

Witness Name: Mr Brian Macaulay  
Statement No.:WITN0330\_01  
Exhibits: None  
Dated: 27 April 2022

**THE POST OFFICE HORIZON INQUIRY**

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**FIRST WITNESS STATEMENT OF MR BRIAN MACAULAY**

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I, MR BRIAN MACAULAY 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.

**BACKGROUND**

2. I am from Scotland, born and raised, and I have two children.
3. I live in Ayrshire. I moved to Ayrshire when my ex mother in law GRO  
GRO My wife and I decided to sell up and move closer to be with her and look after her.

#### **BACKGROUND PRIOR TO APPOINTMENT AS SPM**

4. I used to work for Motorola which involved a lot of travelling, I travelled for 3 years before I went on to get a job with my local council. I worked hard, and I was promoted very quickly. I was put on a project to regenerate the local area.
5. At this time a restaurant opportunity arose, and so my wife decided to take on a restaurant. She went on to run this very successfully.
6. My wife's restaurant did so well that she was approached by a catering company to do the catering for them.

#### **DECISION TO BECOME A SPM**

7. I had always wanted to run my own business, I had friends that had shops and liked the idea of running a retail business.
8. After my wife was approached by the catering company, she handed me the keys to her restaurant and told me it was time to pursue my dreams. As such, we turned her old restaurant into a large retail shop in around 2005/2006 with an office in the back.
9. The shop was situated in a conservation village. The bank invested in us, as we already owned the premises, we had a mortgage of around £165,000 that we had no problem paying off, and the company that installed the shop fittings was premier.
10. I ran the shop very successfully for many years. When my children came of age, they also worked for us in the shop.

11. The area that was the shop was situated in had a large Asian population. I had a lot of Asian people approach me wanting to buy the shop off me, as it did so well.
12. I received many offers on my branch of £300,000. It was a very sought after business in the area.
13. I had been running my retail business for about 10 years when I was approached by the subpostmaster who ran the local post office. He came over and asked me if I wanted to add the post office to my portfolio. He was looking to retire, and so offered me the post office to take over.
14. I went away and discussed this with my wife. The addition of a post office would increase footfall into the shop, which very was appealing. The postmaster told me it would not cost me anything to have the post office counters moved into my store and I would receive £14,000 for taking on the post office.
15. This in fact turned out to be false information. The £14,000 was actually the investment for the Post Office to move the counter over to my shop.
16. I had to lose a till in my retail business to make room for the post office counter.
17. I trained my staff and children to work in the post office alongside me however, I had a lot of issues with the staff I employed from the village. Unfortunately, every member of staff stole from us, even someone I considered to be a very close friend stole from us.
18. I employed five assistants during my time at Branch 1.
19. About 1 year after I had taken over the post office, I was asked by the Post Office to run an outreach branch in a rural area because they were struggling. I was asked to

run it using a remote set up; so the main branch was my branch, and I had separate equipment installed for the rural branch.

20. I was the Operator of two Post Office branches, Kilmaurs Post Office, 5 Main Street, Kilmaurs KA3 2RQ ("**Branch 1**") from around September 2014 to December 2016 and Gordon J D General Stores, 96 Main Street, Kilmarnock KA3 6DY ("**Branch 2**") from around October 2015 to December 2016.
21. I was the Operator of both branches, however, I believe there may have also been a contractual relationship between the Post Office and my company B.D.N Kilmaurs Limited as well as with myself.
22. I signed a document before I started my main branch, which I understood to be confirmation of the Company's appointment, I began operating the branch in around September 2014.
23. In relation to the outreach branch, I signed a document on behalf of the Company which I understood to be an Outreach Contract in around February 2016.
24. I went into branch 2, 3 days a week from 9am – 12pm; the branch was situated in a very small community. The Post Office gave me a package to run the rural branch and I loved this office, it was really good.
25. The office was situated in the back of a shop and they needed the extra footfall. I bought a lot of things for this office to try and build it up and I paid rent every month.
26. Operating this office however, was a nightmare, it never ran right. I had the computer changed in both branches about 3 or 4 times as I was constantly complaining about not being able to balance the accounts to the Post Office. Post Office staff were always at my branch because I made so many complaints. I had the

computers changed three times in one year because they were always crashing, and I was getting backlash from the community for the post office always being down.

