

Witness Name: Mr Frank Holt  
Statement No: WITN0305\_01  
Exhibits: None  
Dated 15-2-22

## THE POST OFFICE HORIZON IT INQUIRY

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### FIRST WITNESS STATEMENT OF MR FRANK HOLT

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I, MR FRANK HOLT 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 live with my wife and we have 3 daughters and 2 surviving sons as our eldest son passed away in 2011. We have 11 grandchildren and 1 great-grandchild.

#### BACKGROUND

3. I was the subpostmaster of Glenmoriston Stores and Post Office, Invermoriston, Invernesshire in Scotland from on or around 1 December 2008 to 20 July 2017.

4. Prior to becoming a subpostmaster I was an experienced businessman and had run a number of successful businesses in retail, footwear and textiles.
5. When I took on the post office I was employed as a delivery driver and making a good living and my daughter Tiffany Lee Holt came straight out of school to help run our branch.
6. I am originally from Lancashire and my family had no connection to the Highlands of Scotland, where our post office was. As a family we had fallen in love with the picturesque area and looked forward to running a village post office at the centre of community life.
7. The post office seemed to be a very good investment that could provide a secure living and financial security for myself and my family. I was in my 50s and being a subpostmaster seemed like something that could carry me into retirement, particularly as my wife was suffering with cancer at the time.
8. I purchased the entire business, including the post office and retail side for £245,000. This was financed through a mortgage as well as my own savings.
9. I operated a retail business from the premises called Glenmoriston Stores. I employed two assistants.

#### **TRAINING AND SUPPORT**

10. I received onsite training over a period of 4 days from the 1 December 2008 until the 5 December 2008, apart from the 3 December when the office was closed. The trainers were onsite for 3 hours per day, so I received approximately 12 hours of training in total.
11. The training took place over the busy Christmas period. I therefore felt that the training was extremely rushed. I was only shown how to complete transactions once.

12. Several transactions were covered, including selling stamps, parcels, recorded and special delivery, electricity keys, mobile phone top ups, premium bonds, foreign currency, daily cash declarations, remming out, stock checks and cash checks. I was not confident or familiar with using a computer and it was a lot of information for me to take in.
13. I do not recall being offered or receiving any follow up training and the trainers did not seem concerned as to whether I had understood everything or not. I therefore do not feel that this training adequately prepared me for my role as subpostmaster nor left me feeling confident or comfortable in using the Horizon system.
14. Although I did not receive any further training, a trainer named Alicia came to the branch to train my daughter, Lyndsey on the Horizon system. The trainer was supposed to spend 3 days at the branch but ended up only staying for 3 hours. This was not sufficient time to cover Horizon in adequate detail. I was not involved in this training.
15. In approximately August 2012 the trainer, Alicia attended the branch for a further 2 days and provided my other daughter, Tiffany, with 6 hours of training. The training consisted of Alicia watching Tiffany serve customers and intervening when Tiffany made an error. This training was requested following the audit on 26 June 2012, but it did not address the issues identified from the audit. It was therefore not adequate in assisting with problems in the branch. Again, I was not involved with this training.

#### HELPLINE

16. I estimate that I contacted the Helpline 1 – 3 times a month. I contacted the Helpline when I had problems balancing and when discrepancies appeared. The general advice would be to roll over the system and make good the shortfall so that trading can continue the following day and that the shortfall would correct itself.

17. I was told on several occasions by the Helpline that I was the only one experiencing problems with shortfalls and issues with the Horizon system.
18. I suffer with rheumatoid arthritis and my daughter Tiffany took on more of the day to day running of the branch when my illness became more severe. She stopped calling the Helpline as she had lost faith in their ability to help. She was always told that the system would correct itself and to simply make it good on screen so that trading could continue the next day. This is what she continued to do as there was no other advice given.

### 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.

#### Shortfall 1

20. On 26 June 2012 there was a shortfall of £1,090.66. I paid the Post Office for this shortfall by cheque on the same day. This shortfall was discovered following an audit of the branch on the same day. I was told that this was a random check. I was not given the opportunity to look over the findings to see how the shortfall had occurred. I was given the impression that I had no option but to make good the shortfall.

