

Witness Name: Mr Arun Bhanote
Statement No.:WITN0332_01
Exhibits: None
Dated: 26 March 2022

THE POST OFFICE HORIZON INQUIRY

FIRST WITNESS STATEMENT OF MR ARUN BHANOTE

I, MR ARUN BHANOTE 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 PRIOR TO APPOINTMENT AS SPM

2. I am from Walsaw, in the West Midlands and I live with my wife, who I have been married to since April 2009 along with my year old son.
3. Prior to my appointment as subpostmaster I was living in Arizona with my relatives, my cousins and I was training to be a pilot.
4. My plan was to get my certification to fly commercial aircrafts and gather enough experience to qualify as a pilot. I had dreamt of being a pilot since the age of 15.

5. My father was a Subpostmaster, he was appointed in 1991 and ran his post office for around 11 years.
6. In around August 2002 I received a phone call from my sister informing me that they had been visited by auditors and that the auditors were suspending her and closing the post office due to alleged theft and fraud.
7. At this time, I was still in Arizona doing my flight training, and my dad had gone away to India for a wedding. The Post Office were aware of this because my dad had arranged for the remuneration to go to my sister while he was away, as she was running the post office while he was away.
8. As my father was away, my sister called me for help; so I had to fly home to help her because the post office had been closed, which meant my family were losing out on income.
9. The family post office was closed for two weeks, with my father being accused of theft and fraud. After two weeks the Post Office bought in a temporary subpostmaster to run the branch. The temporary subpostmaster received 75% of the remuneration, but my father still had to cover the costs of the running the office, i.e. the bills, electricity etc. The temporary subpostmaster continued running the branch for around 10 months to 1 year.
10. Following the Post Office's accusation against my father, when he returned from his trip, he was arrested and kept for 24 hours in the police station and then released the following day. My father was never allowed back into his post office after his arrest and suspension. He appealed this but his appeal was refused.

11. As a result, I decided to apply for the role of subpostmaster. Eventually I secured an interview with the Post Office. My interview was conducted by a woman called Irene Bortowski, I believe she was a contracts manager. Ms Bortowski was very understanding and she offered me the position of subpostmaster at my father's branch.
12. I was a Subpostmaster of Langley Branch Post Office, 18 High Street B69 4SL from 1 May 2003 to 21 January 2005. I took over the role of subpostmaster from a temporary subpostmaster, who had been in place between September 2002 and April 2003 following the termination of my father, Mr R Bhantone.
13. I operated a retail business from the premises, a small shop selling stationery, cards and confectionary.

TRAINING AND SUPPORT

14. The training I received from the Post Office was, in my opinion, absolutely useless and there was nothing that covered what to do in the case of shortfalls. The training was completely inadequate for the job we, as subpostmasters, were preparing for.
15. I attended one day of training at Solihull post office. A trainer from the Post Office then also came to shadow me in the branch. The trainer was supposed to be there for one full week, but by Wednesday afternoon of that week he said, "*you seem to know what you are doing*" and he didn't come back after that. However, even when he was in branch the he would take 90 minute lunches, so he was hardly there as it was.
16. I received no further training from the post office beyond this.

HELPLINE

17. I contacted the Helpline more than five times per week. When I called the helpline, I was always put on hold for long periods of time, and when I did get through I was never given any real help.
18. In relation to shortfalls, I was often told *"to make good the shortfalls because that is what it says in the subpostmaster contract"*. I asked the helpline whether there was a fault in my Horizon system and the helpline said *"no there is no fault in the system, the system cannot be wrong"*.
19. At the time I had been in contact with the Subpostmaster at the Rood End and Causeway branches, and they told me they were also experiencing problems.
20. At first, after what the helpline told me, I thought it was just me that was experiencing problems with Horizon but after speaking with the other subpostmasters, I knew the helpline were telling everyone the same thing.
21. The Post Office sent out a Fujitsu engineer whose name was Indy. He attended my branch about 20 times during my tenure. Indy said that the system was always showing problems and he didn't know why the Post Office were sending him, because he was not a software engineer, he only knew how to deal with the hardware side of things.

SHORTFALLS

22. 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.

