

Witness Name: Mr Shane Johnson
Statement No: WITN0264_01
Exhibits: none
Dated: 5 February 2022

THE POST OFFICE HORIZON INQUIRY

WITNESS STATEMENT OF MR SHANE JOHNSON

I, MR SHANE JOHNSON 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 the subpostmaster at Victoria Road Post Office in Kirkby-in-Ashfield between October 2003 and September 2014. I lived in the attached accommodation. I operated a retail business from the premises, namely a small convenience store and off licence. I employed four assistants.

3. It was my intention to build the business and remain in the position until my retirement.
4. I had finance in place to remodel and completely modernise the store and the post office. I had huge plans for the business. There was no question in my mind that I would make a success of the business and I would easily pay back the loans from the profit I would make.
5. I was a single parent and believed this would be provide me with the perfect work/life balance. I could work around my children, their schooling, earn a decent living for us and provide them with a happy, bright future.

Training and Support

6. Before I started at my branch, I attended a five-day training course at the Doncaster central Post Office. I remember there being one trainer and five other people attending for the training. The room we were in was specifically set up for training and each of us had our own Horizon terminal.
7. We were shown how to carry out basic transactions such as mail processing, stamp sales and pension books. At that time, the Post Office did not have responsibility for cash machines in their branches, so we did not receive any training on them.
8. I understand that the rest of my classmates attended a second week of training which dealt with more complicated transactions, but I was not invited to that second week because my branch was not classed as a 'mail handling' branch.
9. When I started in my branch, I then had a further six days on the job training. A trainer came in and helped whilst I was carrying out transactions. The trainer would step in and help as and when required.

10. When I took on my branch it originally had an Alliance & Leicester cash machine which I did not have to do anything with. as it was operated directly by Alliance & Leicester. It was nothing to do with my branch. When the contract with Alliance & Leicester expired in June 2007, Post Office Ltd insisted that I take over the contract via the Bank of Ireland. The terms of my subpostmaster contract meant that I had no choice in the matter, and I would be responsible for the running of the cash machine.
11. The Post Office organised the changeover of cash machines. Alliance & Leicester removed their cash machine on a Friday and the Bank of Ireland arrived with theirs the following Monday and would be connected on the Tuesday.
12. The Post Office booked a trainer to come into the branch on the Wednesday after the cash machine was installed. When the trainer arrived on the Wednesday, there was a connection failure with the cash machine which required an engineer. The trainer therefore left as he couldn't carry out the training session.
13. The engineer came the following day and successfully connected the cash machine. I contacted the Post Office and asked for the training that I had missed. Post Office told me that there was no one available. However, they arranged to send an engineer from Leeds who arrived at 6:30pm, when my staff had gone home. The engineer was not an authorised Post Office trainer and all he could give me was a 10-minute crash course, which barely covered how to switch the cash machine on and top it up with cash.

Helpline

14. I contacted the Helpline at least five times a week.
15. Before the Bank of Ireland cash machine was installed, I rarely had any problems with the Horizon system. My branch was what Post Office would call exemplary.

16. At the time, Post Office Ltd were rolling out the Bank of Ireland machines. My branch was one of the first to receive one. As soon as the Bank of Ireland cash machine was installed, in June 2007, we immediately started experiencing shortfall problems which the helpline could not assist with at all because they had no knowledge whatsoever regarding the new cash machines.

Shortfalls

17. 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.
18. I would estimate that throughout my position in the branch, I paid (or Post Office deducted) in the region of £50,000.
19. We recorded every shortfall and loss that we experienced as we went along and backed this up with a corresponding call to the helpline for an "H Reference", so we could log it.
20. My branch secretary, Rob Jones, had been an auditor with Barclays, so I always took his advice. He told me to always show my cash holdings. We did this deliberately so that if we were audited the Post Office could not claim that we had not reported the shortfalls earlier and could not accuse me of false accounting.
21. Rob Jones also made sure I went with him to National Federation of Sub Postmasters meetings and conferences, so I was always up to date with news and developments. We knew what was happening was wrong, but we just did not know why.
22. Within a couple of months of the new cash machine being installed we were showing a shortfall in the region of £16,000 and visits by the Post Office could not determine why this was.

