

WITNESS: DAVID THOMAS HEDGES

STATEMENT NUMBER: WITN0130\_01

EXHIBITS: 0

DATED: Jan 14, 2022

## **POST OFFICE HORIZON IT INQUIRY**

### **FIRST WRITTEN STATEMENT OF DAVID THOMAS HEDGES**

THIS STATEMENT IS PROVIDED IN RESPONSE TO THE RULE 9 REQUEST OF  
THE PUBLIC INQUIRY DATED 29/10/2021 TO ADDRESS THE HUMAN IMPACT OF  
THE FAILINGS OF THE HORIZON IT SYSTEM

I, MR DAVID THOMAS HEDGES, Date of Birth  of   
 will say as follows:-

#### **PERSONAL BACKGROUND**

1. I am 68 years old and currently live in ,  in a rented bungalow with my wife. My wife and I are retired and currently receive our pension. I have two grown up daughters and two grandchildren.

#### **POST OFFICE HISTORY**

2. Once my children had reached secondary school age, my wife and I looked for a change of lifestyle. We were keen to acquire a small business in a rural location that we could run ourselves with some part time assistance.

3. We liked the idea of moving to the countryside to bring up our children and the thought of running a small community Post Office was something that appealed to us. We knew the business would need to provide a home and generate an income whilst living in a pleasant living environment.
4. After four or five months of looking, we were offered the opportunity to buy Hogsthorpe Post Office. I recall the purchase price was conditional on me being accepted by the Post Office to run the branch. As part of the process, I applied to become Sub-postmaster of the branch. Hogsthorpe Post Office was located within a larger retail store which adjoined a large residential property.
5. As such, we bought not only the Post Office branch and retail store in which it was situated but the adjoining 5 bedroomed house that became our family home. I believe we paid around £115,000 to purchase the business and associated property. I ran the branch for 15 years, from 1994 until the termination of my employment in 2010.

#### **CRIMINAL ALLEGATIONS AND ANY PROCEEDINGS/CONVICTION**

6. On the 5<sup>th</sup> May 2010, the Auditors visited my branch. A discrepancy of approximately £23,000 was found and I was immediately suspended. I was interviewed under caution on 2 June 2010 at Doncaster Royal Mail Centre.
7. Following the interview, my contract was terminated, and I was charged with the Theft of £23,660.79 and three counts of False Accounting.
8. I pleaded guilty as I felt I had no option. The criminal solicitor appointed to represent me advised me that if I agreed to plead guilty and was able to

provide satisfactory character references, he was 95% certain that I would receive a suspended sentence rather than a custodial sentence.

9. I recall the Post Office was seeking a four-year custodial sentence. Spending that long in prison would have destroyed me and my family. I was subsequently sentenced on 4 February 2011 at Lincoln Crown Court. I was sentenced to 7 months imprisonment suspended for 18 months together with 120 hours of unpaid work and costs of £1000.

### **THE HUMAN IMPACT**

10. The human impact which the failings of the Horizon IT System have had and continue to have upon me and my family are set out in the remainder of this statement. The section headings follow the particular questions posed by the Inquiry.

### **WHAT WERE THE CONSEQUENCES OF BEING REQUIRED TO MAKE GOOD APPARENT SHORTFALLS SHOWN BY THE HORIZON IT SYSTEM?**

11. As part of the process of acquiring the business the one point of any substance that I recall was explained to me during the interview was that in my role as Sub-postmaster; I would be held personally responsible for any financial loss that arose within the branch. That is something that was drilled into me from the very start.
12. Between 2003 and 2007 I started to get discrepancies that I simply could not reconcile. After having shortfalls and escalating the matters to the Post Office, it was made clear to me that I would have to make up the shortfalls even though I had no idea how it had occurred.

13. At the beginning 2009, a large shortfall of £10,000 occurred. I called the helpline nearly every day making enquiries as I simply could not accept such a large shortfall. I believe this triggered a visit to my Post Office. No explanation was given to me on the reason for the shortfalls, but the visitor said in documents I have read since "*I have to report that I could find absolutely no reason for the losses in this office ...*". Once again, I was told I would have to "make good" the shortfalls myself. Eventually the Post Office arranged for me to pay this substantial sum off in monthly deductions from my salary.
14. As mentioned above, between 2003 and 2007, the shortfalls built up to a couple of thousand pounds. It was made clear to me that I would have to make good the shortfalls. I simply did not have the cash resources to be able to do so and I was therefore required to put in place an arrangement whereby the shortfall would be paid by way of a deduction from the salary paid by the Post Office. I made at least three separate arrangements to pay about £2000 each time by instalments. It always seemed strange to me that all they were worried about was getting the money, not why it had supposedly gone missing. To me, it seemed they just hid behind the clause in the contract that this was to happen.
15. Between 2003 and 2007 the Post Office were always content to deal with the losses that way. During that period, I believe that I paid approximately £6,000 from my salary to cover unexplained shortages that I could not explain, and which remained unresolved.
16. By 2007, I had reached the stage where I felt that I could not go on paying money to cover off unexplained errors that I could not account for. I felt that

the Post Office business was becoming a money pit. The shortfalls continued and in late 2009 or early 2010 I borrowed £20,000 from my mother to pay into branch. At the time of the Audit, the accumulated losses were in the region of £23,000. Shortly following the interview, I repaid the shortfall of around £23,000 by way of further borrowings from various family members.

