

Witness Name: Mr Peter Worsfold

Statement No: WITN0235_01

Exhibits: None

Dated: 08-01-2022

THE POST OFFICE HORIZON INQUIRY

FIRST WITNESS STATEMENT OF MR PETER WORSFOLD

I, MR PETER WORSFOLD 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 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 a sub-postmaster of Muirtown Post Office in Inverness from 3 September 1997 to on or around 14 February 2002. The premises had accommodation attached and I lived there with my three children.
3. I operated a retail business from the premises, namely Muirtown Post Office and Costcutters Convenience Store. I employed two assistants in the Post Office at any one time but none at the time of my termination.

TRAINING AND SUPPORT

4. I attended a 2-day training course which was held in a very cold conservatory attached to the back of a pub in Inverness. There were approximately 10 people in attendance including trainers.
5. The training only covered the very basics, such as how to enter transactions and so on. We were shown a run through of the system on a computer. We were told to carry out a couple of exercises entering transactions and then reconciling them there was no training on how to correct mistakes etc.. We were then signed of as competent.
6. I was fine with the quality of the training as there was nothing wrong with the administration side of things; the problem (as I pointed out to the trainer at the time) was that there was no way to access what I had already done. Once something had been uploaded you couldn't go back and check it and it was lost to you.
7. I had run computerised accounts at several companies previously, and you could always go back and correct something that was wrong. There was no audit trail that you could access in the Horizon System to find discrepancies. This seemed very odd to me, and I thought that it could lead to potential problems in balancing.
8. I received no further training from the Post Office. They did not run anything by way of additional training. I never asked for any as basically the operation of the system was fine. The problem was not being able to go back and hunt for anything that might be wrong and additional training was not going to change this.

HELPLINE

9. My calls to the helpline were frequent and on many subjects. The Helpline was not a source of help, as on most occasions after spending a long time getting through they was of no help. But we had to follow procedure and phone them first.

10. Muirtown Post Office also had a lottery terminal in the retail part of the business that was under the Post Office licence. The Post Office was supposed to balance on a Wednesday afternoon. However, this could never be achieved as takings for the lottery could not be accounted for until the retail premises closed at 10pm.
11. The safe in the Post Office was on a time lock and so the final balance could not be achieved until just before the Post Office opened, and the safe could be accessed on the Thursday morning. This was always queried with the Post Office, but they just told me to carry on doing what I was doing.
12. I was always very uncomfortable about this, as invariably auditors would arrive on a Thursday morning to carry out a balance.
13. We would receive error notices with no corroborating evidence; just the Post Office instructions that an error had occurred and what to do to rectify it. This invariably meant a short fall in the accounts.
14. I was continually having to make up this difference. Invariably these error notices were weeks if not months after the events. The Horizon system only held information for 42 days at this time. I believe it was extended to 60 later on, because of this we could not validate the correctness of these error notices by checking the data, and therefore had to accept them.
15. I was at a loss to understand how the shortfalls were happening. It got so bad and the shortfalls became regular, that I suspected the staff of taking money. I knew I had not taken any money and on checking there were no incorrect transactions.
16. I actually fired two staff members because of this. I still feel incredibly guilty about this and have apologised profoundly to them.
17. As I have already stated, we only had access to the Horizon System for inputting and we could not go back and check transactions. I have run computer accounts for several businesses, and you could always access the information to adjust and correct errors. This was not possible with the Horizon System.

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. I would estimate that throughout my position in the branch, I paid (or Post Office deducted) in excess of £37,000.
20. A £20,000 cash shortfall occurred in September 2001, but I was not notified until November 2001.
21. When I was notified of the shortfall I checked as much of the information that I had but I could not access the Horizon System to check back (at this time the system only held information for 42 days) and so I had no choice but to accept the Post Office's account.
22. I treated the shortfall as an extremely serious issue, but I had to accept the Post Office's word and their method of repayment through deductions from my salary. I was told by the Post Office to write the £20,000 off in the accounts. The Police were involved but could not shed any light on the missing money.
23. Various other shortfalls occurred on a weekly basis (either during balancing or by error notices) up to a value of £1,000. I would always make these shortfalls good by a cash payment.
24. When I contacted the helpline about these shortfalls, I was told to carry them over, and they would rectify themselves, but this only exacerbated the situation.
25. A further shortfall of £2,000 to £3,000 occurred in February 2002 and was discovered through another audit. I was suspended by the Post Office because of this shortfall.