Audit and investigation

23. We were audited on 30 August 2007, which showed a shortfall in the region of £30,000.
24. We did not receive any notice of the audit, but I had been expecting it for some time, as we had been continually recording and reporting shortfalls. The visit was therefore very much Post Office coming to try and pin the shortfall on me once and for all, given that it had previously been unable to trace the source of the shortfalls.
25. Post Office's auditor was a gentleman called Paul Field, and he came to my branch with a colleague first thing in the morning. Despite spending all morning carrying out a thorough audit of everything in the branch, he could not work out how the alleged shortfall had arisen, other than to say that it could be traced back to the cash machine.
26. The auditor confirmed to me that because the shortfall was more than £25,000, it was Post Office's policy to immediately suspend me. However because the auditor could not work out how the shortfall had arisen, he spent a great deal of time on the telephone to the Post Office and eventually he came back to say he had spoken to one of the Directors and I would not be suspended.
27. Following this audit, I received a letter from Andrew Winn, a Post Office Branch Analyst who had been instructed by the Post Office to investigate my shortfalls.
28. My understanding was that Mr Winn had full access to staff and documents at any level within the Post Office and he is specifically employed to investigate and resolve issues on Post Office's behalf.
29. However, even Mr Winn was unable to work out how and why our shortfalls were accruing. When he wrote to me, he confirmed that he did not think that it was

worthwhile reviewing all our records following on from the installation of the new cash machine as he believed that this might make the position worse.

30. As such, whilst I do not know the full extent of any investigation undertaken by Mr Winn, the Post Office analyst, his letter to me concluded by saying that he felt that it was appropriate for me to make contact again with the National Federation of Subpostmasters with a view to agreeing a way forward with the Post Office
31. I understood this to mean that all the Post Office was able to do was to put the onus on me to try and agree a way forward about something that they could not explain. About 3 or 4 weeks later the National Federation of Subpostmasters contacted me to say that Post Office had been in touch with them about my shortfall, which they were prepared to "split" with me. If I agreed to pay half of the amount, Post Office Ltd would write off the rest.
32. On the advice of the National Federation of Subpostmasters, I agreed to split the cost. The arrangement was that I also had to accept any further losses without question otherwise, the Post Office would remove the cash machine.
33. The revenue from the cash machine was approximately £12,000 per year, and the indirect revenue was approximately £10,000, so I could not afford to lose the cash machine. I therefore accepted the proposed arrangement and repaid half of the shortfall through deductions from my salary at around £1,000 per month.
34. Thereafter, I would estimate that over the next 7 years I made good shortfalls totalling approximately £35,000 i.e. taking my total to £50,000.
35. Following the audit in August 2007, we had further visits and spot checks with the Post Office still trying to work out the source of the shortfalls that were continuing but they could find no fault with what we were doing.

Suspension and Termination

36. I was not suspended by the Post Office, I resigned in the Spring of 2014. It was either that or wait to be bankrupted.
37. There was an anomaly in the post office accounts following the closure of the main office in town. For nearly two years my office salary was high as the receiving branch.
38. Two things then happened, one the Post Office increased its compensation to leavers based on their best year in the last 3, my leaving package now became around £120,000. Although I was reluctant to admit that I was fighting a losing battle, I knew that if I did not leave at that point, the shortages would wipe me out financially. I took the leaving package.
39. On a more personal note, at that time I had been fighting the National Federation of Subpostmasters. I even tried to become General Secretary. I had been in open warfare with Paula Vennells at a conference watched by over 600 delegates. I believe that I was becoming troublesome for the Post Office and the Federation. They wanted me out.
40. I resigned. The alternative would have been bankruptcy sooner rather than later. The shop was sold in Autumn 2014.

