

Witness Name: JULIE KAY (nee WOLSTENHOLME)

Statement No: WITN09020100

Dated:30 June 2023

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF JULIE KAY (nee WOLSTENHOLME)

I, Julie Kay will say as follows:

1. I am providing this statement following a request for information pursuant to Rule 9 of the Inquiry Rules 2006, regarding matters falling within Phase 4 of the Inquiry: action taken by Post Office Ltd against Subpostmasters, dated 4 May 2023.

Background:

2. I was around 8 years old when my parents bought their first Post Office in North Shore, Blackpool. A couple of years later we moved to Haslingden and they ran the Main Sub Post Office there for about 10 years before moving back to Blackpool in 1990.

3. When I left school at 16 years I tried my hand at several things until I was 18. I then went to work for my father in the Post Office. For the last couple of years before they sold the office, I used to be in charge of the office on Saturdays allowing my mother and father to visit their caravan at the weekends. I moved to Cleveleys shortly after my parents and I got a job at Cleveleys Crown Post Office. If my memory is correct the office was re-graded into an MSPO (Main Sub Post Office) in 1990 and this is when my father took over and bought the business. He bought the business for approximately £75,000 and he paid £17,500 per annum rent to POCL. During this time my father had a heart attack and had to have a triple heart bypass. I ran the office for approximately 8 weeks while he was in hospital and POCL were happy with my conduct.
4. A few years later POCL contacted my father regarding a rent increase and this is when he found out, through someone at Royal Mail, that POCL were renting the building from Royal Mail for a peppercorn rent. So he enquired whether it would be possible to find his own property and have the Post Office moved in to it. This was agreed and my father purchased a building on Runnymede Ave and it was built to POCL specification. The doors were opened in 1996 and he ran it with my mother until his retirement in 1999.
5. When he decided to retire I felt it was the perfect time for me to carve out a future for myself. It was a business I knew and loved, being brought up in a post office from an early age. My children were at a good age for me to go back to work full time and I knew it was a good viable business. The Post Office accepted my application and a price of £150,000 was agreed to buy the premises and business. Myself and my partner at the time secured a loan of

£100,000 from the Yorkshire Bank and borrowed £50,000 from my parents. We also had to pay an interim payment of £20,000 to POCL. This was a huge commitment but I was confident it would be a long term investment. It was agreed we would repay my parents £10,000 a year for the next 5 years and the loan from the Yorkshire Bank was to be repaid over 10 years. I knew the basic income was approximately £75,000 per annum, this was enough to pay the staff, make the repayments to the bank and my parents and have enough left to live on.

6. I took over as Sub Postmaster in November 1999 and the staff my father employed, who I had worked with for many years, were happy to stay on and work for me: Ray Knight, Avril Kirby, Liz Ormorod, Sandra, Leslie, Mavis and Linda. My mother continued to work part time. From November 1999 to February 2000 the office ran smoothly and my RNM (Retail Network Manager) was happy with my performance.

Installation of Horizon and early issues

7. Prior to the Horizon system being installed in our office, myself and my staff were sent on compulsory training to obtain a certificate needed to use the system. This consisted of one and half days for me, and 1 day for the staff. The Horizon system installation was compulsory; POCL decided how many units were needed, where they were put and on what day they were installed. POCL had promised everybody that when Horizon was installed the work load would be lighter and balances a lot quicker.

8. It was installed in February 2000. After the first couple of weeks and subsequent balances, I quickly realised our work load had increased and queues had lengthened, as everyone was doing the same work as before plus more because of having to then input all work done into the system. I hoped that over time it would become more efficient, as promised.

9. Almost from the day Horizon was installed in the office I had countless problems, these carried on for 10 months with very little help from POCL. It was an extremely upsetting and stressful time, but we had no option other than to continue using the system. At one point I was told by my RNM, Elaine Tagg, to work a manual system alongside the computers which would have been an almost impossible task because of the already increased workload. This was a little confusing as only a couple of months earlier I was told by my RNM that I was checking all the work thoroughly and there was no need to do that because of the computers. The system was crashing up to six times per day, the main base unit being swapped out many times, ghost transactions and more importantly, excessive misbalances. My father kept a record of the problems, he wrote draft letters (letters that were never sent). I attach a draft letter highlighting the problems with the Horizon system attached to this statement at WITN09020113. The system would alter, swap or delete of its own accord. I was constantly on the phone to the Horizon helpdesk. I have copies of call logs relating to my calls and queries. The Inquiry have provided me with call logs for the period covering March 2000 to September 2001, and they are – with the Inquiry document reference number – as follows:

