

WITNESS: PAULINE STONEHOUSE

STATEMENT NUMBER: WITN0180_01

EXHIBITS: 0

DATED: Jan 13, 2022

POST OFFICE HORIZON IT INQUIRY

FIRST WRITTEN STATEMENT OF PAULINE STONEHOUSE

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, MRS PAULINE STONEHOUSE, Date of Birth of
 will say as follows:-

PERSONAL BACKGROUND

1. I live with my husband and my youngest daughter. I have two daughters and one granddaughter.
2. I am not currently working.

POST OFFICE HISTORY

3. I was appointed as Sub-Postmistress of Seaburn Post Office on 18th November 2004. I had previously worked for various Post Offices as a Post Office Assistant for 16 years prior to my appointment as Sub-Postmistress.
4. I became interested in running my own Post Office as I wanted a change of direction and the challenge of running my own business. I purchased the Post Office business for about £80,000. We rented the premises for about £15,000 per year. Our home was located elsewhere, separate to the business. The Post Office had a retail store attached to it. Within the retail store was a newsagents and off-licence.
5. My employment was terminated on or around 1st June 2007.

CRIMINAL ALLEGATIONS AND ANY PROCEEDINGS/CONVICTION

6. An Audit was carried out at my Post Office on 1st June 2007. The Post Office Counter side was closed until a temporary Sub-postmaster was brought in.
7. I was suspended on 31st May 2007, and afterwards my contract was terminated.
8. I was then formally charged with False Accounting at the end of my interview, and later on 7th July 2008, at Newcastle Crown Court, I pleaded guilty to six counts of false accounting.
9. On 1st August 2008, at Newcastle Crown Court, I was sentenced to a 6-month community order with a supervision requirement. There was no order for costs, compensation, or confiscation because I had been made bankrupt by this time.

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 a result of experiencing shortfalls, I called the Helpline numerous times; they just told me the system would correct itself, not to worry, and to deal with it at the end of the month. We did that, and eventually a trainer from the Post Office came out to check that I had followed procedure. They concluded that I wasn't doing anything wrong.

12. I then reached a point where I became unable to repay the shortfalls. Whilst my retail shop was doing well, I was not making enough to cover the alleged losses from the Post Office.

13. I was not able to pay back the main shortfall after the Audit, and the Post Office was aware of that.

14. On 29 May 2007, I saw and spoke to a Post Office business manager at a Network Change Event. I was upset, and I disclosed my struggles with aspects of running my post office. I broke down and said I could not cope anymore. I told the business manager I was losing thousands of pounds and was already repaying two large losses monthly from my salary.

15. I explained I had lost about £3,500 in the last five or six weeks and could not afford to make the losses good and, if I was audited, I knew I would be in trouble as the money was not there.
16. On 31 May 2007, I spoke to a Post Office Business Development Manager. I told them that the losses totalled around £9,000 prior to the last trading period, and there had been a further £3,164.37 loss in the last period. I acknowledged that there should have been approximately a £12,500 shortage at the end of that period and the true figure on the system now was £14,538.12.
17. The following day, the Audit was conducted and a total shortage of £15,699.16 was identified. After the Audit, I didn't repay any further shortfalls. I had to declare bankruptcy before my conviction.

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

18. Approximately 6 or 7 months prior to the Audit and Interview, I had been repaying the shortfalls out of my wages. This involved occasionally paying a couple of hundred pounds. At the time the amounts were not overly concerning but when the amounts added up, the significance of the shortfalls became clear.
19. I can't recall the precise amount I paid in total. I had entered an arrangement with the Post Office where I agreed to pay the shortfalls off by paying them out of my wages.
20. As outlined above, there were approximately £3,500 of losses in a five-to-six-week period at one point.
21. Repaying the shortfalls made us tighten our belts a bit more, as my Post Office wage was less. We had to cut back on buying stock as we couldn't afford to

- buy as much by the time we had paid rent to the landlord, and this influenced the shop takings.
22. When the total shortfall of £15,699.16 was found, as previously mentioned, I had to declare bankruptcy. I lost my home as a result of this.
23. When we relocated, I had to ask family members for financial help. My father bought us carpets and flooring and a fridge for our house, and my husband's father also helped us out financially.
24. As a result of our loss of the Post Office, my husband had to take a job as trainee bus driver however our income was significantly reduced with only one wage coming in.

