

Witness Name: George Thomson

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POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF GEORGE RITCHIE THOMSON

Introduction

1. In my estimation well over 100,000 people have used the Horizon system between 1999 and 2024 and only a small amount of users have had problems with the system.
2. The Horizon system is not the scandal, the Post Office Limited's (POL) stupidity on steroids handling of the situation is the scandal.
3. It was this mishandling of the situation that has been so catastrophic for some ex subpostmasters, existing subpostmasters, the Brand, and POL/Royal Mail Group (RMG)/ Royal Mail Limited (RML).
4. I joined the Post Office straight from school at 18 years old as a Postal Officer working in the Philatelic Bureau in Edinburgh and then at the Crown Office in

Tranent. During this time, I was also a Branch Secretary for the Communication Workers Union (CWU) and Counters Area Officer for Crown Offices in Scotland. In the early 1990's I was a Branch Manager for Post Office, I was also a Local Authority Counsellor for my home town for 8 or 9 years in the late 80's to the 90's.

5. I joined the National Federation for Subpostmasters (NFSP) as a regular member in 1992/93 then becoming a Committee Member and holding various positions in the Edinburgh branch. I was also Area Secretary for Scotland in the early 2000's. I was elected to the Executive Council in 2004 as Executive Officer for Scotland where I remained until I was elected General Secretary in 2007.
6. The then General Secretary, Colin Baker, had decided to step down and I was encouraged by several other Executive Officers to stand for the election. I was subsequently elected by members. I was re-elected in 2012.
7. Responsibilities of the role included but were not limited to representing the views of subpostmasters to Government Ministers, Shadow Ministers, MPs, Royal Mail Group, Post Office Limited and all political parties. In general, to protect subpostmasters investments as self-employed businesses and in their offices. There was an element of protecting the overall brand which was fundamental to the success of individual post offices. Full responsibility for all HQ staffing, funding, grants, membership, research, communications.

8. After living out of a suitcase for nearly 14 years I needed to get back home to be with my family. I have had no involvement with the NFSP since I retired until I was contacted by the Inquiry. I have been working in my family business.

The NFSP's activities and the nature of membership

9. In effect although historically registered as a trade union. Most of our behaviour/culture was trade association. We worked very closely with POL/RMG when we were trying to persuade the government to:
- a. To keep the Horizon computer system even though the benefit agency function was being removed.
 - b. To make sure Government pensions and allowances could be collected at the post office without the need for payments into a bank accounts.
 - c. Retaining Government DVLA work
 - d. To persuade the Government to pay a subsidy for the rural network and to get Government grants to restructure the network and allow many subpostmasters to leave with compensation.
10. The NFSP members were/are all small business people. They are not employees of POL but are instead self-employed with a contract for services. Being self-employed business people they were/are responsible for hiring and firing staff, paying staff wages, doing business accounts, doing tax returns, sending back VAT returns, paying suppliers, paying PAYE for staff, having

business insurance, running their post office and retail businesses. Most of these self-employed business people had already used lawyers to purchase their business and many still had access to these lawyers. In addition, many used insurance brokers, accountants, indeed many of the insurance policies also had access to a lawyer as part of that policy. Our members had to do a cash declaration each week/month and sign/declare that cash and stock was correct.

11. The work of the NFSP included helping members, who are all self-employed small business people, to run the most successful business that they could. This included giving them advice on running the retail side of their business, help from HR4UK on staffing issues and contracts as well as offering a Relief Scheme for temporary replacement subpostmasters. We also worked closely with POL and RMG to get the Government and RMG to introduce the Horizon system to automate the network. Worked with POL and RMG to help leverage government finance into the network to restructure the size and shape of the network, over three programmes. Around 8,000 subpostmasters left with significant compensation. We worked closely with RMG and POL to help leverage government finance into the network including £150 million rural subsidy. We provided attendance at audits if subpostmasters were having problems with balances under the old ledger system, and subsequently Horizon.

12. For individual members, their local branches had regular meetings, and Local Committees held meetings and helped members with problems. Regional Councils held regular meetings with Regional Officers who helped members with problems. Each region also elected Executive Officers who helped both local officials and members with issues/complaints. Executive Officers also met on a regular basis to discuss national issues and to guide the Secretariat on all relevant issues. There were sub committees of the Executive Council such as the Negotiating Committee who met with POL monthly or more. Annual conference and Special conferences. Assistant General Secretaries, HQ where the staff and officers were based helping members with problems. General Secretary running the organisation and HQ under the direction of the Executive Council.

