

Witness Name: Ms Tracy McFadden

Statement No: WITN0032_01

Dated... 25/01/2022 Exhibits: None

THE POST OFFICE HORIZON INQUIRY

FIRST WITNESS STATEMENT OF MS TRACY MCFADDEN

I, MS TRACY MCFADDEN 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 57 years of age. I have two children. I am separated.

- 3. I was the subpostmistress of Sandiacre post office, 11 Derby Road, Sandiacre, Nottingham from approximately 17 June 2002 to August 2016.

4. My partner was subpostmaster of Chaddesden Post Office, Nottingham Road, Chaddesden, Derby. I stepped in to help when he was diagnosed with cancer. I helped manage the post office from October 2003. In 2006 I completely took over responsibility, splitting my time between the Chaddesden branch and the Sandiacre branch.
5. Eventually, running the two branches became too much and I hired an assistant. I eventually recruited an ex-postmaster who would come in 2 days a week. The Chaddesden branch eventually closed in November 2008.
6. Before becoming a subpostmaster I had a career in the insurance industry and worked at the Prudential company, advising on pension matters.
7. I worked in the insurance industry for some 20 years. I worked throughout the United Kingdom and spent some time working on behalf of the Prudential in Africa.
8. On returning to the UK, I continued to work in the insurance industry. As this was a job I could easily do remotely, I looked into obtaining offices close to home.
9. A colleague of mine had bought into a post office and I thought this was the perfect solution. I could run a community serving project whilst continuing to do my insurance work.
10. I researched the idea. I believed that the Post Office was a reliable organisation, and that being a subpostmaster would provide a good life for me and my family.
11. A post office came up for sale near to my home in Sandiacre. I applied for the position and successfully went through the rigorous selection process.
12. I operated a retail business selling cards and stationery. But focused most on the Sandiacre branch.

13. I employed the 6 assistants at the Sandiacre Post Office.

TRAINING AND SUPPORT

14. I attended 2 days of training between the 17th and 18th June 2002 at Victoria Street post office in Derby. Our trainer was named Glenys Lufkin.
15. The training covered basic over the counter transaction. No balancing transactions were covered.
16. By way of example, for certain transactions such as bank deposits, the way the transactions were processed varied depending on which bank or which account the customer held. The system was not capable of knowing which way you would need to process the transactions, so it was purely down to operator knowledge.
17. My impression of the training was that it was insufficient. The difficulty with the Horizon system was that there were many different transactions and although some were similar products, the transactions on the Horizon system were often carried out in different ways, which was confusing.
18. Further training was given in the branch for three days once the business had been transferred to me from the previous subpostmaster. The training consisted of mainly serving customers and producing end of day reports.
19. As mentioned, no training whatsoever was given regarding balancing. Luckily for me, Arlene Corns, one of my newly adopted staff was on hand to help given her many years of experience. Without her kindness and help goodness knows what would have happened.

HELPLINE

20. I estimate that I contacted the Helpline at least five times per week regarding problems relating to shortfalls and balancing.
21. As subpostmistress, I was ultimately responsible for overseeing the Sandiacre branch and for a period, the Chaddesden branch whilst my partner was off sick. I shared the responsibilities and tasks of the day to day running with my staff; therefore, all issues were witnessed by my staff and myself. We were a team.
22. When there was an issue with shortfalls or any discrepancies, we had five experienced opinions and tried to get to the bottom of the problem and generally if there were any errors made, we were occasionally able to find them and deal with them. However, the shortfalls could not always be explained. There was no facility to help other than the helpline, which was useless.
23. I can confirm without question that when an unaccountable shortfall arose, we, as a team acted immediately. We always contacted the helpline for advice. Unfortunately, the advice from the helpline proved to be completely inadequate when dealing with the shortfalls.
24. My assistant Arlene Corns had worked with an old manual ledger system and the Horizon System previously and she told me that it was wholly unreliable.
25. For example, on one occasion we had an unexplained shortfall which appeared to be caused by the ATM machine.
26. We contacted the helpline for advice, and we carried out their instructions which then doubled our shortfall, then doubled it again, then again, until before we knew it our alleged debt had run into £16,000.