#### Shortfall 2

21. On 9 September 2014 a shortfall of £30,244.79 was identified following an audit of the branch. I did not pay the Post Office for this shortfall. I was not aware of this shortfall until this point. I did not pay as I disputed liability.

22. The Post Office has chased me for repayment of this alleged shortfall on several occasions. On the 23 January 2017 I was told that I would be reinstated if it were paid. In their letter giving notice of my termination, dated 18 April 2017, Post Office confirmed that they will set off any remuneration due under my notice period against the alleged outstanding shortfall. Post Office are refusing to pay me any remuneration due whilst this alleged shortfall remains outstanding.
23. Although I cannot recall specific dates, there were several instances where we would encounter power cuts or surges as well as network problems where the internet and phone lines would cut out. I believe that such problems may have caused the unexplained shortfall and balancing errors.

#### **AUDIT AND INVESTIGATION**

24. The first audit was carried out on the 26 June 2012. I was not given any notice of the audit. I was told by the Post Office that this was a random check. I, and my counter clerk, were present on the day of this audit. We were allowed by the auditors to stand in the doorway to the fortress area, but we did not count any cash or stock ourselves. We watched the auditors as they proceeded with the audit. A National Federation of Sub postmaster representative, Kevin Waddington, was also present at the audit.
25. The audit identified a shortfall of £1,096.66. I was not given an adequate explanation as to what this shortfall comprised of, but I understand that it involved cash and stock. Kevin Waddington, the NFSP representative advised me to pay the shortfall immediately. I was very anxious about having a shortfall and felt pressured to pay this money back. I felt that I had no choice. I therefore paid £1,096.66 by cheque immediately.

#### **Second Audit**

26. The second audit took place on the 9 September 2014. Two auditors arrived at the post office at approximately 8.30am. I was not given any notice ahead of this audit. On their arrival, the auditors informed me that the post office would be closed and would remain closed until the audit was complete. My daughter Tiffany and I were present during the audit.
27. Each auditor counted cash held in the office and verified their totals with each other. I was informed that they had discovered a shortfall of approximately £40,000, which was made up of £20,000 in £100 notes and £20,000 in £50 notes. At this point, one auditor named Susan Anderson made a phone call and subsequently asked me if I was able to make good the shortfall. I replied that I would not.
28. The auditors asked my daughter Tiffany to check the totals of the cash and stock. Tiffany disagreed with the total. On recount, the auditors agreed with Tiffany's findings. Whilst Tiffany was counting the cash, the auditors continued to count additional Christmas stock, which needed to be added to the totals already given. Tiffany was not given the opportunity to check this additional stock. Tiffany was then asked to sign the cash sheets.
29. I was then told that the revised total shortfall was approximately £30,000 and Ms Anderson asked me again if I could 'repay' this amount. Again, I answered "no". I was then asked to hand over the keys to the branch and advised they would not be returned to me until I had repaid the shortfall. Ms Anderson then asked my daughter Tiffany to collect and hand over the trading statements from 26 June 2012 to date, which she did. All trading statements were handed over and taken by Post Office. The auditors left at approximately 5:30pm. I was not provided with a copy of the audit report at this time.
30. I was immediately suspended, and the branch closed. We were able to continue trading as a retail business once the Post Office had cleared all their stock and machinery from the premises.