13. Individual membership was collected by check off where money was deducted automatically by POL from members' remuneration and paid directly to the NFSP. This was a significant as it saved the NFSP costs and kept membership higher than it would have been if we had to collect it via subscription invoices to members.

14. We also received significant grant money from POL over many decades which was in lieu of union facility time (as none of our members were workers and were not directly employed by POL but were in effect self-employed agents (franchisees)). These grants were of course a small fraction of the

union facility time given to bigger organisations such as the CWU which were worth many £millions per annum.

15. As people went for the compensation packages and membership declined after three restructuring programmes over 12 years (Urban Network Transformation, Network Change, and Network Transformation) our organisation restructured firstly with branches amalgamating and less Executive Officers, then the Memorandum of Understanding and the change from a technical trade union to a trade association.
16. The logic behind the MOU was that the NFSP had saved the network and the company by supporting and promoting three difficult restructuring programmes, that had reduced our membership to such an extent that a significant change was necessary.
17. Over time branches amalgamated, the General Secretary role changed to Chief Executive Officer and individual subscription fees were changed by the Memorandum of Understanding where POL in effect paid for membership.
18. When I joined the NFSP it was technically a trade union but in many aspects, it operated as a trade association, particularly in encouraging our members to become more retail focussed as POL remuneration struggled to provide a decent return on their investment. We were funded by a combination of member subscriptions and grants from POL in lieu of union facilities payment

and grants when we organised costly campaigns to win and retain work for subpostmasters and the network such as benefits/allowances campaigns and DVLA campaigns. Due to a ruling by the Certification Officer, the whole situation changed, and we were no longer able to be a trade union. We then became a Limited Company operating solely as a trade association and I was made Chief Executive Officer. The Executive Council became the Board as Non-Executive Directors.

19. I am only able to respond up until early 2018 as I departed the NFSP at that time. Locally, regionally and nationally, we represented our members lobbying councillors, MPs, regional assemblies and facilitated the All Party Group on Post Offices.

20. NFSP activities included lobbying and campaigning on a regular basis including a 4 million signature petition to retain the Post Office Card Account. The main items that we worked on were to retain a significant proportion of pension/benefit work, government investment/subsidy into the network, compensation for subpostmasters exiting the network, retail improvement, mutualisation with subpostmasters having a much bigger say in the running of POL, working with other bodies to help try to stem the high street decline. Regular meetings with members around the country to encourage participation.

21. We also met with POL senior management on a regular basis to represent the views of subpostmasters. I also had a one to one with the Chief Executive of RMG/RML at least twice a year.

22. All our members are/were self-employed small business people most had already used lawyers for purchasing their business and many had used lawyers as well as HR companies for difficult dismissal cases. They required business insurance to be in place, many of these policies had access to legal services as part of the policy. Only able to respond until early 2018. As a small trade union which subsequently became a small trade association with less than 10,000 members the cost of providing legal services would have been prohibitive therefore this was not available.

23. We only represented self-employed subpostmasters, who all ran their post offices as small business with virtually all having some degree of retail, the majority of whom were independent. This is why when our union status was challenged with a complaint to the Certification Officer we were informed that the trade union status was being removed because we did not qualify as a trade union because our members were not 'workers' and to qualify as a trade union the majority of your members must be 'workers'. All our members were self-employed and therefore not 'workers'.

Knowledge of Horizon

24. **(NFSP00000203, NFSP0000006, NFS 00000066, NFSP 0000001, NFSP0000030, CWU00000103, CWU00000100, BEIS0000566, NFSP00000211)** These items were all before my time and I am unable to comment on the content. Although it seems to me from the papers provided to me by the Inquiry, that the loss of the Benefit Agency work from the contract and the financial carnage to RMG/POL would be catastrophic. This was when we launched our major campaign to retain as much benefit and allowance work at the post office as we could rather than everyone being paid direct to their bank accounts.

25. We have always known that the Horizon system is systemically robust and is still giving a great service to our clients, RMG, Government and now in particular to the UKs banks who are increasingly using the PO network as the banking network. Indeed, as we speak, Horizon is doing 10s millions of transactions per week with a value of £billions. Only a very small number of users of the Horizon system over the last 25 years have claimed problems and any time these problems were raised, in particular remote access, admin reversals, POL denied this could happen. This stance of POL was stupidity on steroids as we could have easily worked out a protocol to monitor and resolve these issues, notify subpostmasters and monitor outcomes. However, I do find it very strange that no one seems to have investigated how many remote accesses took place over the Horizon lifespan and how many resulted in a claimed shortfall and the same for admin reversals. What were the numbers and what percentage ended up with problems?

