

Witness Name: Mr Mohammed Khalil
Statement No.: WITN0290_01
Exhibits: None
Dated: 02.02.2022

IN THE POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF MR MOHAMMED KHALIL

I, MR MOHAMMED Khalil 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.
2. I am originally from Pakistan. I moved to the UK in September 1977 and I have lived in Sheffield ever since with my wife.
3. I am married to my wife, we have been married since 1974. We have six children together, four sons and two daughters. They are all grown up and married now.

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

4. Prior to becoming Subpostmaster I worked for an accountancy firm as the office manager from 1978 to 2004.
5. When my sons had finished their education they were working in retail and doing taxi driving. I decided to buy a business that we could all work in and the post office at the time was a good investment. We decided that I would become the subpostmaster and my sons would run the retail side of the business.
6. We operated a retail business from the same premises called Norwood News & Convenient Store. I employed one part time assistant along with my family.
7. I bought the Post Office in 2002 before leaving the accountancy firm. I kept the previous subpostmistress on to run the branch and I employed my family. My sons, nephew and daughter-in-law all ran the post office for 2 years before I joined them and became Subpostmaster.
8. In 2004 the subpostmistress decided to leave and I took over as Subpostmaster and the business became a family run business.
9. I bought the Post Office for £185,000. This was a significant investment for me and my family. I re-mortgaged my house, I took out a loan from the bank and I borrowed money from my family. I sold a property to repay the money to my family that I had borrowed which was around £45,000.
10. I had long term plans for the post office and I would have ran it up until retirement and then I would have liked to have passed the business onto my sons to provide them with secure future.

TRAINING AND SUPPORT

11. I had 2 days of training provided by the Post Office. I went to the Post Offices main office in Sheffield. At the time I was quite happy with the training I was given which was not very difficult. I was taught how to input transactions onto the system.
12. I also had some training from the previous subpostmistress before she left and she trained my family during the two years she worked for us.
13. When I took over the post office I was visited by someone from the Post Office, a trainer, who stayed with me at the branch for my first week in office. I was basically shadowed and the trainer helped me to correct any errors or problems I encountered.
14. At the end of the week the trainer left me with a manual to help me with any transactions I was unsure about.

HELPLINE

15. I contacted the helpline approximately 2-3 times per month and each time the Post Office adviser simply told me to read the manual books to solve the problems I was experiencing.
16. My calls to the helpline were about the same issue, namely the system not balancing. For the first 2-3 years I did not have many problems at all. There were differences at the end of the week but these were always for relatively small amounts (e.g. £20) and I therefore simply made up these shortfalls because I needed to balance in order to be able to continue trading.
17. When I spoke with the helpline and contracts Manager (who would visit me regularly) I did ask on more than one occasion whether anyone else was having problems with shortfalls. My questions were not answered and the helpline simply said that they were unable to help and could only help with transactional and balancing issues.

SHORTFALLS

18. 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.
19. Over a period of 10 years I paid approximately £85,860.47 worth of shortfalls from 2005 to 10 September 2015. This total can be broken down as £81,272.00 cash and £4,588.47 stock.
20. In the beginning I used money from my savings and borrowed from my family but when the shortfalls started to increase I had to borrow from the banks building society and I had to use credit cards. I was obliged to make good the shortfalls because I knew I needed to balance in order to be able to continue to trade.
21. I reimbursed the shortfalls by paying cash which I obtained from bank loans, loans from family members and selling family possessions such as my wife's jewellery. I sold some pieces of my wife's and daughter-in-laws gold jewellery to the local jewellers for £17,000. I used this money to pay off shortfalls to the Post Office.
22. I also sent cheques to the Post Office to pay off the shortfalls. These cheques combined amounted to £22,272.
23. On 7 January 2016 the Post Office demanded a further payment of £1,703.91 in relation to a shortfall during my time in the office but I did not pay this money.

