

**Witness Name: Mr Keith Lofthouse**  
**Statement No: WITN0279\_01**  
**Exhibits: none**  
**Dated: 20 January 2022**

**THE POST OFFICE HORIZON INQUIRY**

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**WITNESS STATEMENT OF MR KEITH LOFTHOUSE**

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I, MR KEITH LOFTHOUSE 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 was born in Sheffield, and my wife was born in Brighton. We have been married for 54 years and we currently live in Cleethorpes, we have lived here for the last 19 years.
3. We have two children. Our son, who is 47 and our daughter is 45 and, we have two young granddaughters.

**BACKGROUND PRIOR TO APPOINTMENT AS SPM**

4. Prior to becoming Subpostmaster I was in the Royal Naval scientific service for 9 years. I then worked for the Central electricity generating board for 4 years.
5. Following this, my wife and I moved to Canada, we lived there for 11 years and I worked as a material engineer for Pratt & Whitney.
6. We then decided to move back to England and that was when we bought a post office in Suffolk.

**DECISION TO BECOME A SPM**

7. My wife and I decided to buy a post office as a joint business venture. In those days it was a good investment opportunity.
8. We bought our first post office in 1977 in Suffolk and we completely renovated and modernised it, we saw this as a long term career for ourselves.
9. I was a Subpostmaster of Wyverstone Road Post Office, Bacton, Nr Stowmarket from December 1977 to May 1980.
10. After running this branch for two and a half years, we decided we wanted something bigger so we sold it in 1980 and bought the Humberston post office.
11. We put all of our savings into purchasing the branch and we took out a bank loan of £12,000.
12. I was Subpostmaster of Humberston Post Office, 71 Church Avenue, Humberston, Grimsby DN36 4HW from September 1980 to February 2009. When we bought the Humberston post office it was in a fairly large house and sold stationary and cards alongside it.

13. In June 2000, we decided to relocate the post office from a residential office to a different location, and so we moved the post office to 51 Fieldhouse Road, Humberston, Grimsby.
14. I operated a retail business from Humberston Post Office, selling cards, soft drinks, sweets, cigarettes and stationary. During my tenure as subpostmaster, I employed roughly 5 assistants. At the time of my retirement there were two assistants employed.

### **TRAINING AND SUPPORT**

15. When I first took over the post office it was running on the old paper system. I did not experience any issues on the paper system, everything ran fairly smoothly for the 24 years we operated a post office prior to the introduction of the Horizon System.
16. The transfer from the old system to Horizon was extremely poor. I recall receiving one half day of training from the Post Office. I was not very computer literate so I did not feel like the training was adequate. It was such little time to learn a huge amount of information and did not reflect the requirements of daily use of this programme.
17. On the day that Horizon went live, a woman trainer from the Post Office attended the office. She was in a panic as she had car trouble, so was not focused on the training session. I did not see very much of her.
18. On the whole the training was completely inadequate and I was offered very little assistance.
19. Horizon was brought in 2001, and it was shortly after this when our problems began.

## HELPLINE

20. I estimate that I contacted the Helpline once per month concerning problems relating to alleged shortfalls and /or balancing.
21. When we rang the Helpline to discuss shortfalls, they simply could not provide an explanation. They did not go through transaction history and did not adequately try to figure out what had went wrong. We continued to have shortfalls. We were always able to put the money in, in the hope there would be a surplus later, but this hardly ever happened.
22. One terminal caused a number of problems and all parts were replaced. This terminal however, continued to cause problems, which were never solved or understood by the Helpline.
23. The calibre of advice varied. On some occasions the Helpline would assist and on other occasions they did not provide adequate advice at all. It often seemed as though the advisors did not know the system at all, they were as badly trained as we were.

## SHORTFALLS

24. 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.
25. I would estimate that throughout my position in the branch following the introduction of Horizon from 2000-2009, I paid or Post Office deducted in excess of £22,000. There were continuous alleged shortfalls ranging from below £50 to above £1,000 throughout my time working at the branch.