26. The NFSP under my stewardship believed fundamentally that Horizon was a robust system without any systemic fault issues. In my estimation over 100,000 people have used the system since 1999 carrying out billions of transactions worth hundreds of billions of pounds with only a tiny percentage claiming to have problems with Horizon. It was business as usual moving from the old manual ledger system to the new automated Horizon. There were always some discrepancies discovered at audit. Indeed, when I asked POL about remote access (back door entry) they categorically denied this was possible. It was obviously done in a delicate manner to make sure the network, the brand, government investment and government restructuring funds, new contracts with government departments would not be adversely affected. Between 600 - 800 older subpostmasters did not migrate from the old system to Horizon because they were unable to grasp the new technology. In hindsight because of POL, NFSP and the Government's desire to have a network of a certain size, many hundreds more should probably never have migrated.

27. I consider POLs denial of some of these issues stupidity on steroids and this has meant that at this Inquiry they have not been able to defend a robust Horizon computer system. Instead, they are all running for cover trying to give the impression 'not me guv'.

28. These matters were discussed on a regular basis with officers of the NFSP and staff. Our fundamental belief was that Horizon was a systemically sound

system that at its peak, was dealing with over 3 million pension and benefits payments per week and £billions of RM transactions in a year.

Post Office investigations, criminal prosecutions and civil proceedings

29. When we moved to the Horizon system from the manual system, it was business as usual because there were always issues at audit with cash and stock declarations being short in some offices and auditors enquiring what could have happened to the cash or stock. There was always some suspensions and prosecutions ongoing and when we changed to Horizon nothing really changed. We did of course at various levels ask PO staff if it was possible to have remote access and admin reversals in particular. Inexplicably POL always denied this, it was stupidity on steroids, as putting a protocol in place would have been relatively straightforward.

30. These issues were not systemic issues and only accounted for a tiny fraction of the volumes of transactions being handled with the Horizon system.

31. At the outset, let me state, that RMG including RML, Parcelforce, PO Counters, have carried out for 100s of years civil proceedings and criminal prosecutions. This approach in particular suited the government as they had £hundreds of millions of government money (taxpayers money) prefunding the PO to pay the nation's pensions and allowances. In addition, for a long time POL sold many government savings products such as Saving Certificates, Premium Bonds, National Insurance Stamps, and was a high

street outlet for the governments National Savings Bank taking £hundreds of millions a year over our counters. The volume of this money and stock meant that the government were quite happy that POL were on the case and the government believed that audits and a prosecution function were a significant deterrent to some subpostmasters misusing funds in their post office. On the RM and Parcelforce side, His Majesty's mail means they were always on top of packets and letters going missing and any criminal activity in that area.

32. **(POL00060421)** I did take up Michael Rudkin's case at senior level within POL. As I recall the shortage in cash was only discovered at audit and because a significant occurrence had happened in the branch some months previously POL were not inclined to be very accommodating. Their view was so strong that I remember telling a few Executive Officers that there was very little likelihood that POL would change their mind. During this period because Michael had advised me that his electricity was on the verge of being cut off to his shop, I travelled to Leicester and personally gave him a four-figure sum of my own money for him to pay his electricity bill and stop the shop shutting down.

33. **(LCAS0001376, NFSP00000347)** Firstly Mr Castleton was never a member of the NFSP. He only tried to join once he was in severe difficulties. Obviously, a membership organisation cannot represent someone who has never paid subscriptions, because they have got into significant difficulties. I also remember that he was adamant that we should take out a legal case for him, so not only was he not a member, but he also wanted a benefit i.e. taking

POL to court Even if he were a member, that kind of legal advice that was not provided or affordable for NFSP. I believe Mr Castleton spent over £300,000 of his own money to do this. On the issue of Horizon, I completely disagreed and still disagree with Mr Castleton that the Horizon system is not robust. I believe it is fundamentally robust but with some issues that POL have totally mishandled.

