

Witness Name: Ms Sarah Osolinski

Statement No.: WITN0311_01

Exhibits: None

Dated: 3.2.2022

THE POST OFFICE HORIZON INQUIRY

FIRST WITNESS STATEMENT OF MS SARAH OSOLINSKI

I, MS SARAH OSOLINSKI 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. I am now 65. I have been married for 44 years, and I have 3 daughters.
3. Before becoming a subpostmistress, I worked for HSB Bank from the age of 17 to the age of 40, for 23 years. This gave me a very good grounding in handling money and dealing with customers and building relationships.

4. Banking began to change, away from being community based, towards more centralised banking. I much preferred the previous way of banking in which one knew one's customers very well.
5. My husband had been made redundant and our children were a bit older. We had a happy close family, and we felt that we would like to develop a business in which we could work together as a family.
6. We looked around and sought advice and decided that running a post office looked ideal. It offered a guaranteed salary, and the chance to build up a retail business alongside the post office. It was something we could work in together as a family, and it allowed us to be really engaged with the local community which was something that I loved. I also hoped that I would retire from the post office and hand the business over to my children.
7. We had to sell our home in Cardiff and take out a business loan to pay for the lease of the premises for the post office.
8. I was a Subpostmistress of Gaer Park Post Office, Bassaleg Road, Newport NP20 3NA from 1 October 1996 to 28 June 2010. I also operated a retail and newsagent business from the same premises.
9. We had to work very hard to build up the business and the relationships with the local people, as we were new to the area. However, within a few years we had been completely accepted and the community was like our extended family.
10. I had three assistants: Pam Hopkins: Pam was with me until the time of my dismissal and was appointed as temporary manager when I was suspended. Katrina Osolinski-Simmonds: Katrina is my daughter and worked in the post office on and off throughout my appointment and then was taken on by New Rose after my suspension. Rachel Osolinski, also my daughter: Similarly, Rachel worked off and on in the post office during my appointment.

TRAINING AND SUPPORT ON THE HORIZON SYSTEM

11. The training I received when Horizon was introduced in 2000 comprised of 1.5 days off site training. This was a mandatory course that all subpostmasters had to complete upon the introduction of Horizon, as did my staff.
12. We had previously been using a DOS based system called 'Capture'. This was a system used by many post offices. It was simple and easy to use. It was easy to update and to check back over if there was a discrepancy.
13. When we used this system we rarely had discrepancies, and if we did they were easy to find and correct. This was not true of the Horizon System.
14. The training I received for the new Horizon System was not adequate, and did not train me properly on how to use the brand new Horizon System, as there were transactions and elements of the system that I was not familiarised with but required to use daily as part of my role. A trainer (I do not recall his name) then stayed in my branch for a week to oversee our usage of Horizon and the balancing process.
15. I discovered that much of the training was wrong and led to the majority of my later problems. The trainer told me the correct way to balance was to balance at zero, regardless of the actual figure and then roll over the accounts and make good the shortages. He taught me to do the balance snapshot and then either put money in to cover shortages or take money out (the latter being very rare and almost never happening) to make good discrepancies and then balance.
16. I later found out at my Post Office Return to UNIT Interview (RTU) in 2010 that this was false accounting and I was taught the wrong process.
17. We had Horizon online training. I cannot recall how often this was offered but it was not frequent. I would get a notification that there was training available online and I

would then have to put the terminal system on training mode and go through the online programme. I was required to complete this training first and it was later completed by my staff. This training was not helpful at all in how to operate or understand the system. It mainly focused on changes to the financial sector and compliance issues rather than teaching us more about the Horizon system and how to use it.

HELPLINE

18. I would sometimes contact the Post Office helpline for issues regarding faulty equipment. I would rarely call them for problems with shortfalls. I sometimes called them for authority to override errors when I already knew what the problem was and I just needed their authorisation to override the transaction. My reluctance came when shortfalls were showing on the system and I did not know what caused them. I knew from experience that the helpline did nothing to assist me with shortfalls. They simply did not know or did not care about the problems I was having with the Horizon System,

19.

Relevance

20. This led to our separation, as I felt very let down by my husband. The Post Office knew that this **GRO** had nothing to do with me and that I had no knowledge or hand in it.