27. I use to take the data from the rural branch back to my main office because the accounts were not balancing, and I did not have the money to cover the shortfalls.
28. There was a process in which you could ask the Post Office for extra cash which they would usually send out if it is a busy period, so I was constantly asking for money to cover the shortfalls. This went on for at least a year.

### **TRAINING AND SUPPORT**

29. I attended a couple of days of training on the Horizon System before I started working at the branch. The training was run at a Post Office training centre in Glasgow. I remember the training was delivered by a gentleman called James. I was shown the basics of how to operate the Horizon system using the 'dummy' systems provided at the training. I cannot remember the specific transactions we covered, but I remember that there was awful lot for me to learn in a very short period of time.
30. A trainer also attended my main branch on the first day I opened, to show me how to complete the daily and monthly balances. The trainer stayed for around a week but it was a bit of a shambles. The trainer went through a balance with me but there was an alleged shortfall with the lottery figures. The trainer did not stay with me after 5pm to try and work out where the balance had gone wrong, so I was left with no option but to make good the shortfall.
31. Throughout the week there were a couple of instances where smaller shortfalls appeared on the system, and the trainer would tell me that if I could not find the problem I would have to make it good, which I did each time.

32. Overall, the training provided by Post Office was completely inadequate, and I did not feel as if it prepared me to run the post office.
33. When I agreed to take on the second outreach post office branch I attended a further training session in branch for about half a day, which actually operated like a pop-up store in the local village hall.
34. This training mainly focused on how to set up the outreach branch and how to safely secure the equipment. When the trainer was showing me how to transfer cash from branch 1 to branch 2 and vice versa, the labels were not working correctly when I was trying to R.E.M cash to branch 2. The trainer had to use labels from another outreach branch, which slightly put me off. However, at the time I felt that this training combined with my experience of running my main branch adequately prepared me for operating branch 2.
35. I did request further training from Post Office when I was experiencing problems with the balancing on the Horizon system in early 2016. However, I got the impression that the Post Office was getting frustrated with my requests and so I eventually stopped asking.
36. The shortfalls were a regular occurrence; it was a very nerve-racking and challenging time. The kids were getting frustrated with me because sometimes I would be in the post office until 12 a night trying to sort out the balance. It was a nightmare. The kids would be asking me to please come home. I never felt pressure like this until I took on the post office.

### **HELPLINE**

37. I recall telephoning the Helpline quite regularly with regard to balancing issues. Although I am unable to recall the specific advice given to me, I do recall the Helpline were often unable to resolve the issues I was having and simply told me that I would have to make good the alleged shortfalls. I also recall being transferred to a service

centre abroad where the connection was very poor, and I often struggled to understand what the operators were advising me as a result.

38. I had asked the Helpline to send me new labels to use at the outreach branch on a number of occasions and each time they were sent through they did not work. The Helpline could not really understand the issue, and were not able to resolve it for me. I later referred this to my Post Office manager, and he told me to keep a note of the cash on a piece of paper whilst it was looked into, and Mr Trotter of Post Office also agreed to look into this. However, I never heard anything further until the audit.
39. I had also telephoned the Helpline on a number of occasions with regard to the Horizon equipment for both branches being faulty. They did send engineers with new equipment for both branches after I had requested this.
40. When alleged shortfalls arose, I did telephone the Helpline but their advice was always that I would have to make it good if I could not resolve them. I therefore had to follow their advice, as I felt as if I had no alternative. Overall, I do not think that the Helpline adequately supported me or offered any help in resolving the alleged shortfalls.

### **SHORTFALLS**

41. 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.
42. I would estimate that throughout my position as subpostmaster, I paid or the Post Office deducted in excess of £20,000.