34. The main function of POL branch audits or investigations was to protect and secure PO/government funds and stock. The vast majority of subpostmaster disagreements with auditors was when a discrepancy in cash or stock was found at balance. Subpostmasters were always very uptight when the Audit Team turned up because they knew they would go through everything to make sure that it was all accounted for. These visits go back decades but in particular from the 1990s as the attractiveness of the franchise dissipated and the profitability of post offices declined have always resulted in a small percentage of subpostmasters being suspended leading to repayments, loss of office, and in some cases civil and criminal prosecutions. When this happens it always brings angst to the subpostmaster community, and significant discrepancies can lead to a major change in the subpostmasters life circumstances. I cannot recall any real changes in audit practices from before the year 2000 and indeed running up to 2008 although at various times there was more emphasis on procedural audits where you had to have a certain range of leaflets, envelopes, etc. Overnight Cash Holdings was a fundamental tool in POL deciding to audit a branch. If a branch was holding enough money to operate but were trying to order more cash, it was a red flag

to POL. Usually, audit would arrive on a Thursday/Friday morning and check cash and stock against what had been declared. This was the same as when there was a ledger system. The subpostmasters were able to have a friend or an NFSP representative at the audit. On many occasions in the 90s under the ledger system and the 2000s with Horizon I attended significant numbers of audits in person, in fact every Thursday morning was set aside to do just that. I noticed no particular changes in the audit practices. It was in effect comparing what was declared as being present against what was in fact present.

35. The vast majority of subpostmasters initial contact about problems with Horizon was usually after discrepancies were discovered at audit but not always. As part of the subpostmasters contract, any shortfalls had to be made good and we worked with subpostmasters to get agreement in place with POL to pay any shortfalls to make sure they did not lose their office. On robberies we always tried to get the culpability reduced or done away with. As stated previously this did not change in any real way from the older manual system in place prior to 2000. Subpostmasters could contact either their branch or HQ and the matter would be passed to the Assistant General Secretary who would do their best to solve the matter (most issues could be resolved; however some members were advised to contact POLs helplines). In a small number of cases, they were escalated to the General Secretary. We had no concerns about the conduct of branch audits. As previously mentioned, once a case was going to Court, we advised members to appoint a solicitor as we were unable to offer legal advice.

36. The vast majority of that work was done by the Assistant General Secretary, Marilyn Stoddart and her team. As a Branch Secretary I attended audit on a regular basis to advise subpostmasters but as part of the contract subpostmasters knew they were liable to correct any shortages or overages caused by either themselves or their staff. Once again when issues were raised with POL regarding remote access by engineers or admin reversals, POL always denied this could happen.

37. **(LCAS0001376)** I think that I spoke with Lee Castleton on the phone but cannot recall any further involvement with him. Every trade union you have to be a paid-up member to be represented. Lee Castleton came to us as I recall after he was terminated and was therefore no longer a subpostmaster. He had never been a member. If no one paid their membership dues until they were in trouble, there would be no organisation.

38. **(POL00110193, POL0060421)** As mentioned at paragraph 32 above, I did make representations to POL on behalf of Michael Rudkin. Michael Rudkin was Chair of the NFSP Negotiating Committee. In that role he contacted me direct and explained the difficulties he was having. I raised the case at senior level within POL and was told there had been falsification of accounts and a robbery in the previous months where £50 or £60,000 had been stolen with broken CCTV and no staff or customers to witness the event. Therefore, I found POL less receptive to my pleading than I had thought would be the case. My recollection is that Susan took the blame and Michael kept the

branch. I also visited Michael at a hotel in Leicester and gave him a significant sum of my personal funds to prevent the electricity from being cut off from his business. POL categorically denied that there could be remote access to Horizon. The company's decision to deny there could be back door access to the system is bizarre in the extreme because we could have worked with them to create a protocol along the following lines:

- (a) Subpostmaster must give permission for remote access
- (b) POL must tell them why it is required
- (c) Brief report on the outcome
- (d) A comparison with all branches accessed on the night with the same problem and which had issues with balancing.

Responding to the emerging scandal

38. Firstly, I don't believe that the actual operating Horizon system is covered in scandal but instead is a robust operating system without systemic problems. As I write this statement it is being used every day for millions of transactions and for an ever-increasing proportion of the nation's banking needs. I do believe that the way POL has 'covered up' some of the secondary issues is scandalous. I do find it strange that there has not been made available to witnesses or the general public, figures relating to the overall volumes of transactions going through the post office network over the period 1999 to present, and what percentage of transactions have caused problems.

39. It is blindingly apparent to me from the volume of transactions carried out by the network and the very small number of users of the system that claim problems that it is a tiny fraction of the transactions that Horizon has processed over its lifetime that went wrong.

40. I would hope that this work has been carried out, if not, it should still be possible to find out what percentage of remote access instances occurred and what percentage of them led to subpostmasters flagging up issues.

