.

140. I am half the man I used to be.

CONCLUSION

141. The Post Office ruined everything I had built.

142. Financially I have lost everything, I was earning excellent money and I was going to be able to give my family the best life.

143. The business had so much potential, which I had planned to make the most of. However, I am now left without my business, unemployed and unable to get a job. I am now the househusband.

144. I have gone from a something to a nothing.

145. The Post Office not only destroyed my finances but they also completely destroyed my relationship with my mother. We have both suffered immensely as a result of the actions of the post office, and I hope that this inquiry can aid in reopening the lines of communication between my mother and me.

146. I have lost a lot at the hands of the Post Office but the biggest loss of all, for me, is losing my personality and who I was as a man. That is something I cannot get back.

147. I now refuse to use a post office. I do not even like mentioning their name because I feel like the Post Office have gotten away with the destruction they caused so many people.

148. It makes me so angry that what they have done is unknown and they could easily do it again. I would hate for anyone else to have to go through what I have been through.

149. Financial compensation is my number one priority to come out of the inquiry. I want to be able to get on with my life and not worry about whether a bailiff will turn up. We should be compensated for what we have lost and what we should have been earning.

150. I also want everyone to be made aware of what the Post Office have done, and that includes those in management at the time who did nothing to help or support the 'little man'.

STATEMENT OF TRUTH

I believe that the facts stated in this Witness Statement are true.

GRO

Signed.....

Dated: 3.2.2022

Kevin Palmer