43. I incurred various shortfalls under £100 at the end of almost every trading period at both branches.
44. I also incurred various shortfalls of over £100, and I had various shortfalls of up to £2,500 on various dates. I repaid all of these alleged shortfalls.
45. I would pay the cash in to the Post Office using money loaned from the company to make good the alleged shortfalls. Before my parents passed away they helped me cover the shortfalls by transferring money in the company account. I remember on one occasion my mum transferred £12,000 in the company account to help me repay the shortfalls.
46. I would often telephone the Helpline when the alleged shortfalls arose and I would try to trace back through the transactions to see if I could find any obvious mistakes. When I could not find anything, I would opt to settle the alleged shortfall by cash on the Horizon system and pay the cash from the retail business in to balance.
47. I had always intended to repay the money to the Company and this was only ever intended to be a loan to myself from the Company.
48. In 2016, I incurred a shortfall of £39,765.05. I did not repay this shortfall. This alleged shortfall was discovered as a result of an audit of my main branch.
49. As the alleged shortfalls began to get larger and larger, I knew I could not afford to make good the alleged shortfalls on a monthly basis. I therefore would opt to settle the alleged shortfall by cash on the system without actually putting the cash in to balance. I only ever did this in order to be able to trade the next day, I had no dishonest or malicious intent behind doing this.
50. I incurred a further shortfall in 2016 amounting to £107,618.89. I did not repay this shortfall. I received a letter from Post Office demanding repayment of this sum, but before that letter I was unaware and remain unaware of how or where this alleged shortfall came from. The Post Office have failed to provide me with a detailed



breakdown of the alleged shortfall and they have failed to confirm whether this is in anyway related to the shortfall of £39,765.05.

### **AUDIT AND INVESTIGATION**

51. I was audited about 8 or 9 months after the branch opened in my shop and I do not remember the Post Office raising any problems or concerns with alleged shortfalls at this time. My manager who conducted the audit even made a remark, complimenting me on how well I was running the branch.
52. I remember another audit being carried out in July 2016.
53. I was aware that the auditors might attend the branch around this time because when I had requested a cash delivery from the post office they had asked me to send back all of the cash I had in the safe. I could not send anything back to them, as there was nothing in the safe to send. I therefore think this prompted the Post Office to audit my branch, but I have no evidence of this.
54. The auditors (Maggie O'Connor and one other) attended my main branch, around 24 July 2016 without notice. The auditors completed the audit over 2 days. After the first day, I was informed that they had found an alleged shortfall of approximately £30,000 and that my manager would telephone me to discuss this further. Maggie told me that she would have to clarify the figures with those in the second branch and so the alleged shortfall increased to around £39,000 the following day once she had done this.
55. I tried to explain to the auditors that the balance had not been correct since I started operating the second branch and that I had already reported the issue with the labels to the Post Office on multiple occasions, but they would not listen. Maggie had brought some of her own labels with her to check the system and these appeared to work fine. I was shocked as all of the labels I had been sent had never

- worked previously and no-one at the Post Office had attempted to help me with the issue.
56. I was later telephoned by my contracts manager, Mr Brian Trotter, who confirmed that they had found an alleged shortfall and that the Company's appointment was suspended. As a result I could no longer work in the branch until he had concluded his 'investigations'.
  57. I was absolutely shattered by my suspension because I had no idea what the problems were and how these shortfalls kept occurring. I had to go and explain this to my son, as he worked in the branch with me. My son was in shock when I told him, I felt so alone because I had no help and the Post Office were only making matters worse.
  58. My family and I were devastated, but we agreed not to say anything to the public, as I genuinely believed it would all get sorted. We had to tell the owners of the rural shop where the second branch was located that the office was temporarily closed due to a fault in the system. However, people started asking questions and wanted to know what had happened.
  59. At no time during the audit, or after the audit, did the Post Office or Mr Trotter mention a shortfall of £107,618.89. To date, I have not been provided with any data of evidence of a formal audit report.
  60. I have seen no evidence of any adequate investigations carried out by the Post Office. I understand from the letters I received from the Post Office on 15 December 2016 that they had concluded their "in depth investigations" and listed a number of errors they had discovered. However, I have seen no evidence of the "in depth investigations" and I have never received a copy of the formal audit report.
  61. Following the audit, I received a call from Mr Trotter who asked to see a copy of the branch trading statements. I had always kept a folder of these next to the till

in the branch, and when I told him about this he told me he could not find them. I checked all over for the folder but I could not find it either and I have not seen it since the day of the audit. I asked Mr Trotter to check whether the auditors had taken the folder, but he never got back to me on this.