| | | |
|-------------|------|------------|
| FUJ00121257 | Call | 07/03/2000 |
| FUJ00121259 | Call | 08/03/2000 |
| FUJ00121278 | Call | 22/03/2000 |
| FUJ00121308 | Call | 08/04/2000 |
| FUJ00121396 | Call | 30/08/2000 |
| FUJ00121430 | Call | 01/11/2000 |
| FUJ00121446 | Call | 29/11/2000 |
| FUJ00121448 | Call | 29/11/2000 |
| FUJ00121456 | Call | 27/12/2000 |
| FUJ00121470 | Call | 30/05/2001 |
| FUJ00121471 | Call | 02/06/2001 |
| FUJ00121472 | Call | 26/06/2001 |
| FUJ00121473 | Call | 10/07/2001 |
| FUJ00121474 | Call | 08/08/2001 |
| FUJ00121477 | Call | 05/09/2001 |

The call logs I have kept in my paperwork, and that are a little more detailed than the above, are at WITN09020101, WITN09020102 and WITN09020103.

I also have an analysis of call logs that Jan Holmes undertook; this is at WITN09020105.

10. In various calls I was told by an engineer

- that the office should have a Pentium 3 processor, not a Pentium 2;
- there was a suspected hardware fault;
- there was a consistent ISDN failure and the lines seemed to be losing packets.

Also in one month alone the system had 3 major communication failures and I lost count of how many times I was asked to reboot the computers. It was a very frustrating time.

11. I was in continuous contact with my RNM, requesting she get me some expert help. She regularly came to the office to see if I was using the system

correctly and tried to help with balancing the office numerous times. She herself experienced problems and also said it was the slowest system she had used. But still, no one would actually admit there were any issues with the system. I actually received a plant and a card from her as an apology for the inconvenience I was suffering due to Horizon.

12. I tried everything I could to find out why we were misbalancing. I took on a mammoth task of setting up each member of staff with their own individual stock units so they would balance their own till every week. This was to check that they were all using Horizon correctly. I even put CCTV in the office just to check no one was stealing money, which was an awful thing to do as I trusted all of my staff. Every Wednesday I had to balance the office. If it resulted in a shortfall I was responsible for the loss. I had to contact my RNM when the office didn't balance. Due to some very high losses and the problems I was having with Horizon she allowed some of the shortfalls to carry over to the following weeks, meaning I didn't have to pay it back immediately.

13. After around 5 months I asked my RNM if I could revert back to the manual system just to prove that the misbalancing the office was experiencing was due to Horizon and not through mistakes of my own. I was told this was not an option. A couple of months later I was contacted by a liaison manager, Claudia Walker from ICL Pathways. Claudia was in charge of sorting out offices that were having problems with their systems. She was due to come back to the office again shortly before the office was closed down, this was because ICL Pathways believed I had major hardware and software

problems. I'm not sure why, knowing my RNM experienced some problems, but Claudia was told - I believe by my RNM - that there were no problems with the system and subsequently Claudia Walker was unwilling to speak to me.

14. I have some account documents that showed how the accounts were not matching up. I attach document POL00095358 provided to me by the Inquiry; this is an accounts docket showing details for Oct/Nov 2000. I also attach a draft letter from my father dealing with dockets at WITN09020114.

Events leading up to suspension and termination:

15. The final straw was on 29th November 2000 when I was unable to balance my office because of the problems with the system. I had been asking for help from the Horizon helpdesk all evening and then they told me the system still had major software problems, the stock units were beyond redemption and under their instructions I was told it would be impossible for me to balance and to switch everything off and go home as the system was inoperable.

16. Later that night, whilst thinking about the 10 months of continuous problems with the Horizon system and an overall shortfall of over £18,000, I decided I was going to ring my RNM the following morning and explain I was going to revert back to the old manual way of running and balancing the office.

17. I made the phone call and said I would not use the Horizon system again until all the problems were sorted, but also asked, if she could guarantee Horizon was 100% operable then I would continue to use it. She told me she was coming straight to the office.

18. When she arrived, on 30 November, she handed me a letter, dated that day, the contents of which stated I was being suspended. The suspension letter is at WITN09020104. The letter gives no reason or explanation for my suspension; it just states "This letter is to confirm that I have suspended you from your contract for services at Cleveleys MSPO with effect from today...." In speaking with me, she said there was nothing wrong with the system. I asked her on what grounds she was suspending me, I told her I wanted to keep the Post Office open running, using the traditional methods, even knowing it would produce a greater amount of work for me but I knew that was nothing compared to all the problems I encountered with the Horizon system. Her response was that she did not need to give me any grounds at the present time as to why I had been suspended.

