

Witness Name: Mr Philip Cowan

Statement No: WITN0245_01

Exhibits: None

Dated: 14 January 2022

THE POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF MR PHILIP COWAN

I, MR PHILIP COWAN WILL STATE 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 of Jock’s Lodge post office in Edinburgh from February 2001 to June 2007. I ran a retail business from the premises.
3. My partner Fiona McGowan ran the post office with her friend Norma Weir as her assistant. Norma had 15 years of experience working in a Post Office and was highly recommended by them.

4. Both Fiona and Norma were in post at the time of the final audit when the shortfall was found and when I was suspended.
5. My branch was part of my business portfolio. I operated three petrol stations and prior to 2007. I had a 14-year business relationship with Shell UK, and I was training new managers in both my own sites and for Company managed sites. I considered our business relationship to be strong. I was franchising multiple sites, including one of the biggest sites in central Scotland.

TRAINING AND SUPPORT

6. I undertook only a week of training prior to my appointment as subpostmaster. This was a quick and brief run-through of how to run a post office.
7. During the training, the trainer would stand behind me and look over my shoulder whilst I carried out basic transactions. I only remember doing one balance during the entire training.
8. Training on the Horizon system only made up a very small part of this training. In my opinion, it was minimalist and woefully inadequate.
9. Whilst doing the training, the trainer put a lot of emphasis on calling the helpline if there were ever any problems.
10. The trainer did come to the branch occasionally to assist and provide further ad-hoc training. I was under the impression that I was not the only one needing in branch training, and that the trainer was rushing to other branches.
11. The training did not cover any troubleshooting techniques or what to do if the system showed discrepancies or shortfalls.

12. I have had a very successful business career, working for some other large organisations and have had the need to attend several training courses. None have been as poorly orchestrated as the Post Office training. Particularly given the complexity of the Horizon system and the consequences and personal liability should anything go wrong. Other companies would require months of training in order to be left alone to deal with the system of this complexity.
13. I was forced to use the Operations Manual to teach me how to use the Horizon system, as I was so unhappy with the training. I studied this manual religiously until I felt I had some grasp of how to use the system.

HELPLINE

14. I contacted the helpline less than once per month. I would have contacted the helpline more if it had of been any use.
15. In my experience the helpline was very difficult to get through to. Then when I was able to speak to someone, the help given was generic and often just referred to the training manual. I was left with the impression that those operating the helpline knew little of the workings of the Horizon system.
16. When shortfalls arose and I contacted the helpline, their advice was unprofessional and rarely helpful.
17. The advice given on the helpline would initially be to make good the alleged shortfall, and wait and see if the system resolved itself the following week. This seemed to be the stock answer, and I was given the impression that they were trained to say this, almost reading from a script.

18. I would only contact the helpline to discuss the shortages, in which case the above stock answer was given, to make good the shortfall. I very quickly realised that the helpline was unhelpful and could not be relied upon.

SHORTFALLS

19. 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.
20. In the initial period when I took over the post office there were discrepancies, but these were generally reversed in the following weeks. I reported these instances to my area manager, Brain McGill, but he just dismissed this as some sort of cross over problem.
21. Up until the final seven weeks of my appointment, there had been instances of shortages ranging from a few hundred pounds up to around two thousand pounds. These occurred on approximately six or seven occasions over a period of three years. We paid these shortages out of our own pocket.
22. Between 2001 and 2003 most of these amounts were reversed automatically, as being time lags, and on virtually all those occasions the shortages righted themselves.
23. For most of those transactions it was the following week but certainly, on more than one case that I can recall, it was several weeks later.
24. During the final seven weeks before the closure of the post office, amounts of between £3,000 and £5,000 disappeared over consecutive weeks.