Civil and Criminal Proceedings

41. The Post Office did not pursue civil or criminal proceedings against me for recovery of the alleged shortfalls. However, they did conduct an investigation into a large shortfall that was obviously not my responsibility, and then compelled me to pay for half of that sum, in circumstances where it was plainly not my responsibility. I lived in fear of being prosecuted for theft or false accounting, so I continued to pay the Post Office

Losses

42. I paid the Post Office approximately £50,000 to cover the shortfalls that were created as a result of the flawed Horizon system. I was led to believe that I had no alternative but to pay the shortfalls and I believed that a thorough and fair investigation had determined that payment was due.
43. I had entered a plan for expanding and modernising the business. To that end a large finance plan was in place. We completed the first part of the repayment but could not finance the second part as the £10,000 required was used to pay the shortfalls.
44. Before all the issues began, it had been my intention to remain at the branch until my retirement which would have been in 2031. My annual salary from the Post Office was £35,000.
45. Since moving to Sheffield, as I could no longer remain in the community where the branch was located, I have retrained as a bus driver and have been employed since October 2016. My annual salary as a bus driver is £18,000, which is £17,000 a year less than I was earning at the branch.
46. My business was valued at £325,000. I sold it for £205,000. The retail store made a further annual net profit of £20,000. My post termination losses from the retail store are £340,000. I therefore estimate that my total loss of earnings post termination is £665,000.

Human Impact

47. It really is impossible to put into words what I have suffered as a result of the actions of Post Office.

48. I was also massively let down by the National Federation of Subpostmasters who did not act in my best interests.
49. Prior to what happened to me, I was a very confident and successful in all my previous employment positions. This was gradually eroded, and I know feel unable to return to a management role as a direct result of the issues with Post Office. It got to the point where I no longer enjoyed going into the shop. It was a constant source of stress, knowing that there would no doubt be a further shortfall. I was constantly anxious. This brought on levels of depression I had never experienced previously.
50. My emotions ranged from despair to anger. I could not identify where the losses were coming from, neither could those employed by Post Office, who would only ever consider them to be as a result of theft by someone in the branch.
51. I battled on, believing that someone would figure out where the money was. This action only compounded my financial difficulties, as I had no other option but to use my own money to make up the shortfall, in the vain hope that I would eventually get it back when the problems were resolved.
52. Technically, I was existing in a bankrupt state. I had no way of retrieving my losses and was unable to sell as the losses were in the accounts. I now had the proverbial millstone around my neck trying to service a business debt.
53. I was terrified that I would be prosecuted by Post Office for theft if I did not pay back the shortfalls. If that were to have happened, I would have had no option but to declare myself bankrupt. The results from a lifetime of work, gone.
54. I was a single parent but spent so much time working. My children suffered terribly, and I will forever be left with the guilt.

55. Because of the shortfalls, I was not willing to delegate any of the work to assistants. I became obsessive and paranoid. I would be in at 5 am to do the morning papers and would not leave until closing at 8 pm.
56. I was led by the Post Office to be suspicious of my assistants and, as a result, two of them left. They did not want to work in such a toxic work environment. I have since met with them and they do understand, now that some of the actions of Post Office has become public, but it is still hard to hear how my assistants felt at the time.
57. I was always conscious about saving money. I was too scared to put the heating on in my home, for example, for fear that I would eventually run out of money and not be able to pay the shortfalls.
58. My children never had treats or the things they deserved. My daughter ran away from home on one occasion as she got very few of the little things her friends got. The police became involved, and it was a very traumatic time. My daughter is now in her 30s and still has bad memories of that whole time. It has been a long road trying to make things right with my children.

CONCLUSION

59. The Post Office action against me ruined my life. I should have been running a successful business, providing well for my family, and enjoying life.
60. I have tried to give an indication of the consequences of the Post Office action against me in this statement, but it is impossible to give a full account of the nights and days when you can see no way ahead.
61. The Horizon system has been shown to be deeply flawed and that the Post Office knew.

- 62. I would like the full truth to come out. I want the world to know that I, and other ordinary hard working, decent people had their lives ruined by Post Office Ltd.
- 63. I would like it to be publicly shown that Post Office knew its Horizon computer system was completely flawed and unreliable, and that despite this the Post Office pursued subpostmasters and ruined their lives for money that never existed.
- 64. I am entitled to be properly compensated for the losses I have suffered as a result of Post Office Ltd, and I would like this sooner, rather than later.
- 65. The Post Office and the Department of Business who own it, have known for years that Horizon was a broken system. I believe that they knew, or should have known, when they were destroying my life and the lives of others that their Horizon System was unreliable.
- 66. I would like compensation for not just the financial losses, but also to take account of the loss of the life I had and should have had. I would like them publicly held to account and shamed in the way I and my family have been.

Statement of Truth

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

Signed..... **GRO**Dated..... 5.02.2022.....
 Shane Johnson