62. In August 2016, I was invited to attend an informal meeting with Mr Trotter to discuss the alleged shortfall. The meeting was relatively short and my NFSP Union Representative, Callum, attended the meeting with me. I tried to explain to Mr Trotter that there was clearly a fault with the Horizon system and again about the issues with the labels. I repeatedly told him that I hadn't done anything wrong.
63. Mr Trotter did try to ask me about specific occasions where I could not use the labels and when I had reported problems. I tried to explain to him when I had reported it and more generally about the issues I had but he did not seem to take much notice of me.
64. Mr Trotter had told me that Nathan, my son, who worked at the branch had completed the balance the night before the audit but had used my login to do so. I admitted that this had happened and that it was an innocent mistake as Nathan had, by accident completed the balance using my login details without me knowing. I admitted that this should not have happened but I made clear that this was an innocent mistake.
65. Mr Trotter told me that he would have to look further into the matter before deciding how to proceed. However, the next communication I had with him was a letter terminating the Company's appointment.

#### **SUSPENSION AND TERMINATION**

66. My appointment was suspended without pay on the day of the audit and this was later confirmed by letter on 25 July 2016. Both branches were closed on the same

- day. I had asked whether one of my sons could run the branch, but the Post Office refused.
67. The Post Office sent an alternative relief subpostmaster to carry on running the branch, but the relief subpostmaster told me that the wages he would have taken from the branch are not worth it, and so it was not financially viable for him to accept the post office on a temporary basis.
68. I have been unable to access either branch since, and I have not been provided with any relevant documents by the Post Office. On the day of the audit Maggie did provide me with a sheet showing the alleged shortfall, being around £39,000, but that was the only document I have been given by the Post Office.
69. The Company's appointment and my appointment was terminated by letter on 15 December 2016. I understand that the appointment was terminated because of the alleged shortfall found at the audit in July 2016. In its letter on 15 December 2016 the Post Office outlined the reasons for the termination were Breach of Part 2 and 5 of the Agreement, failure to make good alleged shortfalls, evidence of false accounting, evidence of sharing passwords and evidence of inflation and alteration of cash deductions.

#### **CIVIL AND CRIMINAL PROCEEDINGS**

70. The Post Office did not pursue civil or criminal proceedings against me. However, the Company has received numerous letters demanding repayment of the alleged shortfall found at the audit and has received a purported 'Letter Before Action' from the Post Office on 16 May 2017. However, I have not received anything further from the Post Office and I understand that they have now agreed not to recover the alleged shortfall from me.

71. The Post Office has also made reference to allegations of 'false accounting' against me in its letter on 15 December 2016. To date Post Office has not confirmed whether they intend to pursue any criminal charges against me.

## LOSSES

72. I have repaid in excess of £20,000 to the Post Office in relation to alleged shortfalls. I was led to believe that I had no alternative but to pay the shortfalls.
73. I lost the value of my business, the Post Office and my retail shop.
74. My contract was suspended for around 6 months. I estimate I lost in excess of £10,800 (gross) whilst I was suspended from branch 1. This includes the profits from the retail business and the Post Office salary for Branch 1, which was technically paid into the Company's accounts, but I had the sole benefit of.
75. I estimate I lost in the region of £5,400 (gross) whilst I was suspended from branch 2, this includes the profits from the retail business and the Post Office salary for Branch 2, which again was technically paid into the Company's accounts but I had the sole benefit of.
76. If it were not for the events that occurred, my future plans as subpostmaster was to sell the business whilst it was in a strong position financially.
77. I had to sell various items from my home to try to make ends meet. I have also had to sell my van to get some cash to be able to pay my bills. I estimate I have lost in excess of £8,500 as a result.
78. I also had to sell the remaining retail stock from my main branch, which was worth around £35,000 at discount prices, when I knew that I was losing the entire business. I sold the stock for around £11,000 and therefore lost in the region of £24,000 as a result.