**WHAT WERE THE COSTS OF MAKING GOOD ALLEGED SHORTFALLS SHOWN BY HORIZON?**

17. Initially, I had deductions taken from my salary to cover the amount of the shortfalls. The deductions amounted to around £6,000.00
18. The shortfalls continued and I could no longer afford to have my salary deducted. In 2010, I had to borrow £23,000 from family members, including £20,000 from my mother, to pay into the branch.

**HOW WERE YOU AFFECTED WHEN ALLEGED TO BE RESPONSIBLE FOR SHORTFALLS OR DISCREPANCIES SHOWN BY THE HORIZON IT SYSTEM?**

19. When the Auditors came across the discrepancy and the cheques I had written to try and cover the shortfall, it was apparent to them that this was not in order; I admitted there and then, on the same day, that I had put those cheques in with a view to cover off the losses so that I could buy myself enough time to remedy it.
20. Initially, I was relieved when the auditors arrived. However, in other ways I was shell-shocked. By this I mean I was in turmoil as I knew that it would take the family down financially and perhaps tear the family apart.

21. I was extremely worried about the future. I felt ghastly. The experience was horrible. I thought to myself I needed to face people and tried to be positive; whilst the Auditors were packing up the Post Office, I decided to get on with the business.

**WHAT WERE THE CONSEQUENCES OF BEING HELD RESPONSIBLE FOR SHORTFALLS AND DISCREPANCIES SHOWN BY THE HORIZON IT SYSTEM?**

22. In late 2009 or early 2010 I borrowed £20,000 from my mother to pay into the branch. This was to cover the shortfalls which were occurring. Following this, further shortfalls occurred on a weekly basis and on 5<sup>th</sup> May 2010 the Auditors visited my branch. I was suspended.

23. The keys were taken from me, and I was informed that Investigators would be in touch. It was horrible. I was interviewed under caution on 2 June 2010 at the Doncaster Royal Mail Centre. I was repeatedly asked to explain where the accumulated discrepancies had gone. It was repeatedly put to me that I had stolen the money. The Investigators were convinced I had stolen the money. I explained that this was not the case, but the reality of the situation was that I could not offer a substantive explanation for the shortfall other than pointing to a possible glitch within Horizon, on a technical level, that I could not explain or evidence. Notwithstanding my payment of the shortfall, I was charged with Theft of £23,660.79 and three counts of False Accounting.

24. After I was interviewed, my contract was terminated on 14 June 2010. I was told that I was dismissed and that an investigation would take place. I felt this was not a fair decision. I felt forced into the situation. I felt very down about

this, but I knew I had a living to make, a mortgage to pay and a family to support.

25. I got a telephone sales and marketing job. We got someone to lease the shop, but I tried to keep myself occupied. We kept the newspaper business running.

**WHAT WERE YOUR FINANCIAL LOSSES CAUSED BY ACTION TAKEN AGAINST YOU IN RELIANCE UPON HORIZON DATA?**

26. I suffered a loss of income from the date my contract was terminated by the Post Office until the date I commenced new employment.
27. Whilst it had always been the intention of me and my wife to keep the business until we reached retirement age of 65, at that stage we were so frustrated and concerned that we decided to put the business on the market.
28. We had the property and business valued by a number of agents at between £380,000 and £400,000 and we therefore put the property and the business on the market at that time for a sale price of £399,000.
29. In 2010, following very significant reductions in the sale price, we had someone very interested in buying the property and business and I was desperate to keep the business on an even keel to allow that sale to proceed. As a result of my conviction, we were not able to sell and eventually the Post Office closed, and subsequently the Shop shut at the end of September 2010.

**WHAT EFFECT DID IT HAVE TO BE ACCUSED OF COMMITTING CRIMINAL OFFENCES AS A RESULT OF SHORTFALLS AND DISCREPANCIES SHOWN BY THE HORIZON IT SYSTEM?**

30. I was terrified that I would end up in prison. It was a feeling of sheer terror.

What compounded my anxiety was that I understood that, if I received an immediate custodial sentence, I would be taken from the dock to the cells and I would only be able to take with me what I had on me in the dock in court.

31. I have sleep apnoea. I depend on my CPAP machine. Without this machine I would stop breathing at night and might die. It was a terrible worry.