23. I would estimate that throughout my position in the branch I paid approximately £15,000 to the Post Office in relation to shortfalls.
24. In January 2004 I settled a shortfall of £7,500 in cash. I paid £2,500 immediately and then carried forward the remaining shortfall in the accounts over a three month period. I made good the shortfall in cash with my own money and money, which I had to borrow from my parents.
25. In around November/ December 2004 I settled a shortfall of £600 in cash. I made out a cheque to the Post Office to settle this and balanced the accounts. I then received an error notice, which usually takes a few weeks to come through but this one came though immediately which I thought was unusual. I specifically remember the shortfall happened around Christmas time because I covered the shortfall using my own money, that was meant to be my Christmas money.
26. In June 2004 I settled a shortfall of £3,000 in cash. I carried forward the shortfall in the accounts over a period of time, whilst I made good the shortfall paying in cash with my own money. The Post Office informed me that the reason for this shortfall was because I had over claimed on pensions.
27. I also remember having problems in relation to foreign exchange where I was told there was a shortfall. I called the helpline and informed them that this was impossible because the cash was physically in branch. Unsurprisingly, the advice I was given was that the system cannot be wrong and it was up to me to make good the shortfall.
28. On 6 January 2005 I settled a shortfall of £2,875 in cash using money I borrowed from a friend. I was audited a few weeks later on 21 January 2005, which was my closing audit. At the time I was only short a small amount, approximately £27.11, as such I paid this in cash to ensure the account balanced when it was closed.

29. I was later pursued for the same amount by Post Office who issued civil proceedings against me. I informed the Post Office that this could not be possible because I had settled the shortfall and the account was balanced on the day I left the post office.
30. Eventually, I received a letter from Post Office (Chesterfield, head office) which said that the error was on Post Office's part and the claim was discontinued.

AUDIT AND INVESTIGATION

31. During my time as subpostmaster, my branch was audited about five times. Each time the auditors turned up without any notice and the branch was closed to allow the post office auditors to carry out their audit. I found the auditors attitudes odd, they behaved as though they were part of "MIS", and they acted very aloof.
32. I remember the details surrounding my first audit quite clearly. I was not present at the time because I was on holiday. In general, I suspect that the Post Office deliberately conducted audits when they knew I would not be in the branch, as they had obviously seen my requests for holiday leave
33. I was not given any advance notice of the audit, nor was I provided with a copy of the auditor's report. I was told I was approximately £890 down but then the auditors returned a week later and said they had forgotten to count some second class stamps worth £350, but that didn't seem to change the fact that I was £890 down.
34. I got the impression that the auditors knew that there were accounting problems with the Horizon system but they just passed the buck.
35. I remember experiencing various audits during my tenure as subpostmaster. The audits in general and my impression was that they were a complete waste of time.
36. The auditors would often give ridiculous reasons as to why I was supposedly experiencing shortages, such as my coin trays were "*in the wrong place inside the till*"

or, the stamps were “*not in the right order*”. These were just irrelevant things which could not possibly explain the kind of shortfalls I was experiencing. The auditors did not give credible answers to any of the problems that I was experiencing nor did they offer any support to help me find the root of the problem.

37. My closing audit took place on 21 January 2005. Prior to this audit, a few weeks earlier, I had settled a shortfall of £2,875 by borrowing money from a friend. I was aware that this would be my final audit because I had made the decision to resign from the Post Office.
38. At the final audit I was only a small amount short, £27.11. I paid this into the post office and the account balanced before it was closed. However, a few weeks later, after leaving the branch, the Post Office issued civil proceedings against me to recover the £2,875, even though I had settled the amount a few weeks before.
39. I requested an audit of my branch, but the request was not fulfilled by the Post Office. I asked several times for the paperwork and I was told that any paperwork was Post Office property and under copyright could not be disclosed to me.

SUSPENSION AND TERMINATION

40. During my tenure as subpostmaster I was threatened by the Post Office with suspension. However, the Post Office did not suspend me, I resigned from my position on 21 January 2005.
41. I could no longer put up with the incompetence of the Post Office, its staff, and its failure to provide any help and/or support over the alleged losses in my branch.
42. I was threatened with suspension and termination several times during my tenure as subpostmaster by way of letter. The Post office tried to convince me to sell my branch to Angela, the temporary subpostmistress who ran the branch prior to my

appointment as subpostmaster. The Post Office said, "*Why don't you sell to Angela, we already have all of her details and we'll give you £32,000*". This took place around September 2004 at which time I certain that I would not accept the Post Office's offer and I decided I would sell the branch myself.

43. I eventually found a buyer which was the local supermarket opposite the branch. I put a lot of work in to drawing up a business plan with the owner of the supermarket and I sold the goodwill to him.

CIVIL AND CRIMINAL PROCEEDINGS

44. The Post Office issued a civil claim against me in the Walsall County Court for a disputed shortfall of £2,875. This was the amount I had settled with the Post Office before my closing audit which took place when I resigned from the branch.

45. The claim was eventually discontinued because the Post Office later admitted that the fault was on their side, and I had in fact paid the money in January 2005 before my final audit.

46. The Post Office did not pursue criminal proceedings against me.

LOSSES

47. I paid in the region of £15,000 to the Post Office in relation to alleged shortfalls in my branch. I was believed that I had no alternative but to repay these shortfalls.