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

25. When my Post Office was closed, I was absolutely blindsided. I had customers asking why it had been closed, and I had to explain something was wrong, and why there had been a temporary sub-postmaster brought in.
26. It was a serious knock to my self-esteem. It ended up getting me down. I believe at that time my insomnia kicked in and I suffered from lack of sleep. My eczema flared up. I was so stressed out; I didn't know if I was coming or going.

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

27. I was interviewed on 7th June 2007. The Interviewers asked me numerous questions including: where the money had gone; if I had stolen it; and if I hadn't

taken it, then where could it have gone.. They suggested that my husband had taken the money to put into the shop till; I assured them this wasn't the case

28. I was subsequently told I would be suspended until the investigation finished, and my contract was then terminated on a later date.

Whilst the Post Office was closed, we tried to keep the shop going as we could, but we had no choice but to close it down in October when I had to declare bankruptcy.

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

29. My family has experienced a loss of income because of having only one wage coming into the household.

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. Once I was charged, I just thought what on earth is going to happen now. I was wondering if I would end up in prison. Mentally, I didn't know what to do with myself. I lived in fear of the unknown. It was a horrendous experience.

31. We didn't live that close to the Post Office, so our neighbours weren't our customers. If I bumped into people in the town centre, most told me they had faith in me. I did get a few sly looks from people who were originally nice customers, and they didn't speak to me.

32. I remember when I went to court my story was in the Sunderland and Northern Chronicle, which was not nice.

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

33. On 1st August 2008, at Newcastle Crown Court, I was sentenced to a 6-month community order with a supervision requirement.
34. As part of my Community Order, I had to go to the Probation Office in Hendon, Sunderland. To begin with I had to go once a week and then it tapered off to once a fortnight and eventually once a month.
35. It was horrible; I had to sit in a waiting room with drug addicts people who had committed crimes. Even the probation offices that I saw found it laughable that I was there. They asked me what on earth I was doing there.
36. We had to declare bankruptcy before my conviction in October 2007. We lost our home because of this. Luckily the Judge gave an order that we couldn't be turned out of our home immediately because we had small children.
37. We were put on a homeless list. Initially we were offered an awful place to live, and then we were offered another house where we stayed for a couple of years. There was police presence in the area. At one point someone was outside our door with a knife, so we had police and police dogs outside our house. There were needles in our front garden. It was awful.
38. Eventually we bought the house where we are now living. We have suffered with ongoing financial distress. My husband, GRO got a job within two weeks as a trainee bus driver but our income was a lot less with only his wage coming in. We couldn't get credit with anyone. We were effectively living hand to mouth.

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

39. After my conviction, I don't think I went out as much. I shied away from the Public hoping I wouldn't see anyone I knew, in case they had heard about my situation or seen my face in the paper.
40. In general, my friends were fine with me; they never had an issue and they believed in me.
41. My husband and I have always had a good relationship but, with the worry and stress that the conviction and my bankruptcy caused, it wasn't plain sailing between us. There were occasions when there were raised voices.

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

42. My children were very small at the time; my eldest daughter was about 9 and my youngest daughter about 2. My eldest daughter lost her friends as we had to move because of the bankruptcy. She had to move schools. She was always shy and anxious and not very confident, and she had to start all over again with new friends and a new school.
43. I think it did affect my husband. He's a quiet man and will only give his opinion if it is needed. He bottles everything up and whilst, I think he kept it to himself, it really did knock him for six. My husband was upset for me, and the impact he knew it was having on me, but he tried not to show it, to avoid worrying me.
44. As mentioned above, various members of our family helped us financially after I had been convicted.

CONCLUDING REMARKS

45. My conviction was recently overturned on 22nd November 2021, and now I have come back from court, I feel that it is a bit anticlimatic.

Bizarrely, I once again have ended up being in the Press. The morning after my conviction was overturned, I ended up on the front page of the Northern Echo, and in the Daily Mail. I was also interviewed on the local news. I did get a bit tearful on occasions, as it has brought the whole situation back up for me. It has made me have to relive everything, which is very upsetting.

I will never forget the trauma it caused me and my family, and the financial impact it had on us.

Statement Of Truth

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

Signed:

GRO

P a Stonehouse (Jan 13, 2022 15:29 GMT)

Position Or

Office Held:

Print Full

Date of signature: Jan 13, 2022

Name: PAULINE STONEHOUSE

FILE REFERENCE: **GRO**