26. I would always check back through records and transaction history, however I could never find an error, and so I felt that the only way to rectify these imbalances was to make good the shortfalls myself, by way of cash or cheque.
27. I felt like this was my only option. I would go through the figures repeatedly, but I could never find any explanation for the shortfalls. There was no particular transaction that triggered these alleged shortfalls, and I believe they could happen at any point.
28. I always paid back the shortfalls because I needed to balance to be able trade the next week.
29. We used our own money to cover the shortfalls. My wife and I were both pensioners by this point so we had enough money to be able to cover the shortfalls ourselves.

#### **AUDIT AND INVESTIGATION**

30. A number of audits took place, we were never given any notice of the audits but we also never experienced any major problems with them, because I always made good the shortfalls when they occurred.
31. On the occasion of the final audit, I remember taking place, we had a female auditor come in and she said that she had no record of us ever having an audit before. This was dating back to 1980. However, I remember roughly four audits taking place throughout my career.
32. One of the audits was triggered as a result of my wife making a mistake with the ATM entries. As soon as the auditors turned up, my wife told them exactly what the issue had been. One of the auditors called his office to resolve this issue and we had no further investigations or problems in relation to this.



### **SUSPENSION AND TERMINATION**

33. I was not suspended by the Post Office.
34. I decided to retire and I eventually sold the business.
35. It took nine years to sell the post office; I had put it on the market before the introduction of Horizon. Unfortunately, I had to reduce the asking price dramatically in order to sell the property. There were a number of potential buyers who were interviewed by the Post Office, but they were turned down at the interview stage.
36. We had relocated the post office to a rented property and the landlord of the property was going to buy the post office off us, as he owned the Pharmacy next door. However, when the landlord told the head Pharmacist that worked for him that he would have to oversee the running of the post office the Pharmacist refused and quit his job. Subsequently, the landlord was unable to go ahead with the purchase of the post office.
37. At the time we were trying to sell the post office, the country was in a pretty poor financial situation following the financial crisis in 2008. Buyers kept having back out as it was difficult to secure funding. We decide to get an agent to market it for us and eventually the Post Office found a mother and daughter duo who, after some training by my wife and I, made a good interview and were accepted by the Post Office to take over the branch.
38. As a result of their acceptance I resigned from my position as subpostmaster however, it then transpired that the buyers could not raise the funds to purchase the post office.
39. As such, the Post Office approached me and asked me to loan the buyers £50,000 with their grandmother acting as a guarantor. They agreed they would pay off the loan once they took over the business. At the last minute their grandmother

declined to be the guarantor so the mother said she would be the guarantor. I had already resigned from my position and I saw no other way out so I agreed.

40. During the mother and daughters tenure, the Post Office realised that they had been carrying too much money in the post office. The Post office discovered that £98,000 had gone missing and the couple had been stealing the money. They were both fired and taken to court by the Post Office. The mother was jailed for two years and the daughter walked away scot free.
41. I lost my £50,000 that I had loaned the duo following the advice of the Post Office and as I had not been paid for my branch I asked the Post Office for it back but they refused and sold my branch on for one third of the value. At the time my business had been valued at £160,000 and I did not receive a single penny for it.

#### **CIVIL AND CRIMINAL PROCEEDINGS**

42. The Post Office did not pursue civil or criminal proceedings against me for the recovery of the alleged shortfalls because I always made good any shortfalls.

#### **LOSSES**

43. I paid the Post Office in excess of £22,000 in relation to shortfalls which I am sure were caused by faults in the Horizon System.
44. I purchased the Post Office for £65,000 from a GRO now deceased. It was a residential office. We purchased the house side and various domestic items. We eventually sold the business for £50,000 so that I could retire. The Post Office had suggested that we give the new purchasers a loan as they were not eligible for a bank loan due to the financial market at the time. We did so, but subsequently lost the £50,000 we had loaned, as it was not repaid.