25. My partner, Fiona and her assistant Norma began noticing larger than usual shortfalls.
26. On a weekly basis there was differences of approximately, £3000 to £4000. They were both waiting for this amount to return to the system as it normally did.
27. However, the shortfalls kept on appearing and it was not until it reached the amount of £30,000, that they told me. I immediately contacted Post Office Ltd, and an audit was carried out.
28. For seven weeks I repeatedly contacted the Post Office to request they come to audit us as I was increasingly concerned at the growing discrepancy and the system not correcting itself as it had done previously.
29. We were eventually audited on the 11 February 2004 and at the time of the audit the system had not righted itself.
30. A forensic accountant was asked to carry out the audit, and a discrepancy of £30,483.35 was discovered. I made multiple offers to settle this amount. I asked if I could be given time in order to do this.
31. I eventually repaid this amount in full through a deduction in my redundancy payment in June 2007.
32. I was convinced that this amount must be a result of a system glitch, despite being told that I was the only subpostmaster in the country experiencing such an issue with the Horizon system.
33. I repeatedly requested data and access to the audit trail to investigate the reasons behind the shortfall arising, but was never given access to the transactional data showing the journey a transaction would take from the Horizon system at the point of sale.

AUDIT AND INVESTIGATION

34. I was audited on 3 occasions without any issues. This was on the 30 June 2001, 24 October 2001 and 29 September 2002. No shortfalls were discovered, and everything was working as it should.
35. On 11 February 2004 the branch was again audited at my request when I realised that the shortfall had reached over £30,000.
36. The audit was carried out by Stevie Adamson. I was present for the audit. It was at this audit that a shortfall of £30,483.35 was discovered.
37. Once the audit had been completed and the shortfall confirmed, the auditor called in the forensic accountancy team who arrived the same day and reconfirmed the shortfall.
38. The post office was immediately closed, and all the cash, stock and safe keys were removed.
39. I was immediately asked when I would be repaying the debt. As already mentioned, I was given no paperwork or any indication how the shortfall had occurred.
40. I was interviewed in the Post Office headquarters in Edinburgh by a team of four Post Office Limited investigators. My partner, Fiona and assistant Norma Weir were also interviewed.
41. These interviews were aggressive and threatening. The three of us were cautioned and told that we should expect to be charged with a criminal offence.

42. Brian McGill, my area manager and his superior, Lindsey Anderson, both specifically told me I was the only subpostmaster who had issues with shortfalls and discrepancies in their post office.
43. Mr McGill and Mr Anderson made it clear that this was being treated as suspected theft. This seemed to be the party line, and their telling me this seemed scripted. I was expressly told that if I was experiencing problems with the Horizon system then I was 'the only one on the planet' having such issues.
44. During my interview with the Investigation team, I was basically interrogated and told that in 90% of cases where theft or fraud are suspected, the spouse is usually the guilty party.
45. This was endorsed by Mr McGill and Mr Anderson. Again, this line of questioning seemed like they were quoting from a script.
46. I later discovered that Fiona was questioned in the same manner. Mr McGill and Mr Anderson suggested to her that her assistant, Norma was the one responsible.
47. I firmly believe that Mr McGill and Mr Anderson were trying to turn us against each other, and to create suspicions amongst us. The possibility that it would have been the Horizon system at fault was not even considered. In the minds of Mr McGill and Mr Anderson it had to be theft.
48. I repeatedly told the investigators that I had a sophisticated CCTV system installed in my branch, and that Post Office Ltd could have access to the footage. Post Office investigators were not interested in viewing the footage.
49. The CCTV system (six cameras, operating constantly) included two covert cameras surrounding the office safe and had stored footage of the last four weeks of trading.