31. On the 24 September 2014 I received a letter from Robert Findlay, the Post Office contracts manager requesting that I attend an interview or provide a written response to the shortfalls. I replied by letter dated the 26 September 2014 requesting information so that I could properly respond to the allegations against me.
32. In response to this, Mr Findlay provided a copy of the Audit Report for the audit of 9 September 2014 together with a warning letter. These documents did not provide any assistance in understanding the cause of the alleged shortfall.
33. On or around 6 October 2014, I wrote a further letter to Mr Findlay explaining that myself and my family did not understand how the alleged shortfall could have built up and I requested further information to be provided to assist in my own investigation. I also clearly stated that it was my view that *"We cannot accept that this alleged shortfall even exists, let alone accept any liability for it"*
34. I engaged in an exchange of correspondence with Mr Findlay. On or around 27 October 2014, Mr Findlay provided copies of the cash sheet, as checked by the auditors, and an office snapshot taken on the day of the audit. This further information was not sufficient to understand how the alleged shortfall built up and I therefore persevered in asking Mr Findlay to provide more information. On 4 December 2014, Mr Findlay provided electronic copies of cash declarations and trading statements completed at the branch. The trading statements were illegible.
35. My family and I went through the data provided very carefully. In a letter to Mr Findlay dated 8 December 2014, I listed several queries and concerns with the declaration data. I noticed that there were several duplicate or identical declarations, which would not be possible during business. I also highlighted declarations that seem to have appeared on the system multiple times. I highlighted missing cash declarations and requested copies of these. We asked Mr Findlay directly what effect the "double entries" had on Post Office's calculations at the branch.

36. The brief response received by Mr Findlay in a letter dated 7 January 2015 stated that he had "*Spoken with some people who are experts on the Horizon system*" but simply dismissed my queries as operator error.
37. This protracted correspondence continued. Despite continued and repeated requests for information and documents, Post Office failed to provide adequate or clear evidence. I therefore feel that my own investigations were more thorough than those carried out by Post Office, and that Post Office did not escalate their own investigation after I pointed out apparent errors.
38. Following our own escalation to our MSP and subsequent correspondence, we received a letter from Mr Findlay on 20 April 2016 stating that Post Office had prepared a report in relation to our case. I do not know the contents of this report.
39. All correspondence with Mr Findlay was forwarded to Freeths Solicitors.

#### **SUSPENSION AND TERMINATION**

40. I was suspended immediately following the audit on 9 September 2014.
41. The branch was closed by Post Office following the audit on 9 September 2014. The branch remained closed until 16 September 2014 when Post Office removed all cash and stock from my premises.
42. In a letter dated 18 April 2017, Post Office gave me 3 months' notice of termination. In this letter, Post Office confirmed that they will set off any remuneration due under my notice period against the alleged outstanding shortfall. Post Office are refusing to pay me any remuneration due whilst this alleged shortfall remains outstanding.
43. My contract was finally terminated on the 20 July 2017.



**CIVIL AND CRIMINAL PROCEEDINGS**

44. The Post Office did not pursue me for recovery of the alleged shortfall by way of civil proceedings.
45. The Post Office did not pursue criminal proceedings against me.
46. However, my daughter and assistant, Tiffany, was arrested by Inverness Police and charged with embezzlement. Tiffany attended an interview with Mr Stills, Police Officer, on 22 July 2015. When Tiffany was questioned, she was placed in a police cell and even had her shoes taken off her. This was a humiliating and terrifying experience for her.
47. This matter was dealt with by the Police rather than Post Office directly. No further action was taken.

**LOSSES**

48. Firstly, the Post Office's actions caused a terrible financial impact. When I was suspended, the loss of the post office resulted in a loss of footfall and the retail business drastically declined. I also lost my post office salary and other related income. This made the business close to unviable causing real financial hardship and stress.
49. I was forced to close the retail business and sold the lease. The rent I received was much less than what I would have received had the business continued with a post office branch attached.
50. The value of my investments has diminished. I paid £245,000 for the purchase of Glenmoriston Stores. This purchase price was not broken down and the premises included the post office, the retail shop, the sorting office and several self-contained

flats. Without the Post Office included, I know that the value of my business and the premises decreased significantly.

51. The Post Office robbed my family and I of our financial future. I wanted to retire at least at age 65 and have the post office to pass on to my children. However the Post Office took that financial stability and peaceful retirement that I had planned and worked so hard for.