## HUMAN IMPACT

79. As a result of the alleged shortfalls shown by the Horizon IT system the two post office branches that I operated were closed down by the Post Office following an audit. The Post Office put a notice up informing customers that offices had been closed.
80. Prior to the closure of my branches, I was using my own money to cover the shortfalls. I would have to take the money out of the retail side of the business to make the post office balance.
81. I have never forgotten, nor will I ever forget, when I was being trained by the post office at the start of my tenure as subpostmaster, there was a shortfall, and the trainer advised me that I had to make good the shortfall. Ever since this day shortfalls have been a regular occurrence.
82. The shortfalls were so regular that some nights I was in the office until 12 midnight trying to balance the accounts. I was under so much pressure during this time.
83. It was a horrible time. My sons who worked with me were constantly trying to reassure me and let me know it would be ok but, my wife at the time thought I might have been taking the money.
84. The events placed a huge strain on my family; we were not getting on well. I felt so betrayed by wife, we had been married for 27 years and it was horrible that she could even think that I took any money.
85. Being held responsible for the shortfalls had a devastating effecting on my family and my business. It significantly affected my income, which meant that I was struggling to make ends meet and paying my bills became difficult. This had a snowball effect on me and my family.

86. After the Post Office shut my branches, I tried to keep the retail business going but the footfall fell massively because we had lost the post office facilities and rumours soon began to circulate in my local community, and people believed that I had been stealing from the Post Office.
87. The community started to be vile and aggressive towards me, looking for answers as to why the Post office was closed at present. I was under a huge amount of pressure which was seriously effecting my mental health. My wife and I had started arguing a lot, to the point where we no longer spoke to each other. We actually ended up getting divorced after 27 happy years together.
88. It became very difficult for me to continue the business. I had very little income and suppliers that needed to be paid.
89. I had so many creditors looking for payments for bills at the shop and at home. I could not afford to feed myself or my family.
90. It got so bad that at one point I had debt collectors knocking on my door. This was a direct consequence of the Post Office closing my offices down.
91. As such, I ended up losing my shop because I no longer had the finances to sustain the business. It was heart breaking to have to shut shop but I was left with no other option. The shop went to auction and my house was repossessed.
92. I spent 14 years building up my business, it was worth over £300,000 alone but it only made £80,000 at auction which ended up being swallowed up by the debt I was left with. So I never saw a dime following the sale of the shop and I was still in debt afterwards.
93. The consequences of being held responsible for the shortfalls were that I lost my business, my house, my family and I was out of a job, and my kids were also out of a job.

94. I had a thriving business and the post office brought in good footfall to my retail side of things, but this ended overnight when the Post Office closed us down.
95. I was also faced with the possibility of going to jail for a crime that I did not commit. I could not get my head round this. I had never, and still have never been in trouble with the police for anything in my entire life.
96. My entire life was falling apart all as a result of the actions of the Post Office.
97. I considered ending it all by taking my own life; I had nothing to live for anymore. The Post Office are the most evil people I know.
98. Being accused of committing a criminal offence left me terrified that I would be going to prison.
99. The thought of being labelled a criminal and having to stand up in court to explain myself and not have the answers gave me sleepless nights.
100. I had no idea how I would be able to come up with the amount of money the Post Office were claiming as I did not have it in savings and I had lost everything.
101. I felt my life was over as a decent human being. I would never be able to find employment again if I got a criminal record for theft. I was so hurt and down in everyday life, I did not want to feel this way anymore or wake up and face another day feeling like this.
102. I could not bear the sleepless nights anymore, I was constantly going over and over in my head whether I had done anything wrong and if there was a solution to all of this.