50. My partner, Fiona looked through all the CCTV footage from the security camera overlooking the post office counter, which gave a clear view of all use of the safe and till.
51. Fiona could not believe that Norma Weir was responsible for the shortfall. No evidence of any wrongdoing was found on the cameras. The investigators declined however, to view the footage.
52. I also made my financial records available for the Post Office investigators to review and those of my partner, Fiona. The Post Office investigators were not interested.
53. As this was being treated as theft by the Post Office, I approached the police and asked if there could be an official police investigation opened.
54. The police agreed and approached the Post Office who told them they would not cooperate with the investigation because they were looking into the matter internally, and they had their own powers to investigate and prosecute.
55. This has been subsequently denied by Post Office Ltd, but I have letters from the police confirming this. I am willing to provide these as evidence.
56. During the investigation, I repeatedly asked for the data showing the shortfall. I asked for information on what happened to the transactions once they left my Horizon terminal, and if the Post Office could track the transaction once the function left my office, in order to establish whether there could be any fault or malfunction with the system; for example, with GIRO transactions, if there could be a fault with the banks receiver.
57. The Post Office led me to believe throughout the investigation that they would be able to obtain this data and that there was a method of doing so.

58. It eventually transpired that this did not happen.
59. I do not believe that the Post Office ever investigated the Horizon system and potential flaws. It was easier for them to purely allege theft than admit to any error on the part of Post Office Ltd.
60. When I again suggested to the Post Office that it could be the Horizon system that was at fault, not myself or my colleagues, I was laughed at and told this was impossible, and that I was the only person in the country who had had this problem.
61. Throughout the investigation, it seemed clear, both through Mr McGill and Mr Anderson, that to the Post Office there was a large debt; and no matter what was found during an investigation, either me, Fiona or Norma would be responsible for it.

SUSPENSION AND TERMINATION

62. I was suspended on 11 February 2004 and the branch closed. All the equipment was removed on the same day I reported the shortage, but the paperwork remained in branch.
63. Even after I was absolved from any blame or wrongdoing, and I requested to reopen the post office with new staff, having told the Post Office that Fiona and Norma would not be returning, I was not allowed to reopen. This was first confirm by the Post Office investigation team and then by the Post Office management.
64. I was told that I had been negligent in being absent from the branch on occasion and allowed Norma to run the post office. This was even though Norma had extensive experience and came recommended by Post Office Ltd itself.
65. I spent three years going back and forth with Post Office Ltd trying to get my branch re-opened in order to support the retail side of the business.

66. Despite being sure that I was not responsible for the shortfall, I made multiple offers to settle the alleged shortfall, including at the time of the audit, in order to re-open the branch under my control with new staff, but the Post Office refused to allow this, and my suspension remained in place.
67. I do not know why my offers were not accepted by Posy Office Ltd.
68. I was eventually made redundant by Post Office Ltd in 2007. I had lost three years' salary and revenue from the retail business. I was being unjustly punished for a fault I had no part in.
69. I also lost my future remuneration.
70. I also lost the value of my post office business and the profits from my retail shop.

CIVIL AND CRIMINAL PROCEEDINGS

71. The Post Office did not pursue civil proceedings against me for the recovery of the shortfalls.
72. I was interviewed under caution and threaten with prosecution. The Post Office pursued criminal proceedings against my partner, Fiona.
73. My partner Fiona and assistant Norma were charged with fraud. This was never pursued further. However, Fiona never got any confirmation that this charge was dropped.
74. I did attempt on several occasions to contact the investigation team on Fiona's behalf for an update on whether chargers were to be brought in order to put Fiona's mind at rest.

75. The Post Office investigation team were impossible to contact via telephone, email or otherwise; and so Fiona had no knowledge of whether the prosecution was going ahead.
76. It was only as a result of a freedom of information request, many years later, I discovered that the case had been closed with no criminal case to answer.
77. My partner, Fiona died without knowing whether this charge would be pursued.