41. The same process could be carried out for admin reversals and bugs to ascertain the prevalence of problems in comparison to the amount of branches it happened to.

42. POLs inexplicable denial that these issues could take place had meant, in effect, that no robust defence of the Horizon system has taken place, leading to the growing belief in the UK that the Horizon system is flawed and that virtually all subpostmasters are having issues with the system and have been ripped off by POL. This has led to among other issues, some customers believing that most subpostmasters are having problems with their Horizon terminals, some customers are refusing to buy insurance products from POL such as life and travel insurance, because they state they 'no longer trust the PO brand'.

43. It has also meant, in my opinion, that the actual provision of post offices in towns and villages is becoming much harder.
44. POL if it were not government owned would now be bankrupt and the network potentially closed down. This would of course have enormous consequences for the provision of personal and business banking in the UK and massive collateral damage to RML with its inability to provide enough access points to cover its Universal Service Obligation for mails and parcels.
45. The current management are like rabbits in the headlights when it comes to doing audits and chasing debt. Funds owed to POL growing significantly as any shortage is now mostly blamed on Horizon. Indeed, POL management were instructed to write off 300 – 400 convictions by the government as part of the general amnesty they announced for affected subpostmasters.
46. Let me reiterate that the NFSP under my leadership that Horizon was robust without systemic weaknesses, the sheer volume of transactions against the small percentage of claims proves that beyond any doubt that the system was robust.
47. As far as I can recall I became aware of JFSA sometime around 2008-09 but I cannot be 100% sure.

48. **(NFSP00000354)** We negotiated hard for a compensation payment to subpostmasters who were unable to trade due to the Horizon system being offline in their post office. POL were very reluctant to agree to any payments, but we succeeded in gaining 'goodwill' payments eventually which were based on volume of transactions and total length of time offline.

49. I stated previously, over 100,000 people worked on the Horizon system between 1999 and 2024 doing billions of transactions worth hundreds of billions of pounds including Government benefit work, DVLA work, Passport Office work, Royal Mail letters and parcels over the same period. A very small number of our members complained that Horizon was faulty. Indeed, there was always a small number of members complaining about being unable to balance under the old ledger system, being audited is always stressful and there were always issues around balance discrepancies. Therefore, we had no doubts about the robustness of the Horizon system. At audit it was business as usual and some subpostmasters were unhappy that discrepancies had been discovered by the POL team. Nevertheless, even though we knew Horizon was systemically robust, we did raise on numerous occasions behind the scenes, the possibility of remote access (back door entry) and admin. reversals into the Horizon system and on every occasion, this was refuted by POL. I now find this answer bizarre as not only was it untrue, it could have been remedied quite easily with the creation of a protocol between POL and NFSP as previously explained:

- (a) Subpostmaster must give permission for remote access
- (b) POL must tell them why it is required

- (c) Brief report on the outcome
- (d) a comparison with all branches accessed on the night with the same problem and which had issues with balancing.

50. I still find it strange that as far as I am aware, no one seems to have carried out an exercise to find out the extent of remote access entries, admin reversals, bugs in the system and collate the numbers and match them against the people that had issues which would show you, I believe, it was a small percentage. Work could still be done to find out why it had no impact on the majority of offices but an impact on some.

51. As previously mentioned, I represented the nation's subpostmasters who were/are self employed small business people with a contract to provide POL services. The equivalent of a franchise. My job was to make sure that I represented these people and protected their franchise as well as I could. This invariably meant working closely with Paula Vennells and her senior team and met them over a normal year many, many times. I had no concerns about the systemic robustness of the Horizon system but when I did raise non-systemic issues such as remote access it was always denied. Given that this was coming from the very top of the company, at a time when the Government had someone on the POL Board, I took this at face value.

52. My relationship with Paula Vennells was good overall, however there were stormy exchanges at times with Paula and her senior team. Any issues I had

regarding Horizon were done in a disciplined manner to ensure no brand damage or damage to the high regard in which subpostmasters were held in UK society, against a background that only a small percentage had any issues with it.

53. As far as memory serves me, the NFSP and myself had no direct dealings with either the JFSA or the CWU in relation to issues with Horizon. I do remember at this time that the CWU were actively trying to recruit our members for their subpostmaster section and obviously this influenced the relationship.