27. This call to the helpline was witnessed by my staff, and it was obviously a problem with the system.
28. I was told that I was responsible for the shortfall and would have to put the money in from my own funds. I refused to pay the shortfall because I said there was no way I was responsible.
29. I maintained my position and refused to pay the £16,000. Eventually the Post Office reduced the shortfall somehow and claimed I only owed £800. I am unsure whether I eventually paid this amount. I am still confused about how this figure was decided.
30. I was disputing this shortfall and was adamant that this amount was no fault of mine. I was furious that Post Office Ltd were demanding this amount from me. As far as I was concerned these people from Post Office Ltd were jobsworths who had no comprehension of what my position was and refused to accept that I was not responsible for the shortfall. Their faulty system was to blame but they refused to acknowledge this.
31. These shortfalls occurred regularly over the years, and I cannot recall the specific dates. I do know however, that I was made aware that I was responsible for the shortfalls and made good the losses to balance the Horizon system and trade the following day.
32. The most significant losses occurred from the ATM machine, which was personally overseen by my assistant Mrs Sanghera. She is married to a local councillor who is the regional manager of Post Office Ltd.
33. I organised an engineer call out to inspect the ATM machine after we had been experiencing problems. The engineer could not find any fault and advised that there was no reason as to why there was any shortfalls. I knew that there was clearly something seriously wrong.

34. I was also aware that the Horizon system wrongly reported the level of stock, such as reporting that three books of 100 1st class stamp, worth hundreds of pounds. These stock discrepancies always resulted in me having to pay the shortfall. The money was taken from my salary.
35. Even though I was convinced that there had to be a fault with the Horizon system, my self-confidence and that of my staff was being slowly undermined. We began having to check everything again and again, which was time consuming and upsetting. It also damaged my relationship with my staff.
36. Our frequent calls to the helpline resulted in telephone bills of more than £300 per quarter. I put this down to the frequency and duration of calls to the helpline. We were forced to call a premium charging telephone number for help with Horizon. Yet another example of Post Office Ltd profiting from a system they knew to be faulty.

SHORTFALLS

37. 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.
38. I would estimate that throughout my position in the Sandiacre branch, I paid (or Post Office deducted) more than £18,000. In relation to the Chaddesden branch, whilst overseeing the branch whilst my partner was ill, I paid a further £6,000.
39. I made up these alleged shortfalls by cash and cheques. I put cash or cheques in the drawer and then Arlene, my assistant inputted it on the system for me when completing the balance.

40. On or around the 1 November 2008 the Post Office sent numerous formal demands chasing me for payment regarding a £872 shortfall at the Chaddesden branch. As I was overseeing the branch whilst my partner was recuperating from cancer, I repaid it by cheque sent to the Post Office at Chesterfield. The branch had already been closed by then.
41. I paid this sum, despite having been provided with no evidence that I was liable for it, because I was afraid that the Post Office would take legal action against me.
42. On or around 2015 there was an issue when we returned cash to the cash centre and then received notices that the cash included fake notes, which allegedly amounted to losses of around £80-100 in £20 pound notes. I checked with the staff, and we were all adamant that the notes were not fakes. We had a procedure to follow which identified fake notes. Again, I am adamant that none of these notes were fake.
43. At the Sandiacre branch there was an alleged shortfall of £462.76. Following the closure of the branch the Post Office again sent numerous demands for payment.
44. I did not repay this shortfall, because I was provided with no evidence that it had occurred or that I was liable for it. However, I constantly feared that the Post Office would take legal action against me, as the Post Office continued to send me formal demands for repayment since February 2017.

AUDIT AND INVESTIGATION

45. I recall that there was one audit when I started at the Sandiacre branch in June 2002 and one when the branch was closed in August 2016.
46. I remember prior to the audit, the system perfectly balanced the night before, and my assistants witnessed this and signed it off.