21. Indeed, my Post Office line manager at the time argued that as I had had nothing to do with this, and my husband had admitted it and had been sent to prison, I should not be required to pay the money back. However, I did pay the money back. I was permitted to continue in my post as subpostmistress. However the Post Office also informed me that my post office was now designated as high risk.
22. My husband and I later reunited, after he suffered a serious heart attack. However, he never had anything to do with the post office side of our business after this.
23. This experience frightened me greatly and made me very nervous about ensuring that the post office's accounts were correct and accurate.
24. Therefore, when I had problems with the Horizon System and shortfalls, I was very frightened that the Post Office would accuse me of stealing and close my branch. I therefore paid money to cover shortfalls created by the system all the time, as I was afraid to report the problems to the Post Office in case they closed me down.
25. I paid money to make up for shortfalls almost every week for more than two years. These would range from £90 to as much as £1,000.
26. At the time, I doubted myself and thought that I was doing something wrong. However, I knew that this could not be right, I had 23 years banking experience and it simply was impossible that I could be making such large errors in my book keeping every week for years. However, I was told that the Horizon System was a good system, so I trusted the computer rather than myself.
27. The Post Office made me feel as though I was completely alone and any problems I had were totally mine. The fear of their closing my branch was constant.
28. I did contact the helpline about things such as a broken printer or modem or the system crashing. When I did contact them I did not find them helpful. They were very general in their advice and I thought that that they were reading from a script. If I

- ever asked anything that was not on their script, they told me someone would call back. This very rarely happened.
29. When I would then call them back about the issue they would not know how to help and would eventually send an engineer. It was the engineers who told me that I was not alone in the problems I was having with Horizon and that all the equipment was out of date.
30. The helpline made it seem that I was the only one having any difficulties at all. I did not seek any advice or assistance from any other sources because I was so afraid that it would be used as reason to close my branch.
31. This is a key point. The Post Office did not act like an honest partner, who was there to help you, but as a big brother who was waiting for you to make a mistake and then punish you for it. I did not believe that they had my interests at heart. I was later proved to be correct.

SHORTFALLS

32. 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.
33. I would estimate that throughout my position in the branch, I paid (or Post office deducted) in excess of £25,000. I was aware of constant shortfalls each week but just paid the money into the Post Office from the Newsagents business and then balanced to nil as per my training. This was approximately £200 per week, every week for the last two years of my appointment as subpostmistress. The sums varied from, say £90, to as much as £1,000.

34. As I say, because of my previous experience and because no one said there was a problem with the Horizon System, I simply paid these shortfalls from my own funds out of fear.
35. I recorded each time that I made such payments to make good shortfalls and had a full list of these amounts. I gave this list of shortfalls to my Federation representative, Patricia Jenkins, when she came to visit after my suspension in June 2010. She took the list and I have not seen it since despite my asking for it back at the time.
36. Mrs Jenkins also advised me not to mention any of these weekly shortfalls to the Post Office in any of the meetings following my suspension.
37. On 30 June 2005 an alleged shortfall arose amounting to £230.72. This was discovered during an audit I agreed to make good this shortfall immediately on the day of the audit. I had expected to anyway as this was one of the regular weekly shortfalls that had been constantly arising and I had become used to paying. I put the money into the post office as I had been trained and declared the balance as zero.
38. On 24 March 2010 an alleged shortfall arose amounting to £1,872.44. I did not have this amount of money at that time. I therefore wrote a personal cheque for the amount but did not cash this through the Horizon system. Instead, I made regular cash payments into the till over a period of time intending to make up the shortfall over a period of weeks. A training office attended the post office on the 4 June to provide training. She also asked to do a cash check. I said she could, but advised that I was short and the reasons for the shortfall and that I was paying it back into the till. I also showed her that I was making up the balance that day by way of a personal cheque. She reported this to my manager.