26. Two security officers employed by the Post Office came to my home. I gave them cash to pay the shortfall. I had no other option. I felt humiliated and confused.

AUDIT AND INVESTIGATION

27. I believe I had an audit in my first year. This was before the Horizon system was in place, and everything was fine.
28. I was then audited again in February 2002, when I was suspended.
29. The auditors arrived on a Thursday morning, and therefore we had not completed the balancing from the previous day due to the lottery details not being available.
30. The auditors would not allow me to complete the balancing and seemed unaware that we finalised the balance on a Thursday morning. I told them that I had raised this issue with the Post Office, but they seemed uninterested. They also seemed annoyed that we had a lot of Christmas stamps in stock as we had been over supplied. I had tried to send these back but was told to sell them through.
31. When the audit proceeded it showed a shortfall. I pointed out to the auditors that the money from the lottery terminal plus scratch card and lottery pay-outs had not been included. The auditors did not seem to grasp the situation and were adamant that I had failed the audit which I was not allowed to take any part in.
32. I have seen no evidence of any adequate investigation. The Post Office carried out an investigation into the £20,000 cash shortfall and the Police were involved. The Police questioned me and my staff but nothing else happened.

SUSPENSION AND TERMINATION

33. I was suspended in February 2002 for 2-4 weeks.

34. After my suspension I had an interview with two gentlemen at a Post Office building in Inverness. One of them was David Duff, my Line Manager. David ran through the allegations and said that I was being suspended pending further investigations.
35. I then had a visit to my home from two burley gentlemen who said that they were from Post Office Security. They told me that they had the same jurisdiction as the police. They informed me of the shortfall alleged by the Post Office and cautioned me, but I do not know on what authority this was under. I felt very intimidated. I was not allowed to have a solicitor present but was told I could have a friend, but they must not speak.
36. I was advised that I was being investigated for false accounting fraud and theft. I was warned that I could be charged and sent to prison.
37. I wish to state that at this time I was a single parent of three children, and this threat worried me intensely.
38. They then produced a statement for me to sign stating that if I admitted the charges of false accounting by signing the statement and making good the shortfall, they would not pursue the other charges and no further action would be taken.
39. I was given a few hours to raise the money. My mother and her partner were able to lend me some cash. I paid this over to them. The investigators did not provide me with a copy of the statement or any documents relating to the allegation from the Post Office.
40. Despite being told that if I admitted the offence and paid the money no further action would be taken against me, after paying the money my position with the Post Office was terminated.
41. Initially the Post Office was closed following my suspension in February 2002 and then an arrangement was put in place for a GRO of Dalneigh Post Office to also run Muirtown Post Office.

42. **GRO** paid me a rent and I continued to run the lottery terminal and scratch cards through my retail premises giving the proceeds to **GRO** every Morning. During my suspension I was not allowed to access the Post Office.
43. My contract was terminated by the Post Office after I had repaid the shortfall despite being told that no further action would be taken against me. The Post Office said the reason for my termination was false accounting and fraud.
44. I cannot remember whether I received anything in writing, but I can remember being presented with a piece of paper by the Post Office Security Officers who visited me to sign.
45. I tried to sell the business but was not able to. There was no interest as there was a lot of talk about post office closures.
46. The retail business suffered due to the reduced footfall after the Post Office closed. I had 17 years of a 21-year lease left so it was not easy to vacate.
47. I kept the business going by introducing newspaper rounds and working as a taxi driver to subsidise it. This meant working long hours from 6am until 11 or 12pm.
48. My children suffered during this period as I was not there to support them help them with their homework etc.
49. Eventually with the help of the Landlord (who found a tenant in a different business) I was able to close the retail store.

