

Witness Name: Mr Paul Harry
Statement No: WITN0248_01
Exhibits: None
Dated.....11-1-2021.....

THE POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF MR PAUL HARRY

I, MR PAUL HARRY 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 the Rhondda Valleys in wales; I have lived in this area all my life.
3. I live with my wife, we have been married for 34 years, and we have two girls who are both grown up now and we have one grandson.

4. I have been a Subpostmaster for 25 years now and I still own one branch (Treherbert) that my wife runs and operates entirely on her own. We live on the premises of the Treherbert post office.

BACKGROUND PRIOR TO APPOINTMENT AS SPM AND DECISION TO BECOME A SPM

5. Prior to becoming a Subpostmaster I worked in the financial services industry. When I left college, I became a financial advisor at the age of 20.
6. I worked as a financial advisor for over 20 years, and built up a practice, which I sold my practice, six years ago.
7. Whilst I was working in financial services I decided to buy a Post office as a business investment.
8. Back then a post office was a viable business and it was a good business proposition. I thought if I buy up to four or five of them, and run them for 10-15 years I could then sell them and retire comfortably.
9. I believed that they would create a good secure retirement fund for my wife and me.
10. As such, I bought my first post office in 1998 and accumulate up to four over a period of five years.
11. I was also a Subpostmaster of the following Post Office Branches:
12. Treherbert Post Office, 133 Bute Street, Treherbert CF42 5PD from or around 1998 to present. This was the first branch I purchased and I still own it today, my wife currently runs and operates the branch.

13. Cwmparc Post Office, 177 Park Road, Treorchy CF42 6HY, from or around 2000 to in or around 2011.
14. Treorchy Post Office, 21-23 High Street, Treorchy CF42 6NP, from or around 2001 to in or around 2012.
15. Pentre Post Office, 25 Gelli Road, Ton Pentre, Pentre CF41 7LR, from around 2003 to in or around 2009.
16. I operated a retail business from Treherbert Post Office, which was a small stationery store.
17. I employed 21 assistants across all four branches.
18. I took out a business loan with Natwest to fund the purchases and used my savings to cover the deposits each office required. In total, I invested £450,000 across all four branches.

TRAINING AND SUPPORT

19. When I bought my first post office it was still operating on the old pen and paper system. I never had any major issues with the system and if I did, whenever there was a shortage there was always a paper to trail to go back through and find the error.
20. The Horizon System was introduced after I acquired Treherbert Post Office.
21. I had to attend a full day's course at a hotel in Bridgend, which covered the basics of Horizon.
22. The training was not sufficient at all; it lasted for about 6 hours. It covered only the basic functions, and in particular did not properly cover balancing the accounts.

23. It was a very steep learning curve and a lot of mistakes were made at the outset because the training was not adequate enough.
24. No further training was provided by the Post Office, but on the day you went live with Horizon a trainer came to the office and just stood there watching you and if you got stuck they would point you in the right direction.
25. I had 21 staff, and I had to train them all myself on the new system.

HELPLINE

26. I primarily contacted helpline about balancing shortfalls. They occasionally managed to get to the bottom of a problem, but it was frequently the case that they had no answers to the problem at all.
27. They seemed to follow a set procedure which, if the process they were following did not result in a solution, provided no answers.
28. On transactional issues they were sometimes helpful but as far as balancing went, if you had a loss they offered no help. They did not know what to say or do and could not offer any valuable guidance.
29. As far as I understood, I had to pay the losses because if I did not I would be in trouble.

SHORTFALLS

30. 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.

31. I am sure that I had shortfalls of in excess of £100,000.00 across the four Post Offices over the course of the past 22 years.
32. The shortfalls were completely random, and on most occasions I just paid them back. I used my savings, took money out of my financial services business, borrowed money from parents and even my wife's parents and took out loans of I needed to.
33. As the shortfalls started to get worse, the Post Office began to deduct the money from my salary. They took about 25% out of my monthly salary therefore, reducing my income, which subsequently made it difficult to do other things within the businesses.
34. Many years ago when the Post Office closures were being implemented under the National Transformation Scheme, I had an office that the Post Office were going to close. We agreed a settlement of £68,000.00 and advertised for months before closing that the branch, as I wanted to give customers notice to find another branch to use.
35. Two days before I was due to close down, I received a call informing me that the decision had been overturned and I was no longer being closed down. I received £1,000 for the inconvenience. I had lost all of my customers by this point and it took me 9 months to rebuild the business. Even then, when I came to sell the branch I only received £22,000.00, so I lost around £40,000.00 as a result.

AUDIT AND INVESTIGATION

36. On the whole, whenever I was audited and discrepancies or shortfalls were found I had usually covered the losses from my own pocket, so I was never significantly short when audits were being carried out.

37. I cannot remember the exact dates of the audits that took place however, the audits did identify shortfalls, which I was required to make good to the Post Office or face potential prosecution if I did not pay.
38. The Post Office did investigate the shortfalls at my request.
39. However, I was told that they could not find any explanation of the shortfalls and I so had to make them good.