54. As previously stated, the NFSP believed that Horizon was systematically robust and I believed this when I left in early 2018 and still do as a private individual. Because we were given assurances that there was no remote access or admin reversals by POL and in addition once POL became a separate company with a Government official on the Board we of course believed these assurances. This meant on public platforms we were robustly supportive of the Horizon computer system.

55. Our relationship with the CWU varied over the period and became much more difficult when they set up a Subpostmasters Section, I believe around 2011, and tried to poach our members. It also became tainted when our members made the decision to move to the future as a trade association with a

Memorandum of Understanding with POL, rather than a merger with the CWU or any other organisation.

56. As far as I can recall the NFSP had no involvement with subpostmasters represented by Shoosmiths.

57. Because of the nature of the costs, it would have been unaffordable for a small organisation such as the NFSP to become involved in legal matters. In addition, all subpostmasters are self-employed small business people and would have had other resources available to them, such as legal cover as part of their business insurance.

58. As far as I recall we had no involvement with the initial mediation and complaint review set up by POL.

59. **(POL00143305)** As previously stated, over 100,000 people have used the system from 1999 to 2024 carrying out billions of transactions worth hundreds of billions of pounds and only a tiny proportion had complaints regarding faulty Horizon usually verbalised at audit. As previously explained, there was always a small percentage had problems under the old ledger system at audit as well. I saw nothing to indicate that Horizon was systemically faulty. I still believe that the Horizon system is systemically robust as the PO network continues to do hundreds of millions of transactions a year with very few complaints.

60. **(POL00184392)** I once again reiterate that the systemic robustness of the system was never in question in my eyes. Bizarrely POL continued to insist that there was no remote (back door) access to the system. However, I have always believed that JFSA and many of the news items have always painted Horizon as not fit for purpose, systemically faulty, and that every single mistake made in the PO network is the fault of Horizon. This viewpoint is not only factually incorrect but has damaged the brand and post offices all over the UK. That is my reason for the strong words I used.

61. Paula Vennells knew that me and the NFSP were strong supporters of the Horizon system, and it was possible that some may wish to interpret that as 'being in POLs pocket'. The NFSP championed the implementation of the Horizon system which was fundamental to the PO being able to retain benefit and allowance work and as a platform to win new work both government and financial service products.

62. **(POL00143243)** From my recollection it could have been the Second Sight review, and I was very unhappy that there was no involvement from myself and the NFSP team regarding next steps and the timing. It was contentious because the decision was taken without any consultation whatsoever with the organisation that represented all the subpostmasters.

63. **(UKGI00001839)** Our solicitors Anderson Strathern based in Edinburgh/Glasgow who we engaged to help subpostmasters with potential

liabilities for DSS green giro cheques fraud and saved many subpostmasters significant sums, had written to me unsolicited and asked in effect if I needed their help. This is when I first realised that a monster was being created which implied that Horizon was systemically faulty, and I realised the potential damage to the PO brand and the majority of subpostmasters. That's why I believe for this to have come to pass, our tactics were misguided.

64. **(NFSP000010790)** The Grant Framework Agreement and the Memorandum of Understanding were a method to legally create an environment where POL in effect paid for everyone's membership and that these payments would replace the ad hoc payment we had in the past to cover union facilities and campaigns we ran to protect our members' franchises by making sure we kept as much work in the network as we possibly could. These campaigns incurred extra costs to the NFSP that POL contributed towards.

65. **(POL00152986)** The NFSP as previously explained, is a trade association helping our self-employed business members running the very best post office branch they can. Before we became a trade association we were to all intents and purposes a de facto trade association but with some union bells and whistles attached. Therefore, it has always been our policy to work as closely with the brand owner (POL) as possible. This is standard practice for franchises/trade associations. I worked very closely with Mark Davies on all issues affecting the brand and our members businesses. My relationship with POL and their Press Officers is one of working closely together to bring in new work, create a stable network, talk up the brand and in all our campaigns on

Post Office Card Account, on DVLA work, on Government funding we worked closely with RMG, POL and their press officers to get the best possible outcome for subpostmasters whilst protecting and restructuring the network. It was common for us to share what we were putting out in the media, when our interests were aligned.

66. During all the major issues affecting the network, the brand, and subpostmasters it was common to share press releases in advance. This was something we did on the Post Office Card Account campaigns, the DVLA campaigns, and the publicity around three restructuring programmes. This was normal practice.

