

Witness Name: Mr Keith Macaldowie

Statement No: WITN0327_01

Exhibits: None

Dated: 14/3/2022

THE POST OFFICE HORIZON INQUIRY

FIRST WITNESS STATEMENT OF MR KEITH MACALDOWIE

I, MR KEITH MACALDOWIE 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 48 years of age, separated and I have 2 children. I reside at GRO
GRO and I have lived at this address for the last 4 years.
3. I was the subpostmaster of the post office at 43 Angus Road, Greenock PA16 0PD from 1 September 2006 to 7 December 2011. I operated a newsagent from the premises.

BACKGROUND

4. I have always been employed, mainly as a self-employed newsagent. A large proportion of my working career has been running my own newsagent shop in Greenock between June 1997 until 2014.
5. I was happy running the newsagents but I was looking for something extra to add on to the business. The local post office was closing as the former subpostmistress had been sacked. I thought adding the post office to the newsagent would be a great opportunity to benefit from and make a profitable income. I already had a great relationship with the local community and thought it would be of benefit to them to keep the post office running in the area. At the time of taking on the post office, I fully intended to keep running the business until retirement.
6. On taking on the post office, I was required to pay approximately £5000 for the signage, safe, parcel scales and a roller-cash safe. This also included a relocation fee to move the branch from a unit two doors away. I was also required to renovate the newsagents which cost in the region of £20,000. To carry out the necessary work I took out a personal loan from the bank.

TRAINING AND SUPPORT

7. Prior to taking over the post office I received one week of classroom training in Springburn, Glasgow. The training felt rushed and only covered basic transactions, end of day cashing up and customer service.
8. I remember that I had to fight for the classroom training as Post Office were happy for me to take over the running of the post office with no face-to-face training. During the training we were taught how to do a full office balance and there were shortfalls of £1 or £2. We were advised by the trainers "*don't worry about that*". The trainers did not

- explain further what to do if the balance did not come to zero or what to do in the event we would be faced with a significant shortfall.
9. I also received in person training at my branch. A trainer shadowed me to ensure I was doing everything properly. My branch was busy, and I was mainly putting through benefit payments. I remember that the trainer went through a full office balance with me which was fine.
 10. I received no further training.
 11. Although I thought the training was acceptable as far as it went, it was basic and not everything was covered. It was enough to run the post office on a basic level if everything balanced. On the other hand, the Horizon system was complex and difficult to navigate through. Technically, not everything was covered in the training, and I felt apprehensive to use the system. I was advised to use the Helpline if I experienced issues with the system.

HELPLINE

12. From September 2006, I called the Helpline approximately once a month. I was not always successful in getting through to an advisor. The waiting time was so long that it would be impossible to wait and run the branch at the same time. I could not keep customers waiting.
13. Mostly, I called the Helpline to reverse a transaction because I had pressed the wrong button. This was down to not receiving in-depth training in using the Horizon system. Sometimes, when finally getting through to an advisor, they were helpful and other times they could not help me.
14. When contacting the Helpline relating to shortfalls, instead of looking into the problem, I was always advised that I needed to make good the shortfall with a

- payment. I was told that this was the only solution as the Horizon system did not make errors. I had to pay out of the business to bring the balance to zero, otherwise I could not continue to trade. The shortfalls varied from £1 to a couple of hundred.
15. Overall, the Helpline was useless. It was very hit or miss, depending on who I spoke to. The tone of the advisors was always condescending and would offer no solution to the problems, they just said it was my problem and I needed to sort it out myself. The advice felt generic and scripted.
 16. After 6 months of taking over the post office I stopped calling the Helpline as they were never helpful. I spent most of my evenings trying to rectify the shortfalls. If I was not able to solve the problem, I would have no choice but to make good the shortfall to bring the balance to zero.

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 excess of £15,000.
19. In 2009 I paid the Post Office £5,000 in relation to an alleged shortfall when I did the end of month balance. It was a balancing issue and I did not know where it had come from. I borrowed the money from my mother-in-law and had to re mortgage my house to repay her. I paid the money back to avoid having an audit as it was such a large sum. I had heard the horror stories about Post Office audits and how subpostmasters were being sacked and prosecuted for not making good the shortfalls, so I just put the cash in out of fear.

20. In November 2011 I was audited and a shortfall of £9312.81 was discovered. I was told that I was liable for the amount, and I would be interviewed later regarding the shortfall. I was immediately suspended. The shortfall was a complete shock, and I was very worried about how I would raise the money to pay it. Again, I had to borrow money from my mother-in-law. I could not extend my mortgage any further and I still owe her this money.
21. Apart from the two incidents detailed above, there were regular smaller shortfalls which I put my own money in to make good. I did not keep a record of dates and amounts. I would take the cash from the newsagents and put it into the safe to balance the accounts. I would select the “make good discrepancy” icon option on the Horizon system so I could carry on into the next trading period.
22. The small amounts were anything up to £500 and shortfalls would occur every couple of weeks between 2006 and 2011.

AUDIT AND INVESTIGATION

23. I had an audit in 2010, when Horizon Online was introduced. Everything was fine at the audit as it was a system update and the new system had to be set up. A couple of extra functions were added on the system. No shortfalls were established.
24. In November 2011 the Horizon system was showing a shortage of £1000. I assumed the auditors had turned up in relation to this. However, after the auditors had finished they said there was a shortage of £9312.81. I was immediately suspended.
25. Shortly after my suspension, I received a letter from Post Office saying that I was to attend a taped interview under caution at The Guildhall, 57 Queen Street Glasgow at 11:00am on 7 December 2011.