AUDIT AND INVESTIGATION

24. I was audited on 7 February 2005 by a Post Office auditor named Lynne Eastwood. At the end of this audit a surplus of £4,722.48 was revealed.

25. On 17 February 2009 I was audited again, I was visited by a Post Office auditor named Glen Morris. This audit revealed a shortfall of £851.07 and identified gaps in performance and procedure as well as Horizon passwords not being kept confidential to individual users.
26. I always made up the shortfalls so I do not believe that these audits were accurately carried out.
27. I was not provided with any data or information in relation to these audits and as such I had no independent way of reviewing these audits.

SUSPENSION AND TERMINATION

28. I was not suspended by the Post Office because I always made up the shortfalls, as such the Post Office never had any issues with me because they were getting their money.
29. I could not afford to keep paying the shortfalls back to the Post Office and I had simply had enough. The last thing I wanted was to end up being declared bankrupt, I would not have been able to face the shame of that in my community so, I felt my only option was to resign and sell my business.
30. The Post Office never asked me to leave, I decided to resign and I advertised my business for sale and sold it in 2015. When I eventually managed to find a buyer I had to pay a shortfall of £4,500 to the Post Office at the end of circa in order for my sale to go through.

CIVIL AND CRIMINAL PROCEEDINGS

31. The Post Office did not pursue me for the recovery of the alleged shortfalls by way of civil or criminal proceedings.

32. I believe I was not prosecuted because I simply paid the huge sums of money the Post Office unreasonably demanded off me. I was also under the impression that a thorough and fair investigation had been carried out to determine that payment was due, I now understand that this was not the case.

HUMAN IMPACT

33. I suffered serious problems with the Horizon system, including very large shortfalls. I reported the problems to the Post Office and sought assistance. However, rather than investigate the shortfalls, I was compelled to make very large payments to the Post Office. I estimate my losses were in the region of £200,000. My health seriously deteriorated as a result of stress, including a worsening of my diabetes, sleeplessness and depression.

34. I participated in the mediation scheme and received £42,357.10. I was a claimant in the group Litigation against Post Office Limited, as such I am excluded from the Historic Shortfall Scheme.

35. The financial pressure placed a huge burden on my family and me. The amount of money I was having to pay back to the Post Office was outrageous.

36. I had to arrange funds to cover the shortfalls by taking out further loans against my home and getting loans from friends and family.

37. I also had to pay for the shortfalls using credit cards. I used three credit cards and maxed out all three, one at £15,000, one at £20,000 and another at £25,000.

38. The most embarrassing moment for me financially was when it became so hard to keep paying back these shortfalls that I had to sell valuable pieces of my wife's and daughter-in-laws jewellery, as mentioned above, just to be able to cover the shortfalls.

39. The amount of money I was having to pay back to the Post Office was ruining our lives.

40. When I bought the business I paid £185,000 and when I sold the business in 2015 I only received £120,000. I was able to use this money to pay off the credit card debts, my overdraft and some of the bank loan but that was all that the proceeds from the sale could cover. I still owed money to the building society and I still had a mortgage to pay.
41. I am still having to use credit cards today and I am now 70 years old and my three sons have to help me out financially. No parent wants to be a financial burden to the children but this is the position the Post Office have put me in as a result of their actions.
42. My health seriously deteriorated due to the stress I was under to have cover these shortfalls, my diabetes worsened I began to suffer with sleeplessness and depression.
43. I was losing my health due to the stress I was under, I began suffering with high blood pressure.
44. The stress began so intense that on two occasions I collapsed in the Post Office and my staff had to call an ambulance.
45. The situation the Post Office put me in has had lasting, adverse consequences on my health. I am on 60 units of insulin in the mornings and in the evenings. I have to take tablets for my blood pressure and for my sleep. This is not how I imagined I would be living in my retirement.
46. My Wife's health also deteriorated because the financial strain we were under took its toll on her as well. She suffers with diabetes, high blood pressure and severe arthritis that means she is unable to cook, clean and carry out daily tasks. My daughter looks after my wife and is her full time carer now.
47. As this was my family business, it was not just me that was affected. My wife and all my children were impact by the actions of the Post Office and the pressure of having to pay back an absurd amount of money in order to keep our business trading.