**WHAT WERE THE CONSEQUENCES OF BEING CONVICTED OF A CRIMINAL OFFENCE AS A RESULT OF SHORTFALLS AND DISCREPANCIES SHOWN BY THE HORIZON IT SYSTEM?**

32. As explained above, I was sentenced to 7 months imprisonment suspended for 18 months together with 120 hours of unpaid work and costs of £1000.

33. After the court hearing and my conviction and sentence, I attended my Probation Office who indicated that my Community Service would be at a Charity Shop. Initially, I was expected to work 8 hours a day once a week. I wanted to carry out my sentence as quickly as possible and I asked if I could work every day for a few weeks. My Probation Officer agreed.

34. I lost my business as a result of the Post Office and my conviction, and I was forced to sell it at a discount.



35. The prosecution had a detrimental effect on my health. I initially found it very difficult to discuss anything in relation to the prosecution. I was not a criminal, but I had a criminal conviction.
36. The reputational damage that this has caused to me, my wife and our children is impossible to quantify.
37. Once the court case was over then the real problems set in. I needed a job but getting one as a man in his late fifties is difficult enough, but if you then add in a criminal conviction, it proved even worse.
38. My biggest upset was that I applied for a Branch Managers job with The Plumb Centre, a position I was more than qualified for, had a successful interview, and offered the position. When completing the joining forms, I declared my conviction and the job was withdrawn.
39. Any job offer I did receive, was soon withdrawn as a result of my conviction.
40. My wife and I have been forced to live in rented accommodation; the rent is high and there is a lot of uncertainty, but the waiting list for a council or housing association property in my area is over five years. I had been looking forward to a comfortable retirement; we had planned to sell up and buy a smaller property and put the rest of the money in the bank for a rainy day. This was taken away from us, and it is very upsetting.

**WHAT EFFECT DID THESE ISSUES HAVE UPON YOUR RELATIONSHIPS WITH YOUR FAMILY, FRIENDS, COLLEAGUES AND LOCAL COMMUNITY?**

41. I was so traumatised by the whole situation, and, in a small rural community, word spread quickly that I was to be prosecuted for theft and trade dropped

off significantly. We got to a point at the end of September 2010 where we were losing money every week, so we voluntarily shut the shop.

42. Several people from the village shunned us, some even crossing the road to avoid us. After I was suspended, I had to deliver newspapers with my face on it, following reports of my criminal charges. These were some of the reasons why we moved out of the village and into a nearby town which provided some anonymity.
43. That did and still does, hurt.

**PLEASE DESCRIBE THE DIRECT AND INDIRECT EFFECT WHICH THESE ISSUES HAD UPON THE MEMBERS OF YOUR FAMILY?**

44. The whole experience has affected me and my family in a hugely detrimental way.
45. We are still hundreds of thousands of pounds out of pocket. We were forced to sell our Post Office, Retail Business and a comfortable home at a distressed price as the Co-Op bank had given us three months' notice that they would start the process to default our loan and throw us out. I had just lost a temporary job and could no longer pay the repayments. We received a very low offer of £135,000, which we accepted as it allowed us to repay the bank approximately £116,000 and the other money paid other pressing debts and the fees involved in the sale.
46. We just avoided bankruptcy and have been forced to live on benefits ever since.
47. A few days after I was sentenced, my older daughter had to go to someone's house and listen to the owners going on about the terrible man at the Post

Office, not knowing that she was my daughter. She suffered 30 minutes of diatribe and vitriol until she got outside, sat in her car and cried for 30 minutes. The situation has affected my whole family.

48. Recently, I have come home from a shopping trip to find my wife, [GRO] in a confused state. She was so confused that she called me her previous husband's name. My initial thought was that she had had a stroke but on taking her to the hospital it seemed this was not the case. She had a number of physical tests carried out. The Doctor seemed to think that [GRO] had suffered some form of mental episode. I told him about the deep trauma both her and I had endured with regard to the Post Office and my conviction. We both needed to be very strong to get through all the upset and worry and possibly now as we are in calmer waters [GRO] has allowed her mind to relax, and it had gone too far. [GRO] appears to be getting better, but she has no memory of about 5 or 6 hours on that Monday. My wife has now received a formal diagnosis after the above incident. She has been diagnosed with Transient Global Amnesia. This can be brought on by stress, even though occurred many years ago and has now eased.

## **CONCLUDING REMARKS**

49. The mental toll from that fateful audit day onwards was crippling, as the full might of a huge company was unleashed on me and only the support of a wonderful wife, loving family, close friends, and my faith, saw me through.
50. However, I count myself lucky compared to others who suffered in our group, but we all have one thing in common, this experience has scarred us for life, and I feel that no one is being held to account for this.

**Statement Of Truth**

I believe that the facts stated in this witness statement are true.

Signed:

**GRO**  
T. Hedges (Jan 14, 2022 14:12 GMT)

Position Or

Office Held:

Print Full

Date of signature: Jan 14, 2022

Name: DAVID THOMAS HEDGES

FILE REFERENCE:

**GRO**