39. On 7 June 2010 two auditors come to the post office and conducted an audit. They alleged that the branch was £2,267.16 short. I could not believe this sum. However, £2,000 of this was cash that I had forgotten to take out of the combination till the day before. I went to retrieve this and gave it to the auditors when I went to have a second look in the drawer. The auditors later accused me of trying to steal this money in the audit report and only handing it over because I had been caught. This was despite their telling me not to worry on the date of the audit. The remaining £267.16 was the normal weekly shortfall that I was experiencing and paying back every week and which I immediately paid back in cash. I admitted to the auditor that I had been inflating cash figures to balance following the shortfall of £1,872.44. This was to give myself time in order to make up this alleged shortfall, which I had done.
40. It is very important to highlight that I had been experiencing shortfalls almost every week for well over two years. I had been paying these back every week for more than two years. I was convinced that there was a problem with the system, but I was too frightened to report it.
41. As I have said, I provided my Federation representative with my record of the shortfall payments I had made going back two years.
42. There was clearly a problem with the system, and I now know that the Post Office knew that there were problems with the system.

POST OFFICE AUDITS AND INVESTIGATIONS

43. On 30 June 2005 I was audited by Paul Holland. I was not given any notice of this audit. A shortfall of £230.72 was found which was made up of: £22.94 previous shortage not made good £1.12 difference in cash figures £206.66 difference in stock figures. The audit report states that the audit was assisted greatly by the order and management of my office. I agreed to make good the shortfall immediately.

44. The second audit was on 7 June 2010. The lead up to this audit started on 4 June 2010 when Michelle Keoghane came to my office to conduct the Horizon online migration training. She informed me that she would be carrying out a cash check. In light of this, I informed her that there was a £1,560 shortfall dating back to March 2010 which I was in the process of paying back monthly.
45. At the time the alleged debt appeared on the system, a customer rang my branch identifying himself as GRO and claimed to my staff that he had been overpaid whilst conducting a transaction at my branch and would come in to refund the money. He never returned to branch and it was never confirmed that this was the reason for the alleged shortfall. In fact, I looked through my transaction records and could find no such transaction that would explain this. I explained this possibility to Ms Keoghane but also made the Post Office aware when questioned about it that I was not confident that this was the reason for the alleged shortfall.
46. I explained to her that I could not afford to pay this back in full at the time (i.e. in March) as well as continuing to make good the weekly £200 shortfalls that I was experiencing with the Horizon System. Ms Keoghane immediately called my manager who suspended me over the phone and scheduled a full audit to commence on 7 June 2010. Michelle Keoghane and Haydi O'Brien then secured the post office by locking the door, taking the keys and covering everything with tape so that they would be able to tell if I had tried to access the post office.
47. On 7 June 2010 there was an audit carried out by Craig Winks and Paul Jones. A shortage of £2,267 was found. I had forgotten that there was £2,000 in the combination-till draw and when asked if there was any cash in the shop I immediately went to see if I had mistakenly left some money there. On the day of the audit, the auditors gave no indication that there would be any problems in relation to the £2000 I had mistakenly left in the till. On the day, they told me they understood the mistake and there was no problem. It was only when I later read the audit report that I discovered they had accused me of stealing the £2,000 and only

- handing it over to them because I had been caught. This was not mentioned at all on the day of the audit.
48. To be clear, I did not hold this money back or attempt to steal it. The very idea is obviously ridiculous. It was a simple oversight, and the money was in the till. As soon as the discrepancy was identified, I realised what part of the problem was and immediately produced the money from the till.
49. There was no suggestion, whatsoever, at the time of the audit, that the auditors had any suspicion whatsoever. It was ludicrous to later suggest that I had attempted to steal the money, when it was present in the till on the counter of my branch.
50. I have seen no evidence of any investigation conducted by the Post Office. I have never been provided with access to the data so that I could independently check the Post Office calculations or to check the accuracy of the Horizon System.
51. I was interviewed by Gary Adderley on 22 June 2010. During this interview I was asked about the customer ('John Edwards') who claimed he had been overpaid and caused the initial alleged shortfall.
52. I explained that my staff and I had gone through the transactions but were unable to find such an overpayment and I have always been of the opinion that this is another example of a discrepancy on the Horizon system. During this interview, I also admitted to having written a personal cheque on 31 March 2010 and had inflated the unusable notes.
53. My Federation Representative, Patricia Jenkins, had told me not to tell the investigators that I had been regularly having to make payments to account for shortfalls for more than two years, as Ms Jenkins said that if I told them this they would shut me down immediately. I followed her advice although I was not comfortable with it.