67. My concern is that the Horizon programme, the Panorama programme, ITVs docudrama and ITVs news coverage in particular since then had given the impression that the Horizon system is systemically faulty and not fit for purpose. This of course is nonsense which, in hindsight, would have been a better word to use instead of "BS." It troubles me greatly that POL because they have been caught out telling lies about remote access, admin reversals and some bugs have not been defending the robustness of the Horizon computer system which will still be used for 2-3 years at least and is being used as the main banking network for the UK as the banks have closed their branches, has allowed this falsehood to take root with the British public that the Horizon system is not fit for purpose. This is not true, it is being used every week for 10s of millions of transactions.

68. **(POL00162628)** As explained in previous answers we work closely with POL to help our members run the most successful post office they could. We invariably shared information to protect the brand and our members franchises. This is common with trade associations representing franchises.

69. Calum was a Local Branch Secretary in Scotland but my statement was correct, both myself and the previous General Secretary and Executive Councils were supportive of Horizon and that it had no systemic faults. Disputes with the outcome of an audit have always happened with both the manual system and the Horizon computer system.

70. **(POL00315623)** Battening down the hatches refers to my opinion, well known to many senior POL managers that Angela van den Bogerd and Paula Vennells appearance at the BIS Select Committee was a car crash and they should settle the claims within the mediation scheme and put it to bed. Once again, I reiterate that Horizon was and is a robust computer system.

71. It was evident to me that the way they were starting to handle the Horizon issue was deeply flawed and this analysis was without even knowing that they were withholding knowledge of issues such as remote access, admin reversals, etc.

72. **(POL00228278)** As previously outlined our media teams' relationship with POL was pretty good and we worked together to make sure our members ran the most successful small business that they could. Working together

included my and our team's strong belief, that the Horizon system was systemically robust.

73. **(POL00248962)** From my recollection I do not think we had any involvement in the GLO proceedings. From my recollection, we may have taken an advert from Freeths to put in our Subpostmaster magazine.

74. I did much of my business with RM, POL, MPs and Government by phone. That was my main method of operating however it seems to me from the correspondence that it was POL who were far more circumspect to share emails than I ever was.

Select Committee Evidence

75. I do not dispute the evidence I gave at the Select Committee of 3 February 2015 and I stand by my basic stance that Horizon was and is a robust system serving the overwhelming majority of subpostmasters well. However, if POL had been open about remote access (back door entry) and admin reversals and had not withheld that from everyone I would not have stated that on Horizon POL had done nothing wrong.

Whistleblowing

76. We were a small organisation where to a large extent within the structure everyone knew everyone else and it was easy for your thoughts and views to be transmitted through the organisation at Branch Committee, Branch meetings, Negotiating Committee meetings, Publicity and Development

Committee meetings and Executive Council meetings and indeed through HQ staff. Therefore, in our opinion there was no need for a formal whistleblowing policy. This was certainly the case until early 2018 when I left the NFSP, but I have no idea if that remains the case.

Other Matters

77. Our support and representations for subpostmasters did not change between the old ledger system and the new Horizon system when it was introduced. This help was targeted in the first instance when audits were taking place because invariably that is when the vast majority of subpostmasters made the PO aware they had balancing issues within their branch. As an organisation we provided branch officials to attend at the office being audited when issues had been identified to help resolve any issues. We also had a department at HQ that would take phone calls and give subpostmasters advice. We would also would make representations on our members behalf to POL on issues that in particular audits had identified. We successfully defended many subpostmasters whose initial situation appeared hopeless and allowed them to either retain their business or to sell it at market value. If the outcome was that they were required to refund money to POL, we negotiated a situation where they were given time to make the payments whilst their business remained viable. However, given that we believe that the Horizon system is systemically robust and were unaware of remote access and some other issues it invariably pointed that audit losses or gains were as a result of subpostmaster/staff actions and by contract had to be paid by the subpostmasters back to POL. Given that the Chief Executive of POL was

telling us there were no problems with Horizon and because there was also a Government official on the POL Board we would not suspect this was not true.

78. Our organisation neither had the resources or specialisation to challenge the POL repeated assertions that there were no issues with Horizon (remote access).

79. I am not aware that any other trade union involved with POL spent any time or money interrogating Horizon.

80. If you work for a government owned company and neither the Government or POL management are telling you there are any issues, it is very difficult to challenge this point of view.