26. By this point, my mental health had rapidly deteriorated. I was suffering with depression and anxiety and was under the care of a psychologist who advised me not to attend the interview.
27. Andrew Gillhooly, a member of the Federation of Subpostmasters, and my father, who is a forensic accountant, attended the interview on my behalf. I believe the Post Office officials who conducted the interview were Glen Chester and Michael Stanley. I went to the location but did not go into the interview room.
28. Prior to the interview I discussed my case with my NFSB representative, Andrew Gillhooly. I told him that I believed that the Horizon system was wrong. His response was *"That is what everyone says"*. I discovered that he went into the interview stating that my business was in difficulty, and I had taken the money and I was simply there to pay it back. He did not offer any defence on my behalf and clearly did not act in my best interest.
29. In the interview my father, who is a forensic accountant, asked to see the Horizon records and transaction logs. The response of the Post Office interviewers was, *"We don't like people like you"* and they refused point blank to give him access to the records.
30. Following the interview, I paid in cash for the alleged shortfall, and it was agreed with Post Office that if I resigned the matter would not go further. This was later confirmed by a letter from Post Office and I subsequently sent my handwritten resignation.

SUSPENSION AND TERMINATION

31. From 15 November 2011 I was immediately suspended and I subsequently resigned.
32. The Post Office appointed a temporary subpostmistress called Louise to cover at the branch. I was not allowed back in the branch. Prior to opening the post office, after

- my suspension, an audit of the Opening balance for the temporary post mistress the accounts showed a credit of £1500. The auditors requested the £1500 to be put into the suspense account.
33. My father wanted to carry out his own investigation, but this was refused by the Post Office. I was forced to resign even though I believed I had done nothing wrong and had paid back the £9312.81 on the basis that the matter would not be taken further by Post Office.
34. The branch was part of the Network Transformation scheme in November 2014. We sold the retail side of the business for a negligible amount as it was basically worthless.

CIVIL AND CRIMINAL PROCEEDINGS

35. The Post Office did not pursue civil proceedings against me for the recovery of the alleged shortfalls. However, I did receive threatening letters which made me think the Post Office would pursue me. The letters related to the £9312.81 alleged shortfall. The letters stated that if I did not pay I could be sued and or prosecuted.
36. The Post Office did not pursue criminal proceedings against me. I was told I would be interviewed under caution. I did not go into the interview room but my father and a representative from the NFSP attended on my behalf as I was advised not to attend on medical grounds.

LOSSES

37. I lost the value of the newsagent business but I am unable to quantify this without expert valuation evidence.

LOSS OF EARNINGS DURING SUSPENSION

38. I was not paid during my suspension and lost approximately £3,000.00 for 2 months' salary.

LOSS OF EARNINGS POST TERMINATION

39. My long-term ambition was to continue to run the business for as long as possible, ideally until retirement. The Network Transformation took this decision out of my hands. For two years I continued to operate the retail business, but I did not receive the subpostmaster salary which would have been in the region of £36,000.

HUMAN IMPACT

40. I suffered serious problems with the Horizon system including the alleged shortfalls. I had to pay £15,000 from my own monies to pay for these alleged shortfalls. Beyond the financial burden, which in itself has taken a huge toll, the impact it has had on me and my family life and my mental health has been felt even more severely.
41. I suffer from bouts of depression and anxiety and my marriage ended during the height of my issues with the Horizon system. My wife and I would argue constantly about the shortfalls. I felt helpless during this time and the Post Office should have done more to assist me as I cited issues with Horizon many times.
42. At times I came close to suicide. At one point I had a noose around my neck. I discussed my worries with the GP and was prescribed medication. I was diagnosed with an anxiety condition.
43. The increased personal debt aggravated my medical conditions, I lost my post office, and the Post Office put in a temporary subpostmaster who operated a part time service. They refused to pay rent on the space which caused loss of business at the newsagents.

44. I was suspended following the audit in 2011 and I was given no option but to pay the shortfall. Leading up to the interview, I received threatening letters from the Post Office detailing that I could be sued or faced with a criminal prosecution if I did not pay the £9312.81.
45. I did not have that kind of money. I had to borrow the money from my mother-in-law to pay back the shortfall, increasing my personal debt.
46. I was well known in the area as I had been running the newsagent for many years. I was worried about the locals finding what had happened and would start talking. This made me more anxious and I felt vulnerable.
47. My wife and I separated. After losing my wife I lived on my own. I also lost many friends and I stopped talking to the people in the area.
48. I have limited capability to work and have to rely on benefits. I can only work 27.5 hours a week as opposed to working full time. I now work as a support assistant at a school.
49. I deal with my mental issues alone. I have become very isolated.

CONCLUSION

50. The impact of the Post Office has affected my life in every aspect. I have been left with a huge loss when I started in good faith. I feel like with the lack of support I have received from the Post Office, I have been treated as the guilty party.
51. The Post Office failed to investigate any issues but have simply relied on the Horizon system to being infallible. Any errors that occurred were deemed to be solely the responsibility of the subpostmaster. I was prevented from defending myself against the shortfalls. The Post Office were only interested in getting the money, no matter how harsh this was on those working for them.

52. I would like the inquiry to find out the truth and hold the faulty party fully accountable.

We should be compensated 100%.

STATEMENT OF TRUTH

I believe the contents of this statement to be true.

Signed.. **GRO**Dated..... *14/3/22*.....

Keith Macaldowie