54. The problem with the Post Office is that they think that you are guilty until you prove otherwise.

SUSPENSION AND TERMINATION BY THE POST OFFICE

55. I was suspended immediately on 4 June 2010 when Michelle Keoghane contacted my contracts manager, Colin Burston. The keys to the Post Office were taken by the Post Office and I was left very distressed.
56. The branch was closed on Saturday 5 June and on 7 June 2010. Mary Stewart of New Rose Agency was appointed as the temporary subpostmistress on 8 June 2010.
57. The Post Office was locked and sealed with tape and they took the keys so I could not access any records or paperwork.
58. As a result I was deprived then and since of the documentary evidence and records that would have allowed me to independently check the auditors' work and findings.
59. My contract was terminated by the Post Office due to the alleged shortfalls. My termination letter was dated 28 June 2010.
60. The termination letter from Gary Adderley (Agent Contracts manager) states the basis of my termination was false accounting and failing to make good losses. I appealed the decision but my termination was upheld.
61. I tried to sell the business but was not able to. At the time of my dismissal I had been in negotiations to sell the premises to a property developer who was trying to purchase the plot next door to build apartments with a small retail section below. My office would relocate into that unit. This did not transpire, as the developer could not raise funding.

62. No other buyers came forward and therefore I forced to shut down the retail side of my business as I could no longer afford to pay the rent. New Rose were only paying me £400 per month and the rent for the premises was £920.

CIVIL AND CRIMINAL PROCEEDINGS

63. The Post Office did not pursue civil or criminal proceedings against me for the recovery of the alleged shortfalls. However, I fear that such action would be taken as the Post Office had accused me of false accounting.

LOSSES

64. I paid (or had deducted) more than £25,000 in so called shortfalls.
65. I invested approximately £89,000 to purchase the leasehold of the premises (inclusive of legal fees) plus a quarterly payment of rent (£920) and £600 for the new lease. I also paid approximately £7,500 for the stock. I also paid £200 for new signage as a condition of my appointment.
66. I was suspended for approximately one month. Based on my average annual remuneration this is around £4,000. I was also not paid any notice period, which could reasonably have been 3 months, thus £12,000 in notice pay, or 6 months: with £24,000 in notice pay or 12 months, which would have been £48,000 in notice pay.
67. As I was no longer being the subpostmistress this significantly impacted my retail business. A lot of the local people told me the only reason they used the post office instead of conducting their business online was because they wished to support me and my family, as they liked the family business that we ran. They would also use the retail shop at the same time.

68. As I was no longer subpostmistress, this footfall was lost. Losing this footfall meant that our revenue decreased by approximately £180,000 to £87,500 per annum. Eventually, I could not afford to restock the store any longer and I gave up the lease in September 2012. Therefore, my loss of earnings post termination in regards to the profit from the store was approximately £232,500.
69. I had intended to continue as a subpostmistress until retirement (at aged 68), I would have earned a further £672,000 based on my average annual salary as stated above. Therefore, I estimate my total loss of earnings post termination to be approximately £904,500.

HUMAN IMPACT

70. After I was dismissed and removed from my post, I felt that I could not face people. The suspension and subsequent dismissal was a terrible ordeal. I stayed at home for 8 weeks and when I eventually came out of the house again I was so grateful for the support I received in my local community. Many of them would not believe that I was a thief, as they had known me for many years. However, I do know that there were many who believed that I was a thief.
71. The alleged shortfalls from the Horizon system were an issue from the very beginning when it was introduced in the year 2000. The training was laughable as it did not cover many of the eventualities. It did not adequately prepare me for the issues the Horizon system would present.
72. My Post Office area manager was clueless and the helpline the Post Office provided was totally inadequate providing no meaningful assistance when I reported the issues I was facing.