LOSSES

78. I was offered a redundancy payment under the network transformation programme of £88,000. £30,000 was deducted from this payment to repay the alleged shortfall debt.
79. I was a party to the group litigation against Post Office Ltd, as such I am excluded from the Historic Shortfall Scheme.
80. In 2004, I had to close the retail store, which was part of the post office, altogether. I originally purchased the post office for £125,000 and paid £2,000 for the stock. I sold the shop for £65,000.
81. I lost considerable value due to the actions of Post Office Ltd. When the post office was closed after my suspension, it was not possible to sustain the shop without the footfall it brought in.
82. The Post Office refused to allow me to reopen my branch despite no action being taken against me, therefore, I had no choice but to close the shop.
83. I had intended to continue as a subpostmaster until the time of my retirement with my partner, Fiona running the business and the post office. I believed that having the

- post office in the store would increase footfall and we would have a stable, secure, profitable business.
84. My average annual salary was £40,208 and I was suspended for 3 years so I estimate that my losses during suspension were around £120,624.
 85. I also lost the future remuneration I would have received if I had been permitted to continue to operate my post office.
 86. The local press had reported that I had been suspended as subpostmaster and was under investigation for suspected dishonest activity.
 87. During this period, I had a conversation with a Shell UK employee about the renewal of my contract with Shell in 2011. I was told informally not to bother trying to renew. The contract was subsequently not renewed in 2011.
 88. The stigma surrounding the closure of the post office as well as the breakdown of my relationship with Shell UK prevented me from approaching any other petrol companies. I felt that I was effectively blacklisted.
 89. I lost outside business interests as a direct result of damage to my reputation and a question mark over my honesty.
 90. My income from the petrol stations was around £70,000 per annum.

HUMAN IMPACT

91. The closure of the post office and my suspension and the investigation were reported in the local press. This caused significant damage to my reputation, and that of my partner and our standing in the local community.

92. Fiona especially, was the victim of abuse from the local community as a result of the issues. She was even spat at when Post Office Ltd came to remove equipment from the shop. This was in front her two young sons and this caused significant emotional distress to Fiona.
93. The local community were very hostile towards us. Incidents were too numerous to mention. They included regular damage to the property, verbal abuse and even being spat, at as mentioned.
94. There was also a degree of suspicion amongst some family members, friends and work colleagues. Some family members severed contact with us, and we lost quite a few friends.
95. I too suffered an endless stress as a result of the actions of the Post Office, but Fiona suffered terribly, and it had a detrimental effect on her health.
96. Fiona had experienced mental health issues since childhood and suffered with depression. The circumstances with the Post Office, as well as the threat of a criminal prosecution, exacerbated Fiona's illness.
97. What made matters worse is that, with a criminal charge hanging over her she was not able to resurrect her formal career as a teaching assistant or find alternate employment of any sort. Her self-esteem was shattered.
98. It also led to the loss of her longstanding friendship with Norma Weir. Their relationship disintegrated because of the accusations that one of them was dishonest, and responsible for the losses. This also had a lasting impact on Fiona. It also made it virtually impossible for her to find other employment, as she was too honest not to mention a possible court case.

99. Sadly, Fiona passed away in 2009 as a result of an accidental overdose. I am in no doubt that the pressures caused by the Post Office contributed to Fiona's death.
100. Fiona was only 47 when she died.
101. I cannot begin to put into words what I feel towards those responsible and what they put us through. I lost my partner and after her death, I also lost the loving relationship I had with my two stepsons who we had raised together for ten years since they were aged 2 and 4.
102. Post Office Ltd have shown themselves to be a ruthless, heartless organisation. What I have stated in this statement is only an indication of what I have suffered as a direct consequence of their actions.

CONCLUSION

103. Ultimately, as well as the financial, material and reputational damage the worst loss by far was the decline in my partner, Fiona's mental health, as a direct result of the worry and stress leading to her sad and premature passing at the age of only 47.
104. My life has been completely devastated. Due to the actions of Post Office Ltd. A previously healthy, happy and comfortable lifestyle that my partner, myself, and her 2 sons enjoyed was totally destroyed.
105. I would like Post Office Ltd held publicly accountable for their actions and for them to acknowledge the misery they have put people through.

STATEMENT OF TRUTH

I believe that the content of this Statement to be true.

Signed..

GRO

Dated..... 14th JANUARY 2022