SUSPENSION AND TERMINATION

40. I was not suspended by the Post Office.
41. I sold three of my branches, Pentre, Cwmparc and Treorchy, but I still operate Treherbert.
42. The businesses became unviable, the government were taking work away from us and between that, the constant shortages le I felt I had no choice but to sell.
43. It was not easy to sell the offices, it took me around 2 years to sell the three branches. I had no choice but to sell them off for near around the same price if not less than what I had purchased them for.
44. In order to cover my loans and pay off my overdraft, which was swallowed up as a result of having to pay the shortfalls, I had to use the money from the sale of all 3 offices.
45. I also had to sell our family home and move: GRO
GRO
46. If it weren't for my financial services business we would have had to go bankrupt.

CIVIL AND CRIMINAL PROCEEDINGS

47. The Post Office did not pursue civil or criminal proceedings against for recovery of the alleged shortfalls. However, I was threatened with prosecution if I did not pay the shortfalls so I always managed to make sure I paid the shortfalls back in the right way.
48. I was led to believe by the Post Office that I had no alternative but to pay the shortfalls and I believed that a thorough and fair investigation had determined that payment was due. I now believe that the Post Office conducted no, or no adequate, investigations at all.

HUMAN IMPACT

49. I was directly and adversely effected by the problems in the Horizon system. I had to use in excess of £100,000 of my own funds in order to pay for the shortfalls the Post Office alleged had occurred.
50. I was and remain extremely hurt, frustrated and angry that I was forced to do so. I feel that I was given no choice, as I was threatened with prosecution and other legal action every time a surprise audit found an alleged discrepancy.
51. The audit teams refused to listen to my pleas that the alleged shortfalls were caused by computer errors. I felt extremely alone, helpless and abandoned.
52. I did take part in mediation in 2013 and received £22,500. I was party to the group litigation against Post Office Ltd, and as a result, I am excluded from the Historic Shortfall Scheme.

53. The consequences of being required to make good the shortfalls were having to borrow money from my parents, my wife's parents, taking money out of my financial services business and taking out loans.
54. I also lost a portion of my income as the Post Office also deducted 25% from my monthly salary to cover the shortfalls. I felt as though I was working for nothing and this loss of income impacted our standard of living drastically.
55. Previously, we had a good income, which meant our standard of living was quite high but then all of a sudden we found ourselves having to get rid of things just to survive. Naturally, this had a big impact on my wife and children, who were only teenagers at the time.
56. It placed a huge amount of stress on my wife and me, it lead to us both suffering with anxiety and depression.
57. My marriage also suffered, the stress we were under put a strain on our relationship, and quite frankly, how we managed to stay together at that point I do not know.
58. When it was said that I was responsible for the shortfalls, I took the responsibility because the Post Office just assumed it was down to me or a member of staff, but as I was managing the discrepancies by making regular payments they couldn't point the finger at me or make an accusations against me.
59. Years ago, at that time, it was not apparent that the shortfalls were a result of the Horizon System. The Post office just wanted their money back and had no regard to the Subpostmaster or the impact it had on them.
60. Being held responsible for the shortfalls meant that I suffered huge financial losses. I had four post offices at the time, and I ended up having to sell three of them for less than the amount I acquired them for, just to stop the bank calling in the loans.

61. I had to sell our family home to pay off the loans and the amount we owed on them just to keep us in our feet.
62. My financial advisory business also suffered as a result, because I was taking money out of that business to top up and keep the post office going.
63. If I did not have this business to help me, I would have gone bankrupt. This was generating an income to keep us going at the time.
64. I was not accused or convicted of committing a criminal offence because I was consistently making payments to the post office.
65. These issues hugely impact both my mental and also my wife's mental health.
66. We became very anxious and depressed. The constant worry of having to find money to cover shortfalls that we couldn't afford was extremely stressful.
67. This caused arguments among the family which did not help matters. It placed a huge strain on our marriage, how we stayed together during it all I do not know.
68. Our livelihoods were destroyed by the Post Office. We had to sell our family home and downsize through no fault of our own.
69. Our standard of living dropped which, naturally caused concern for our children. We went from being comfortable to having to sell off our business and home.

CONCLUSION

70. We still run a post office today. My wife manages it entirely on her own as we cannot afford to hire staff.

71. The only reason we still have a post office is because it is a means to an end for us. It pays the bills and the mortgage and that provides us with security.
For the past five years I have worked as a design consultant for Hillary's blinds.
72. I had to sell my financial advisory firm because regulations were becoming a lot more restrictive, and we needed the money from the sale to provide security for us.
73. We are just about getting back on our feet after 8 years, but we have had to fight hard to reach this point.
74. This entire scandal has been very poorly managed by the Post Office.
75. It is clear that nobody in the Post Office cares about the subpostmasters and whether they received an income and how they were treated.
76. And in line with this, it is diabolical that the government and Post Office have been able to treat us in the way that they did and get away with it.
77. In any other private organisation this would not have happened. It is simply because the Post Office is a government organisation that they were able to get away with this for so long.
78. At this point, the Post Office should need to hold their hands up, accept responsibility and say they will put this right.
79. We should not have had to pay for their mistakes in the first place and we certainly shouldn't have to keep paying for them.
80. The Post Office and Government need to take accountability and compensate all Subpostmasters.
81. We just want to put our lives back on track and move on.

STATEMENT OF TRUTH

I believe the contents of this Statement to be true.

Signed **GRO** Dated 11-1-2021

Paul Harry