48. It was an extremely difficult time for my family and me having to accept the blame for the shortfalls. It was a huge shock to us that we were held responsible for the money.
49. We had no choice but to either surrender and lose the respect our family name had in the community or try to gather the funds and pay the money to save our self-respect.
50. I did not want to tarnish my family's good name. I come from an Asian background and having a respectable name in the community is important to me and my family.
51. I felt I had no option but to pay the monies if I wanted to avoid the Post Office making accusations of criminal offences against me because this would have damaged my family's good name beyond repair. That is why I kept paying the money.
52. Having to continually pay these shortfalls caused a lot of suffering for me and my family. We lived a deprived life for many years. We had no income so I couldn't support my family financially.
53. I was fighting to avoid bankruptcy, I did everything I could to avoid this. I didn't want my respect in the community to be destroyed, we were a well-respected family and people trusted us and if I was to be accused of, or charged with criminal offences by the Post Office, how could I ever face the community again. It is for this reason that I kept paying the money back and suffering in silence. I couldn't face the shame of being accused of crimes or labelled dishonest.
54. To save my face in the community I kept baring this financial burden that the Post Office had forced upon me. It cause a lot of stress for me which as mentioned above badly impacted my health and my family were having to suffer along with me.
55. One of the most devastating consequences for my family was the experience my son went through. In 2008 my son and daughter-in-law were responsible for doing the weekly and monthly balances and when the shortfalls arose I was unable to find the errors. I was unsure what was happening so I believed it was my fault and I had to check with my children if they were making mistakes. This caused arguments between my son

and his wife because they blamed each other for the shortfalls. The arguing got so bad that around Christmas time my daughter-in-law left my son and moved back into her mums, they later divorced in 2009.

56. My sons divorce hugely impacted the whole family and we had to bear the brunt of it. Divorce is not something that is taken lightly in Asian communities and it was embarrassing for me, so I kept this to myself.

57. My son got so fed up with everything he had gone through and the post office ruining his life that he decided to move back to Pakistan. He has since not returned to England and it extremely difficult being so far away from him.

58. The actions of the Post Office ripped my family apart and for that I will never forgive them. My son's divorce and subsequent decision to leave the country was a direct consequence of the actions of the Post office.

59. We still suffer with the financial hardship today and my health is still not good, I am still taking a sleeping aid to this day. My wife is bitter about her Jewellery that I had to sell and I still cannot afford to replace any of it. I tell her I will buy her whatever she wants when I am in a position to do so but I struggle to see how I can ever get to that position now given that I am retired.

CONCLUSION

60. After we sold the business my wife and I retired. Two of sons obtained a license to become taxi drivers and my youngest son remained unemployed for a while but then got a part time job in a post office again but now he has also joined his brothers in becoming a taxi driver.

61. This is not the future I had envisioned for my family and this is not the retirement I had planned for myself.

62. I will never recommend the Post Office to anybody, they claim to have made improvements but I would not advise anybody to get involved with them after my experience.

63. I would like to be compensated together with my family members; my sons, daughter and daughter-in-law for the suffering we have had to endure as a result of the actions of the Post Office.

64. I would also like an apology from the Post Office. I want them to hold their hands up and accept responsibility. The public should know that subpostmasters are not and were not dishonest, they were in fact failed by the system that was put in place by the post office and the government.

65. I want it to be known that none of it was our fault it was the Post Office who were at fault.

STATEMENT OF TRUTH

I believe the content of this statement to be true.

Signed **GRO** Dated *02-02-2022*

Mohammed Khalil