19. She then demanded the keys to the building, which I refused to hand over as I owned the building. So she instructed me to get rid of the customers who were waiting to be served, which was an awful thing to have to do, and I was then told to send my staff home and lock the doors. I was told I now had to repay all the outstanding losses which my RNM had allowed me to roll each week until my suspension, approximately £15,000, plus my wages of £19,322.85 (3 months) were also withheld after my suspension. The Yorkshire

Bank told me that someone had contacted them about my loss of the Post Office. I don't know who that was but the person I had the most dealings with at the Post Office at this time was my RNM. The Yorkshire Bank called in the loan and I narrowly escaped receivership.

20. I sought advice – I really only had my RNM to go to - as to my options after the closure and was told the usual procedure involved POCL appointing an interim sub postmaster to our office, a fair rent being decided and then the chance to sell on the business.

21. There were local newspaper articles about my difficulties in the Cleveleys branch. These were at the end of 2000/early 2001. I attach clippings that I have kept (WITN09020106, WITN09020107, WITN09020108) and the Inquiry has provided me with another – see page 3 of POL00095364.

22. On the 8th December 2000 I was contacted by a Mr Asif Patel who said he had been appointed by my RNM as the relief Post Office Manager and asked if I had any objection to him coming to see me. I said I didn't and he came to see me a few days later. He asked for certain figures, my salary, overheads, outgoings etc and I supplied him with what he wanted to know. I suggested he pay me a rent of £1250 per month, this would then cover my loan repayment with the Yorkshire Bank. I then received a phone call from my RNM saying the amount I wanted to charge for rent was ridiculous and £625 per month would be an acceptable figure. Bearing in mind my father was paying much more than this to POCL 8 years ago, obviously I had to turn down that offer. My

RNM then contacted a rent assessor who suggested £1300 per month as a fair rent. It was essential a fair rent was agreed in order to appoint a relief manager and keep the office open.

23. I didn't know negotiations had broken down until I read in the local newspaper that POCL were advertising for a new Postmaster and new premises. I couldn't help feeling that my RNM was intent on closing the office permanently and maybe it was a calculated plan to get the Post Office moved to a more central position. My office remained empty. My father addressed this in another one of his draft letters, at WITN09020112. I was aware that POCL wanted to close around 7000 Post Offices around the country. Also by closing my office, POCL would be able to save £225,000 due to them not having to pay the compensation figure of 2 ½ times the salary.

24. In the time that followed the closure I tried to contact Claudia Walker to see if she could help. I think I got to speak to her briefly. My recollection is that she couldn't speak to me properly as she was in danger of losing her job and as far as POCL were concerned the matter was closed.

25. I contacted The Federation of Sub Postmasters, the union made up of Postmasters like myself. I spoke and sent correspondence to my local representatives, Bill Brookes and Phil Howarth. I had heard about a couple of Post Offices that seemed to be going through similar problems as myself but it wasn't until I went to a few meetings with my local representatives that I found out there were other Postmasters experiencing similar problems.

Unfortunately, when I started trying to contact some of these Postmasters they were very wary about what they said and no one wanted the conversations to go any further. Everyone was worried about making waves and more importantly losing their jobs. I felt like everyone was closing ranks and I was totally alone. Even the National Executive of the federation, Hugh Morgan-Jones told me he could not assist as correct procedures had been followed in my suspension and consequent termination. Yet the letter I received dated 19 January 2001 stated my contract would be terminated in 3 months and the date of termination would be 28 February 2001. This was incorrect as the proper date of termination should have been 20 April 2001.

Civil proceedings:

26. It was at this point I believed I had no choice but to enlist the help of a solicitor, someone outside of the Post Office. I think it was early 2001 that I enlisted the help of Peter Lawson, a solicitor from Lawsons, Samuel & Capaldi solicitors. There was a lot of information and research that my solicitor needed to do and the costs quickly started mounting. Unfortunately I couldn't get any legal aid. This, along with not being able to meet the loan repayments or the payments to my mum and dad I had no choice but to sell my house as I had some equity. This was used to pay off some of my mounting debts.

27. My ex partner left me and walked away from all responsibility. Myself and my 3 children aged 9, 5 & 4 had to move into my parent's caravan in Longridge, around 20 miles away. It was hard, commuting every day to get my children to

school, so my parents bought a small caravan which was put in their yard and this is where myself and my children slept. I used the back office in the empty Post Office building as a place for my children to use when they weren't at school/nursery. It was a small room as POCL large safes were still in the room.

28. Post Office Counters Limited issued proceedings against me in the Blackpool County Court. My solicitor pursued a counter claim on my behalf for wrongful dismissal. I don't have many of the papers from the court proceedings but I have found 3 witness statements that were served by POCL on me: these are attached at WITN09020117, WITN09020118, WITN09020119, statements of Jan Holmes, Keith Baines, Elaine Cottam (Tagg) and, all dated August 2004.