73. I paid approximately £25,000 of my own money to cover the alleged shortfalls, which grew in size as time progressed and until I was suspended, as I could not afford to keep putting my own money in to cover these constant shortfalls.
74. I wish to emphasise that I had been paying money to make good shortfalls for well over 2 years. I recorded these carefully and gave these records to my Federation representative. Those payments were almost weekly and would range from £90 to as much as £1,000. I paid these monies because I was frightened to report problems with the system and with balancing, as I feared that the Post Office would just close me down. I am now sure that that the Horizon System was deeply flawed.
75. I had kept these problems from my husband and daughters, because my husband had a serious heart condition and I did not wish to worry him or my children.
76. Having to constantly make good shortfalls meant that our bank overdraft increased as a result. This meant that important payments sometimes were not met and we were unable to buy enough stock for the retail side of the business. I was under constant stress, worrying how much I would have to make good every week and how much I would have to pay in shortfalls.
77. The anxiety was unbearable, I dreaded balance day because I knew there would be something wrong and no way of finding out what was causing the problem. This meant that every week for years I lived in dread of balance day, as I was sure that despite everything I did, the balance would be wrong.
78. Before the introduction of Horizon I never had this worry. I knew that the accounts would balance, or if they did not, I was able to easily track back to where an error might have occurred. I rue the day the Post Office introduced the Horizon System.
79. As I say, the eventual consequence of paying for shortfalls every week was that I did not have funds to meet the very large shortfall that arose in March 2010. My resources had been drained over the past two or more years.

80. Even when this large shortfall arose in March 2010 I had been trying to repay this amount on a weekly basis but was finding it difficult as there was always a shortfall. When a Post Office training officer came to the office and requested a cash and stock check I immediately informed her that I had a shortage. She informed her manager and I was suspended pending investigation.
81. I was devastated and very frightened. I hoped that I would be re-instated after the formal Post Office interview but my contract was terminated.
82. I appealed but that was turned down. The whole process is difficult because you are not allowed legal representation and you do not have access to any of the evidence of the branch accounts or Horizon records. Two of my Federation Representatives accompanied and attempted to plead my case. The representative argued that I had been a subpostmistress for 14 years, that I was an honest person and should be given a chance to keep my post office. My representative, Rob Grieves, who was a former Police Inspector argued that if my case came before a Court of Law it would be thrown out, as it quite obviously was not false accounting. Mr Grieves argued that plainly I had not gained or sought to gain from my actions, I had merely been paying back an unexplained shortfall. The Post Office rejected this and terminated my contract.
83. Ultimately, and after my dismissal I was also abandoned by my Federation. I sank into a deep depression and became housebound for some time.
84. I lost my business and my family home, as I was unable to keep up the payments following my suspension.
85. I had to move in with my daughter. I lived with her for 2 years, before I was able to secure housing via the local authority. My husband was by now disabled.
86. My family have always been totally supportive of me and they find the situation incomprehensible.

87. They know that I am a hardworking and honest person and was only trying my best to keep the post office going.
88. The problems, suspension and dismissal had a serious impact on my family. The effect it had on my husband was to exacerbate his heart condition which had been under control until that time.
89. My own health deteriorated, I have fibromyalgia, which is a very painful condition with can be caused and exacerbated by stress. After my suspension my condition got so bad, I am now also classed as disabled. This was as a direct result of the stress associated with my suspension, dismissal and loss of my business and home.
90. My daughters lost their jobs, as the new temporary subpostmaster (a relief Agency called New Rose) decided that if I was a thief then my daughters could not be trusted either.
91. Many of my friends, colleagues and most of my customers were supportive and have remained so. They rejoiced when we won the Horizon Issues cases in the High Court. But I know that some people still and did think I was a thief and this caused me a lot of heartache.

CONCLUSION

92. I feel very aggrieved that I and other subpostmasters had to take the Post Office to court in the group litigation, and despite proving that the Horizon System was flawed and that the Post Office had acted very badly, we were unable to secure better redress from the Post Office.
93. However, I am pleased that our court case led to many of the even less fortunate people who were prosecuted and imprisoned erroneously having the chance to have their prosecutions overturned.

94. My life, my husband's life, our health and the lives of my daughters has been deeply damaged by this experience.
95. The business we all invested our money, time and effort in has been lost as a result of the Post Office's faulty IT system, and the Post Office's refusal to admit that its system was not fit for purpose.
96. I and my family should still be running our successful post office and shop, we are not. It is lost and gone, and so have many of our dreams for a secure future working in the heart of our community.
97. I want the Post Office and Government to make things right again. They cannot give me and my family back the years we have lost, nor can they take away the many nights of worry and stress. But they can admit that they did wrong and commit to putting things right.

STATEMENT OF TRUTH

I believe the contents of this statement to be true.

Signed: **GRO** Dated 3.2.22

Sarah Osolinski