**HUMAN IMPACT**

45. I suffered serious problems with the Horizon system including alleged shortfalls. I bought the post office as a means to live a comfortable retirement and enjoy a more relaxed lifestyle than I experienced during the course of my working life. This did not materialise as the advent of the Horizon system in 2000 changed the entire dynamic of running the post office.
46. I began to experience regular and sometimes very large alleged shortfalls. I and my wife had to use £22,000 of our own pension money to pay the Post Office for these alleged shortfalls over a nine year period. This culminated in me selling the post office in 2009 for a fraction of market value. I wanted to stop haemorrhaging all of my hard earned pension money.
47. I was party to the mediation in 2013 and received £6,100. I was party to the group litigation against Post Office Ltd, as a result I am excluded from the Historic Shortfall Scheme.
48. Our shortfalls were regular over a nine year period, but we were fortunate in the sense that we were always able to make good the shortages. However, this contrasted with our previous twenty-four years of running two sub post offices experiencing no major issues with shortfalls.
49. The shortfalls were extremely concerning for us, we never suspected anyone of stealing the money, but we still had no idea where the money was going.
50. We knew there was a fault with the system because the screen would alter on its own accord and totals would just suddenly double. The post office eventually replaced all the horizon fittings in our branch but this did not result in any change.



51. As my wife and I were both pensioners at the time and having worked internationally we both had pensions from Canada and the UK we would use our pension money to cover the losses we were experiencing.
52. The attitude of the Post Office towards the problems we were experiencing with the Horizon system were very unhelpful. It was always *"don't worry it will all come right eventually"*, but it never did.
53. It was extremely frustrating having to continuously pay shortfalls that we were not responsible for.
54. Whilst we did not suffer any serious consequences because we could afford to make good the shortfalls, we were not happy about the situation but there appeared to be no alternative. It was either pay the shortfalls or risk losing my business so of course I paid.
55. Constantly having to pay back the shortfalls to the Post Office was a drain on our finances and naturally had an adverse effect on our standard of living.
56. We sought help from the Post Office regularly, but they never attempted to look into the problems and the National Federation never took any interest in helping us at that time.
57. Our family, friends, colleagues and the local community were not aware of our situation.
58. We were not proud of our balances or the situation we were in so we did not talk about it or make it known to anyone.
59. Our children had left home by this point so our family were not impacted as we did not tell them about the shortfalls.

60. Two days after retiring from the post office, I noticed a pain in my side. I ended up in hospital with a pulmonary embolism, pneumonia and deep vein thrombosis. My wife and I both attribute this to the stress I had been under at post office. I was in hospital for about two weeks and I had to take warfarin for 6 months and it took me about 6 months to make a full recovery from this.

### CONCLUSION

61. My wife and I consider ourselves to be some of the luckier ones who made it out of the post office without having their lives completely destroyed.
62. Nonetheless, we still lost out on a comfortable retirement and our plans to enjoy a more relaxed lifestyle, because we were constantly having to dip into our pensions to cover losses.
63. If I was of the right age I certainly would not go into business with the post office again.
64. My main resentment with them is the way I lost £50,000 of money that I had worked extremely hard for at the hands of the Post Office. They appointed my replacements and as such, they should have taken on the responsibility of the loan and reimbursed me for their mistake.
65. I would like full compensation for the money we lost and some interest as we should not have been put in a position to lose our money in the first place.
66. I would also like to see the people that introduced horizon to be held responsible for the faulty system. Paula Vennells only came into the Post Office in 2007, she inherited horizon she did not introduce it. I believe those who introduced it should be held accountable for the damage it caused to so many Subpostmasters.

67. Lastly, in my opinion, I think Alan Bates should get some sort of commendation for all the work he has done over the years to get us to this point today.

**Statement of Truth**

I believe that the facts stated in this Witness Statement are true.

Signed... **GRO** ..... Dated... 26-1-22 .....  
Keith Lofthouse