CIVIL AND CRIMINAL PROCEEDINGS

50. The Post Office did not pursue civil or criminal proceedings against me in relation to the recovery of the alleged shortfalls, however I was directly threatened with this in order to compel me to pay the so called shortfall.

HUMAN IMPACT

51. The whole experience was financially devastating. I paid the Post Office approximately £37,000. I was told that I had no alternative but to pay the shortfall and that if I did no further action would be taken against me.
52. I lost the value of the business. I purchased the Post Office and shop for £65,000 in 1997 and in 2001 both the shop and the Post Office had a complete refurbishment that cost approximately £30,000. Once the Post Office closed footfall dramatically reduced and I eventually had to close the shop down.
53. I lost my Post Office salary of approximately £2,000 per month net. I was suspended for 6 weeks and so I estimate that my losses were £2,800 for the period of my suspension. I was not given any notice before termination
54. When I was terminated, I had to find a way to supplement my income and so took a job as a taxi driver. I only worked when I was not working in the shop and only did it to try and keep the business running. The remuneration from my work as a taxi driver was put back into the shop to allow it to keep trading.
55. There was a 12-month period when I leased out the Post Office to another sub-postmaster and he paid me £600 a month rent. I did this to try to sell the business with the post office.
56. After a year or so, the sub-postmaster decided that it was not worth his time to continue to run the Post Office and so it closed in around 2002.
57. The Manager of the local Co-op supermarket told me that his takings had dropped because of the post office closure. This is not hard to believe, as the Post Office paid out circa £40,000 per week in benefits and once it closed the customers went and collected their benefits from the main Post Office in town, spending their money there also.
58. My drawings from the business declined from £17,000 in 2001/2002 to £6,000 per annum in 2008/2009.

59. I had to pay for most things during this time on my credit cards, as the shop revenue fell dramatically following the closure of the post office. I borrowed around £42,540 on credit cards and this attracted interest of approximately £27,168. I also had an overdraft in the sum of £3,464 and a loan for £5,835.
60. I had to re-mortgage my house to repay these debts in late 2005. I had a 21-year lease on the property with 16 years left to run with an annual rent of £21,000 and council tax of £12,000. This limited my employment options, as I still had to run the retail side of the business to pay the rent.
61. I was also a single parent of 3 children, at this point in my life, which was initially why I had taken on the Post Office because it gave me the flexibility to raise my children. However, when I was terminated, this set of factors also limited my earning potential.
62. In or around late 2008 early 2009, I was able to agree with the landlord a termination of the lease. He understood my predicament and had been looking for a new tenant. Unfortunately the new tenant required vacant possession. Therefore, I had to clear the premises. I had to remove all plant, fixtures, and fittings, I sold stock which had a value of approximately £30,000 for £6,000.
63. I have worked as a taxi driver ever since and earn approximately £20,000 per annum.
64. We were always told by our Line managers, the Helpline, and the National Federation that we were the only ones affected. Living up in Inverness I was not aware of the growing band of sub-postmasters that had their lives ruined by the Post Office.
65. It was not until I read an article in the Daily Mail in early 2015 that I realised I was not alone. Therefore, I was too late for the mediation scheme in 2013, but I was party to the group litigation against Post Office Ltd. As a result, I am excluded from the Historic Shortfall Scheme.
66. I cannot begin to describe how awful that period of my life was. The time I spent going over and over the post office accounts trying to find the discrepancies. I lost countless

hours of sleep mulling over where these monies could be. I knew I had not taken the money so knew it must be an error with the accounts system. I was continually contacting the help line and line manager. If I was defrauding the system and stealing money, why would I do that? Only to have to replace it.