47. The following morning the auditors came in and a shortfall of £280 was found after the final audit. I believe that I repaid it by cheque. I remember writing on the back of the cheque "another amount to the post office slush fund."
48. I remember that the Chaddesden branch was audited prior to its closure in 2008 and when I was overseeing the branch due to my husband being on sick leave. I was informed by the auditors that there was a shortfall that I had to repay. I felt that I had no alternative because I understood the Post Office would bully people until they paid the shortfalls.
49. I was never provided with evidence that the audits were conducted properly, and I was not given access to any of the data the auditors used.

TERMINATION

50. My contract was terminated by Post Office against my will under the network transformation scheme.
51. I had been in discussions with the Post Office about upgrading the Sandiacre branch into a Main Post Office Branch, because my post office offered the full range of services and had a high level of customer usage. I had several meetings with Post Office employees, and everything was going ahead as far as I was concerned. I even had a contract offer.
52. However, completely out of the blue I was informed that my post office would be made a local branch.
53. I believe that the fact that I complained about the Horizon System so many times was a significant reason why the Post Office took this decision. Also, I believe there was some underhand tactics concerning members of the local council, one in particular, who was also acting as a local sales manager for the Post Office. The

councillor, I believe had his own propositions to personally profit from the downgrading of my branch, knowing that I could no longer have a viable business and would be bankrupt within months.

54. My contract with the Post Office was terminated under the Network Transformation as it could not be sustainable as a local, smaller branch. I did try everything to appeal the closure at the Sandiacre branch. I even wrote to Paula Vennells, who was the CEO of Post Office at that time.
55. I was forced to close my post office branch against my will under the network transformation scheme. I was never consulted about the future of my business; it was imposed on me.
56. This action destroyed my business, took away the jobs of my staff and removed vital services from the community. I was treated with contempt and the way I was informed of the post office closure was completely unprofessional.
57. I only heard from a member of the community in passing that the Post Office had been relocated to a 'Bargain Booze' shop in another area of the town. I firmly believe I was forced out because I was too vocal in my criticisms of the running of Post Office Ltd and the failings of the Horizon system.

CIVIL AND CRIMINAL PROCEEDINGS

58. The Post Office did not pursue civil proceedings against me however, they sent numerous formal written demands for payment of so-called shortfalls, including solicitors' letters asking me to repay sums and threatening court proceedings.
59. I was constantly fearful that the Post Office would pursue civil or criminal proceedings against me.

LOSSES

60. I paid multiple shortfalls to the sum of approximately £18,000 in relation to the Sandiacre branch and some £6,000 in relation to the Chaddesden branch over the period of my tenure.
61. I also lost the value of the business (Post Office and retail shop).
62. **Chaddesden branch:** I paid £131,000 excluding fees for the premises and £2,500 for the purchase of stock.
63. **Sandiacre branch:** I paid £145,000 for the purchase of the Post Office business, plus fees. I also paid £4,000 for the purchase of stock. I also paid for the renovation of the branch as a condition of my appointment, at a cost of approximately £12,000. Further renovation was required several years later by Post Office at a cost more than £25,000.
64. The same was true of the Chaddesden branch in relation to renovations and fit out.
65. I received payment of £80,000 compensation from Post Office on closure of the Chaddesden branch under the National Transformation Scheme, which was all taken up in repaying debts.
66. My husband and I were paid £120,000 in compensation for the Sandiacre branch, under the National Transformation Scheme. Most of this was also swallowed up in paying off staff and repaying loans.
67. If it were not for the events that occurred, my plan was to expand the business and purchase the building next door. I wanted to convert my branch into a Main Post Office to continue the success of the branch.

68. I would have continued to work at the Sandiacre branch until I was due to retire in 2031. The combined value of my salary and the profit from the retail business was around £58,000 per year.
69. I have not been able to find subsequent employment and I have little prospect of returning to work in the future as the stress caused by the events exacerbated my fibromyalgia and has also led to depression and mental health issues.