29. A key part of the civil case was when my solicitor found an IT specialist, Jason Coyne, in June 2003, who was happy to produce a report based on the call logs between myself and Horizon that I had in my possession. All of the documents I have from and related to Jason Coyne producing an opinion are at WITN09020115 and WITN09020116. In January 2004, Jason Coyne produced an opinion. He looked at the case papers and the calls logs. He confirmed that he felt there were indeed problems with the system and that I was not to blame for the faults that had occurred. If I recall correctly when this opinion was received, Weightmans solicitors, who represented the Post Office, approached Jason Coyne stating they had evidence of direct comparisons of calls between myself and Horizon that displays my office as being broadly comparable. I don't think this evidence was ever supplied. If I

remember correctly I hadn't allowed POCL to remove any of the Horizon equipment from my office, it was my evidence. It had been kept in a secure location and was returned to POCL after the court case.

30. I believe it was the report of Jason Coyne and actions of my solicitor that resulted in me getting some compensation from POCL. The money did go to paying of some more of my debts which I was lucky to be able to do.

Impact of losing the Cleveleys Post Office:

31. The Post Office business never reopened. I did try to keep bringing in some money from my private side of the business but this just wasn't feasible. The consequence of losing the Post Office was devastating. My future just disappeared; I went from having a promising career with my own business, house, savings, car etc to living in a rented house on benefits. My parents ended up back in debt due to them helping me out with my bank loan which was taken out in November 1999 to be repaid over 10 years. Also 3 of my staff made a claim to the employment tribunal for loss of wages. Unfortunately due to my financial situation I couldn't pay them, to date they have not pursued their claim.

32. My reputation was tarnished, a lot of people believing I stole money from the Post Office and my building, the former Post Office was now worth half the value it was 12 months earlier. I also had stock from the private side of the business that I tried to sell, but not having the footfall coming through the

doors anymore proved fruitless. It is my belief that if the Post Office and Horizon had given me the help that I deserved I would not have experienced these great losses, the considerable stress I encountered or the hardships my family endured.

Statement of Truth

I believe the content of this statement to be true.

Signed: **Julie Kay**

Dated: 30.06.23

Index to First Witness Statement of Julie Kay (nee Wolstenholme)

| No | URN | Document Description |
|-----------|--------------|--|
| 1. | WITN09020113 | 12/2001 letter drafted by my father |
| 2. | FUJ00055145 | PINCL 2/11/00 |
| 3. | FUJ00121257 | Call 07/03/2000 |
| 4. | FUJ00121259 | Call 08/03/2000 |
| 5. | FUJ00121278 | Call 22/03/2000 |
| 6. | FUJ00121308 | Call 08/04/2000 |
| 7. | FUJ00121396 | Call 30/08/2000 |
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| 13. | FUJ00121471 | Call 02/06/2001 |
| 14. | FUJ00121472 | Call 26/06/2001 |
| 15. | FUJ00121473 | Call 10/07/2001 |
| 16. | FUJ00121474 | Call 08/08/2001 |
| 17. | FUJ00121477 | Call 05/09/2001 |
| 18. | WITN09020101 | 2000 Feb – July Horizon Call log |
| 19. | WITN09020102 | 20000328 - Horizon Call log |
| 20. | WITN09020103 | 20000908 – Horizon Call log |
| 21. | WITN09020105 | 20001214 – call log analysis by Jan Holmes |
| 22. | POL00095358 | Cleveley's Office error log |
| 23. | WITN09020114 | 01/2004 – letter drafted by my father |
| 24. | WITN09020104 | 20001130 – Suspension letter |
| 25. | WITN09020106 | Newspaper Clipping 1 |
| 26. | WITN09020107 | Newspaper Clipping 2 |
| 27. | WITN09020108 | Newspaper Clipping 3 |
| 28. | POL00095364 | Letter from Tim Bentley to Tina Davis re: Thornton Cleaveleys (sic) Sub Post Office - West Lancs Gazette Newspaper Feature |
| 29. | WITN09020112 | 01/2004 - letter drafted by my father |
| 30. | WITN09020117 | Jan Holmes witness statement 11 August 2004 |
| 31. | WITN09020118 | Keith Baines 2 nd witness statement 11 August 2004 |
| 32. | WITN09020119 | Elaine Cottam (Tagg) 2 nd witness statement 11 August 2004. |
| 33. | WITN09020115 | Jason Coyne Expert opinion 21.01.04 and associated documents |
| 34. | WITN09020116 | 20042702 email from Jason Coyne to Susanne Helliwell |