48. My business lost its value, I eventually had to sell the post office at a significant undervalue. My parents advised me to get out of running the post office because had become such a nightmare. As such, I ended up selling it to a local independent supermarket for £59,000.

49. Due to my father's termination I had to take over the branch at short notice. At the time I was training to be a pilot; my father had paid \$20,000 for me to get my graduate pilot's licence, which I had to give up immediately when the Post Office terminated my father's contract. We did not get this money back.
50. I had planned to keep the post office for at least another 5 years and build up the business. I had plans to expand the shop, install a photo booth and add other services to the branch such as vehicle tax. However, I lost out on the opportunity to do this.

HUMAN IMPACT

51. I suffered serious problems with the Horizon system including alleged shortfalls. I had to pay more than £15,000 of my own money in order to pay these alleged shortfalls back to the Post Office. When I sought help from the Post Office, none was provided, and I was wrongfully pursued for an alleged shortfall that I had in fact already paid into the post office.
52. I took part in the mediation in 2013, and received £2,500 in compensation. I was party to the group litigation against the Post Office, as a result I am excluded from the Historic Shortfall Scheme.
53. My family and I suffered huge losses to our finances. In order to pay back the shortfalls I was ploughing money from everywhere. I was using credit cards, taking out loans, dipping into my personal savings and having to savings from my family and friends.
54. My credit rating has been completely ruined as a result of the Post Office's actions against me. I am not credit worthy anymore and I will never be able to recover my credit rating.
55. I have never been able to put myself back into the financial position I was in before I became involved with the Post Office, and I am still suffering financially to this day.

56. The Post Office made it appear as though the shortfalls were all my fault, and as a result, I had to make shortfalls good immediately without fail. I never saw any takings from the retail side of my business, because they were always apportioned to any losses in the post office cash account.
57. I had no money to pay my household bills, I could not pay off credit cards, cover my mortgage or car insurance. I was constantly going back and forth agreeing payment plans in order to pay back my debts.
58. My finances became so strained that I eventually had to sell my car, as I simply could not afford to pay for car insurance, and I did not want the burden of another debt hanging over me.
59. My anxiety went through the roof because of the money I was having to borrow. I was distraught and I was having sleepless nights over the financial situation the Post Office put me in.
60. The post office not only destroyed my life but I also had to watch them destroy my late father's life, as prior to his termination he too struggled having to pay back shortfalls. My father was a strong, proud man and he was yet another subpostmaster who fell victim to the Post Office.
61. I suffer from depression and anxiety due to the amount of money that I lost through having to pay the post office for these alleged shortfalls. I also suffered with alcoholism for many years after my experience of running the branch.
62. I am still known as the "father and son who stole from the Post Office". This has been so damaging to me and my family and especially within the Indian community which I come from.
63. The Post Office made me out to look like a thief, this destroyed my reputation in my local community as my branch was situated in a small community.

64. The Post Office made me out to look like a thief embezzling money. They painted me as criminal that was stealing from the community and the tax payer.
65. As a result, there was so much gossip about me in the local community which only added to my depression and anxiety.
66. The Post Office broke my father and they broke me.

CONCLUSION

67. The loss of my father, I believe, was a direct result of the Post Office's actions and their behaviour against both of us. The stress became too much for him.
68. The Post Office are a cancer, they cover up and pass off any problems that arise instead of offering help and support to their subpostmasters. I don't know when we will learn as a race that simply passing problems off instead of addressing issues head on is the only way to move forward.
69. The Post Office should be punished for the lives they have destroyed. The post office should be punished in the same way myself and all the other subpostmasters were punished.
70. I was on track to have a successful career as a pilot, but my whole life stopped when the post office terminated my father's contract and I had to step in. I had to give up on my dream of becoming a pilot to take on a business that ultimately destroyed my life.
71. I walked into the hands of a corrupt organisation that is wholly owned by the government, who knew that the Horizon system was faulty and failed to do anything about it.

72. I believe the Post Office needs to be completely dismantled and restructured. I want to be compensated for what I lost and also what my late father lost to the Post Office.
73. I would like the inquiry to call forward Post Office employees such as, their investigators, NFSP representatives and the management team to be investigated.
74. I would also like an apology from the Post Office to me and my mother. I want the Post office to understand the harm they caused me and my family.
75. We only get one shot at life, and if you try your best and fail then that's a beautiful thing, because at least you tried. However, I did not fail, nor did my father, every person that pursued a career as a subpostmaster was actively set up to fail.
76. The Post Office have actively destroyed my family's dreams. My life was stolen from me by the British government, and they had no right to do that to anyone.
77. The lives and dreams the Post Office destroyed is criminal and should be treated as such.

STATEMENT OF TRUTH

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

Signed... **GRO** ...Dated... 26 MARCH 2022

Arun Bhanote