67. Not one person on the helpline had a clue as to accounts and invariably their suggestions ended up doubling the discrepancy. They did not understand a double entry accounting system or zero balance system. Their advice was always very generic, and they were obviously just reading from a script or a manual.
68. I was always made aware by the Post Office that I was responsible for all shortfalls. When I first took over the Post Office it was run with a paper accounting system, and I was in complete control of everything and could go through all the paperwork to find any mistakes and correct them.
69. With the Horizon system I had no access to the transactions once they had been input to the system. This was as they were transacted i.e., completed while customer was present.
70. Being held responsible meant I had to make them good. This caused a shortage on cash flow and my income and therefore a restriction on the retail business.
71. When I was accused of fraud it devastated me. I knew that I had not taken any money from the Post Office. I started to question whether any of my staff had taken any money. I was becoming paranoid and untrusting. This was completely not my character.
72. I fired my assistants and ran the Post Office myself, as I wanted to be the only one who was doing the transactions, to have complete control. However, the shortfalls continued. I still feel very bad for the poor staff members, but I felt I had no choice.
73. As stated previously, I was a single parent with 3 children to provide for. I was in so much distress wondering how I would provide for them. I had to sign the statement admitting

to the false accounting offence otherwise I was faced with the prospect of going to prison. I had that hanging over me for a long time. I was constantly fearful for my children and who would look after them.

74. I had no close family nearby. My mother lived in Basingstoke in the south of England. I dealt with all the problems myself and shielded my children from them.
75. The community only got to know of the situation when the post office did not open on the Thursday morning after an audit. Then they inevitably thought the worst and that I had taken the money.
76. Even a few years later when working as a Taxi driver I used to get comments such as "*Ah you are the man that took money from the Post Office, why did you not go to jail?*" Or "*We lost our Post Office because of you*".
77. I have lost several friends over this as well. They cut ties with me as they also believed I was guilty. On reflection they were probably not true friends.
78. Most of my staff I had worked with knew me personally, knew how I lived and brought up my children. They knew I hadn't taken the money. I have apologised to the staff I sacked, and they understood that I did not believe they had taken anything.
79. My children have suffered a great deal because of the Post Office and their actions. We've missed out on holidays (I have never been on holiday with my children) and other treats I should have been able to provide for them. I relied heavily on my eldest daughter to care and look after her younger twin brother and sister when all this was going on.
80. I should have been there for them, when instead I was angry, frustrated and scared for their future over many years. My daughter did become quite troubled at one point. She ran away from home staying with a friend's family for several months

GRO

GRO

81. If I could have moved away to avoid the area I would have. My reputation was in tatters. Eventually the landlord found another tenant to take on the business lease. I sold the stock at a huge loss. I mortgaged my house to pay my debts.
82. I am now 76 years old and still have a mortgage and survive on the state pension. Due to the Post Office closure I had to cancel the private pension I had set up.
83. I did not have a business to sell, which was part of my pension plan. I still owe my mother for bailing me out when the Post Office demanded the shortfall.
84. She is 94, partially sighted and lives on her own in Basingstoke. I try to get to see her once or twice a year, but travel is expensive. I hope to eventually pay off the money she lent me. Sometime soon, I hope.
85. My son still lives with me and if he was to move out, I would have to sell the house and rent somewhere. The house is deteriorating it needs more and more repairs as the years progress.
86. I should not be in this situation the Post Office; Fujitsu and the Government are to blame. We have proved it in the Group Litigation against Post Office Ltd.

CONCLUSION

87. It is hard to find the words to truly explain how devastating the whole scandal has had on my life. I lost my livelihood, a chance to continue to run a thriving business and my reputation. It has had a profound effect on me.
88. I would like the Post Office to publicly acknowledge what they have done to me and hundreds of other hard-working people and put us back in the position we were in before they ruined our lives.

STATEMENT OF TRUTH

I believe

GRO

statement are true.

Signed

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08-01-2022

Peter Worsfold