### **HUMAN IMPACT**

52. As a result of the accusations made by Post Office, my business and personal reputation within the community was tarnished. I felt anxious about serving and facing local customers who came to the store. I had to ask my wife or one of my daughters to serve them.
53. My family and I had to explain to customers in our small community, most of who were locals who knew us, why the post office was closed which caused considerable embarrassment as we were in essence branded as thieves.
54. Living in a small community, news travels fast and we noticed that quite a few people who regularly used the shop no longer did and chose to travel a greater distance to the next convenience shop. This was very disheartening for the whole family as we had been in the village for 6 years and had built up a good reputation and rapport with the locals as a whole.
55. We as a family felt ashamed and were absolutely devastated. Conversations with customers which were light hearted before the accusations now became very strained and short, always with the thoughts of what must they think of us. Where we previously enjoyed an active social life I now do not like leaving my home to go out into the village.

56. With my reputation in complete tatters and the anguish myself and my family were suffering, my health took a turn for the worse and I believe this had a profound effect on my rheumatoid arthritis which has become debilitating at times.
57. I feel that I have suffered defamation of character, which has had a result on my business as well as my private life. When living and working in a small community, rumours and accusations are very damaging. This has caused both myself and my family distress and a number of former customers within the local community now refuse to come to my shop.
58. During my appointment as subpostmaster, I suffered with stress because of the unexplained discrepancies in my balancing, which was very alarming and left me feeling under a shadow of fear. Every day was either emailing Post Office officials or waiting for a response from the Post Office. Countless hours were spent scouring paperwork that we had access to, to try and find a reason for this accusation.
59. Since my suspension, I have suffered with depression, anxiety and insomnia. I have also had suicidal thoughts. The events that have occurred have had a damaging and continuing effect on my mental health.
60. Following numerous emails to the Post Office I was intimidated and threatened with arrest. My daughter was arrested as she was the clerk in the Post Office at the time, and she had harsh treatment in police custody and was treated like a criminal.
61. This was absolutely terrifying for both of us, and we still live with the trauma. I was anxious and worried about what would happen to my wife and my other daughter and granddaughter should I be sent to prison and how they would cope with the business, the household and living in the shadow of having convicted family members.
62. My daughter was struggling with the fact that she might go to prison and have to leave her young son for an unknown amount of time, and terrified for the future of

her own child. She has been changed by the experience. She is not the happy and carefree person who she used to be and is less trusting.

63. Furthermore, the stress following the accusations of the shortfall discovered at the audit on 9 September 2014 aggravated my rheumatoid arthritis. I was in a lot of pain with this condition, and the additional stress made this worse.
64. During this time my family suffered immensely. In addition, because of the extreme stress, both myself and my wife developed serious health conditions, and her cancer was exacerbated.
65. There was enormous strain put on our family relationships. We have always operated as a team and live close to each other, however the Post Office's actions undermined the trust between us. Within the family some members even began to doubt if Tiffany was innocent after she was questioned by the Police.
66. My children have also suffered immensely having to provide emotional support to myself and my wife as we struggled with our situation and I experienced suicidal thoughts, when all we have ever wanted to do is give our children a happy life.

## **CONCLUSION**

67. The Post Office has completely up-ended my life and that of my family. We have been financially left worse off.
68. Our dream of running a village post office in a picturesque part of the country has been ruined. And the comfortable retirement that I planned and worked for has gone, and I cannot give my children and grandchildren the financial security that I feel they deserve.
69. Being accused of a criminal offence is by far the worst thing that has happened to me. I do believe the brutal pursuit of Post Office officials, and myself and one of my daughters potentially facing prison contributed to a significant deterioration of my

health. Life for my whole family was on hold whilst we tried to provide an explanation to the Post Office but being blocked at every turn by them by not providing documents which could have helped us.

70. The profound trauma of my experience, and that of my daughter, has greatly impacted my family and we are still struggling with the consequences.

**STATEMENT OF TRUTH**

I believe the facts contained in this Statement to be true.

Signed..... **GRO** ..... Dated. *15-2-22* .....

**Frank Holt**