HUMAN IMPACT

70. I feel that the events related to running the Post Office branch have ruined my life and my reputation. I wish I had never bothered because the Post Office have taken everything away from me.
71. During my tenure as subpostmaster, I became so nervous and paranoid about completing the monthly balance, that I made the decision to never carry these out on my own. I made sure that there was always at least two other people with me so that we could check it together.
72. Later, when I was suffering with ill health and I was unable to be involved, periodically, for balancing I directed the staff to continue doing the balance together with at least three people involved.
73. My reason for having more than one person involved was because I mistrusted the Horizon system and also to avoid the staff feeling that they were being held individually responsible for any shortfalls.
74. By this stage my staff were also feeling the strain and felt that they were being incompetent or were suspected of theft.

75. The Post Office's defective system damaged my confidence, the confidence of my staff and our confidence in each other.
76. This was a business that I had built up with my money and effort over years. It was to be my family's future. We provided valuable services to the community. However, the Post Office took all of this away from me, my family and from my community. They also did this in a way that deeply damaged my reputation
77. When Post Office advertised the '*potential*' closure of the branch and pretended to engage in public consultation, the Post Office untruly said that this was with my approval. This was not true.
78. The community therefore blamed me for their losing this vital and essential local service. I have been called a 'wicked witch' to my face, after having served the community for over 14 years.
79. The problems I experienced with the Post Office and its Horizon System led to me being diagnosed with depression. I was unfit to work, but I had to go in to work to keep things going. Otherwise, the business would have collapsed.
80. I became anxious and ill. The problems made me question the ability and honesty of my staff, which was deeply unfair on them and put a huge strain on relationships.
81. I also questioned my own abilities. I felt hopeless and out of control of my business. The problems with Horizon meant that I could not budget, because I had no way of knowing what the balance would be or what money I would have to pay to balance the accounts.
82. The problems with Horizon and the Post Office meant that monies I had budgeted for family had to go to pay shortfalls on the Horizon System. I was forced to borrow from family, which was deeply embarrassing for me and caused them financial

difficulty. I had to use my credit cards, bank loans and my overdraft facility to pay shortfalls. I ended up living hand to mouth, with debt collectors at my door,

83. I came to feel that I was stuck in a corner with no way out. The stress caused my fibromyalgia to flare up, and my mental health was affected. The problems caused my personality to change.
84. I have lost everything I worked for. I feel alone, with nowhere to turn. My family problems continue. I feel tortured and helpless
85. My marriage broke down and my relationships with my two sisters broke down.
86. My beautiful son and daughter lived through the whole experience with me, they both grew up in the middle of all these problems and were affected by them. I was made to feel as though I failed my family.
87. I feel as though I failed my children. I could not support them, because mentally I was elsewhere, and my fuse was short. I could not support them with my time, energy, or financially. My health has been compromised massively. It caused my children stress, anxiety, as a result of the worry of seeing me go through all.
88. My relationships have suffered. My family could not understand how such a dreadful experience could happen. My marriage broke down, my husband left home but did return later to help me. We were also having to deal with his cancer diagnosis and subsequent lesions in his brain. It was all simply too much to deal with.
89. I also lost relationships with business associates. I lost relationships with my staff after 18 years, and I was despised in the local community who blamed me for the loss of their local post office.
90. I no longer feel able to go out without a chaperone. I am a shadow of my former self.

91. My mental and physical health are completely wrecked. I hate everything my life has turned out to be. Becoming a subpostmaster now seems to have been the worst decision I could have made, as the Post Office stole everything from me.

Conclusion

92. I would like to be put back in the same position I was in before.

93. I would like to be able to hold my head up again in my local community.

94. I would like the Post Office to truly understand the impact that their actions had upon me, and people like me. Good, decent, hardworking people who were committed to their local communities. Instead, I and others are reduced to poverty with our reputations in tatters.

95. I want the Post Office to be held accountable for what they did to me and others.

Statement of Truth

I believe the facts contained in this Statement to be true.

Signed	GRO	Dated.....	25/01/2022
Tracy			