81. The subpostmaster contract for service/franchise operated by subpostmasters has been in crisis from the mid-1990s as shopping habits changed and the DWP pushed pensions and other benefit recipients towards automatic credit payments into their bank accounts which resulted in an ongoing and accelerating loss of subpostmasters footfall and a drop in transaction levels, thereby reducing their salaries. This meant that a post office as a business investment was becoming less and less attractive to buy. Many members were starting to struggle financially and we worked with POL, RMG and Government for a restructuring programme to close 2,500 urban branches under Urban Network Reinvention, allowing those subpostmasters to leave with over 2 years compensation. There were also more and more

discrepancies being discovered at audit and more subpostmasters being charged with false accounting. Many hundreds of subpostmasters were being suspended every year. As this decline in viability of the franchise continued making more and more businesses unviable to sell, the NFSP worked with RMG, POL and Government on two more restructuring programmes (Network Change and Network Transformation) which allowed a further 5,000+ subpostmasters to leave with compensation. Under Network Transformation it became very clear that the PO franchise was no longer attractive as PO were unable to give away post offices. Therefore, our priorities over the last two or three decades have been to try and protect members investments, to run campaigns working closely with POL and RMG to achieve Government subsidy, Government grants, Government work, an automated EPOS system/Horizon. That was where our priorities had to lie, in order to protect our members. However, because we knew over 100,000 people have used Horizon since its inception in 1999, the low hundreds of people claiming Horizon was to blame for losses meant that we were assured the Horizon system was a robust system with no systemic problems.

82. Obviously, I feel for some of the subpostmaster community who have been impacted by POLs inexplicable decision in the face of all the evidence now available that remote access was not possible.

83. In Terms of Reference of which I think the Chair ought to be aware has the Inquiry done any work at all to find out the numbers of remote entries that were carried out by engineers, number of admin reversals carried out by the

system and number of bugs and placed that total against the number claiming problems and seeing what the percentage is? Is the Inquiry aware that fundamentally focussing predominantly on the fact that POL covered up these issues is giving the general impression that the Horizon system is faulty therefore not fit for purpose when in reality it is only a small number of subpostmasters caught up in this. Because POL management are running for cover to cover up their inexplicable denial of remote access and admin reversals it means they have not really defended their system or its robustness, or the fact that it will still be used for the next 2-3 years at least, allowing a narrative that the company and the network is broken. When audits have been carried out even under the old manual system, there had always been a percentage of subpostmasters who have been suspended and civil and criminal action taken against some of them. Now POL are scared to do anything with shortages at branches with Horizon being blamed for everything. Indeed, if we are not careful this is a company that is going to land on the rocks.

Statement of Truth

I believe the content of this statement to be true

Signed and Dated

GRO

23/5/24

INDEX TO FIRST WITNESS STATEMENT OF GEORGE THOMSON

No.	URN	Document Description	Control Number
1	POL00060421	Letter from E M Rudkin to George Thomson dated 03/04/2009 regarding decision to prosecute	POL-0056900
2	LCAS0001376	Letter to Executive Council from George Thomson – issue of Horizon on agenda for next meeting dated 29/09/2009	POINQ0100494F
3	NFSP00000347	Letter to Executive Council from George Thomson – issue of Horizon on agenda for next meeting dated 29/09/2009	VIS00008795
4	POL00110193	Second Sight application form for Michael and Susan Rudkin dated 03/09/2013	POL0108038
5	NFSP00000354	Email from Marilyn Stoddart to Mervyn Jones re loss of online services dated 23/12/2009	VIS00008802
6	POL00143305	Email from George Thomson to SPMs in response to Group Litigation dated 03/07/2012	POL-BSFF-0002470
7	POL00184392	Emails within POL staff regarding George Thomsons response on the Horizon Investigation dated 20/12/2012	POL-BSFF-0022455
8	POL00143243	Emails from George Thomson regarding the idea of carrying out a review of Horizon dated 25/06/2012	POL-BSFF-0002408
9	UKGI00001839	Emails from George Thomson regarding tactics of Horizon review dated 11/07/2013	UKGI012653-001
10	NFSP00001079	Grant Framework agreement meeting. Noted drafted on 29 July	VIS00013975
11	POL00152986	Emails between POL staff regarding George Thomson dated 24/08/2015	POL-BSFF-0012098
12	POL00162628	Email from Calum Greenhow regarding Panorama forwarded to POL dated 19/08/2015	POL-0151030
13	POL00315623	Emails between George Thomson and Mark Davies re press interest in mediation scheme dated 29/04/2015.	POL-BSFF-0153673

14	POL00228278	Emails between POL staff regarding approach to media coverage dated 10/05/2015	POL-BSFF-0066341
15	POL00248962	Emails regarding advertising of the Group Litigation Order dated 08/05/2017	POL-BSFF-0087025