103. My mental health was at a breaking point. I wanted an escape route to end it all and I seriously considered suicide many times. I had no one to talk to. I was embarrassed and felt like a massive failure for reasons I could not even begin to explain to people because I just could not understand how I ended up here.
104. I struggled to see a way out.
105. My family and relationships broke down. My wife and I ended up getting a divorce, and this meant I did not see my kids for a long time.
106. Customers and locals from both areas in which I operated the branches started asking questions. They wanted to know why the post offices had been closed, some people even turned on me when they heard the rumours.
107. My friends distanced themselves from me. I was so alone fighting this all by myself and it destroyed me to know that people were feeling let down by me, as I was a pillar of the community and a trusted individual.
108. The actions of the Post Office directly affected my children. Both of my sons worked with me, they were both trained in the post office and did a fantastic job. Working with them allowed me to work in the outreach branch, and provide support to another community. As a result, of the Post Office's actions my sons lost their jobs, their income and felt they too had been targeted.
109. My kids struggled to find work for some time after this because they needed a reference from the Post Office but this was something they could not get after everything that we had gone through.
110. It put a serious strain on our relationships, because they were asking me questions that I just did not have the answer to. They had no idea how they were going to get through life without any income, they were worried if they would be charged and

- feared the possibility of getting a criminal record. This hugely impacted their mental health and they were having to put up with all the gossip going round about me which didn't help.
111. During all of this, my wife became a completely different person. She was trying to come up with answers, and was looking for someone to blame. My wife was constantly worried about how we were going to make ends meet. We were losing our business, but we had bills to pay and needed to keep a roof over our heads. We couldn't pay our mortgage and she was not sure how we would survive this.
  112. My wife and I began to argue a lot, and as a result our marriage got really bad. Her mental health took a battering, and my wife was the one who kept us a strong family unit so to see the effect this was having on her was heart breaking. This had a major effect on both of us, my wife and I drifted so far apart that we ended up getting divorced. We lost everything.
  113. After losing my business, getting divorced and losing my house I had to move back into my mums.
  114. I lost everything at the hands of the Post Office. My wife turned her back on me, I lost a lot of friends and when I moved back into my mums. I didn't see my kids for about a year and half, this strained our relationship. I also lost my mum and dad at this time which had a devastating effect on my life.
  115. I went through this all on my own I had no one to talk about it with and most people still don't know to this day what I went through, they just heard the gossip and made assumptions.
  116. The period between the losing the post Office, the shop closing and now was the most horrendous period of my life.

## CONCLUSION

117. I do not know how I have come out the other end of this situation.
118. This experience has put me off running a business for life, I am completely scarred by it, and I will never take on another business again.
119. I did not work for about a year and half, but by the time I moved back into my mums I decided I could no longer keep sitting around, so I started applying for jobs. I went to the job centre for an interview and the interviewer told me I was over qualified for a part time job.
120. After a brief discussion, the interviewer came back to me and asked me if I would like to go through a management programme and run my own shop. I took the management test which I passed with flying colours enrolled onto the course and got back into the workplace. I did this for about 2 years.
121. I had council experience behind me and I decided I wanted to get back into that, so I joined Sterling council as an enforcement officer. I then got promoted to the antisocial behaviour team, where I worked for a couple of years and I now work for East Dunbartonshire council.
122. It has taken a lot of hard work to get to where I am now, but I am finally starting to get back on my feet, and I have met a new partner as well and we have been together for just over 2 years now.
123. The Post Office are not nice people to deal with, I cannot stand them and I would not advise anyone to take on a post office, the company destroyed my life.
124. I am lucky that I am still here today after everything they put me through. I am still not over it and think about it a lot. They took a huge chunk of my life away from me.

125. I want to see some justice. I want the people behind the scenes, including Fujitsu and Post Office management to be held accountable for their actions, they all lied and they should be prosecuted for what they did, we were just their scape goats.
126. Financial redress is essential. I lost everything at the hands of the Post Office so to get something back would be the least they can do.
127. I have suffered through this all on my own, and there will be others who too stayed quiet out of fear.
128. I will never recommend the Post Office to anyone, they are labelled as the heart and soul of our local communities, but if people really knew who they were and the lives they have destroyed, they would be thinking twice about using their services.

**STATEMENT OF TRUTH**

I believe that the facts stated in this Witness Statement are true.

Signed... **GRO** .....Dated... 27/4/22.....  
Brian Macaulay GRO