

Witness Name: Mr James Withers
Statement No.: WITN0209_01
Exhibits: None
Dated 7 January 2022

THE POST OFFICE HORIZON INQUIRY

FIRST WITNESS STATEMENT OF MR JAMES WITHERS

I, MR JAMES WITHERS 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 live with my wife in Suffolk. I have one child from a previous marriage and one step child. Before I became a subpostmaster I was a licensed aircraft engineer. It was a good job and I made a good living from it.

3. My wife (a care assistant) and I were working unsocial hours and would often not see each other for days at a time. We decided to open a post office together for a change of pace and to have more time together in the run up to retirement. My wife and I liked the seaside town of Cromer and would often visit it, so we looked forward to having a shop there. I looked forward to being at the centre of the local community and engaging with people in my own shop.
4. My wife and I trusted the Post Office as an institution that we could do business with to get a secure income. We got a business loan against our home to pay for the post office branch, for which we paid £85,000. I was a subpostmaster of the post office at 15 Tucker Street, Cromer NR27 9HA from 19 July 2006 to 8 October 2008
5. I operated an additional retail business from the premises, selling cards and stationary. I inherited three members of staff from the previous subpostmaster, as the branch was sold to me as a going concern. Linda Farrow was my full time Manager and I had two part time assistants — Wendy Rice and Pamela Day.

TRAINING AND SUPPORT

6. I received around four and a half days of training, approximately one month before I took up my position, despite that I had been informed in my interview by David Lusher that it would be a 10 day training course. Even during the training on Horizon, I remember that my wife and I had encountered problems. One specific incident that I recall was when we were carrying out a trial balance with the trainer telling us what to do - we could not achieve a balance even on the training system. We were told this was probably because we had inputted figures incorrectly or because the systems were not connected to the main server as it was just a training Horizon system. I was not at all convinced that we had inputted the figures incorrectly; it was not a difficult task.
7. I recall that a trainer came into the branch over the first two weeks of my appointment, then 2 more over the following 10 weeks, but never for more than 2

days a week (although the initial trainers had assured us that it would be a full 10 weeks). I never had a trainer present for a monthly balance. I had a problem with Horizon the first time that I tried to carry out an accounts balance with the trainer showing me what to do as I had a £668.23 surplus. The trainer told me that this would "*sort itself out*".

8. The second week that the trainer was with us, I carried out an account balance and I had a surplus of £65.96. The week later, I had a loss of £599.63. At the end of the first trading period which was at the end of the month, I was £276.22 down. I could not find any explanation for these losses and the post office trainer could not find any explanation either.
9. The trainer told me that I should keep my own handwritten note of each balance that I did as she said that I may need to refer to these notes later, and so I did keep and still have a record of every balance. It seemed to me at the time that she said this because she had very little confidence in the integrity of Horizon, the very system that she had been training me on. She also told me that I should retain any surpluses of cash as I could use these later to pay against any shortfalls.
10. The two new trainers who visited the branch were extremely unhelpful. Essentially, they would stand over my shoulder as I worked on the Horizon system and argue amongst themselves about the best way to deal with different transactions. I had no confidence in them at all as they could not agree on the correct procedures that I should follow. The training was wholly inadequate. After around 2-3 months of opening the post office I decided to recruit another part time member of staff, Rachel Craske, who had previously worked at a Crown Office. Rachel told me that to even work as a Counter Assistant at a Crown Post Office she had undergone at least 6 weeks of training which is much more than I had received as subpostmaster — and I was expected to run the entire business.

11. As I became increasingly concerned about shortfalls, I asked the Post Office for additional training. However, my area sales manager told me that no further training was available.

APPARENT OR ALLEGED SHORTFALLS

12. I would estimate that throughout my position in the branch, I paid (or Post Office deducted) in excess of £20,000 against shortfalls I experienced. I specifically recall the following:

Shortfall 1

13. £1,244.74 on 13 September 2016. This shortfall was deducted from my wages over the following 4 months. I settled this centrally so that the accounts balanced.

Shortfall 2

14. £4,987.16 on 11 July 2007. This shortfall was deducted from my wages. I settled this centrally so that the accounts balanced.

Shortfall 3

15. Between £8,000 and £10,000 on 22 July 2008. This figure (which Post Office Ltd altered on a number of occasions) was located at the final audit of the branch. I did not deal with the accounts, as I was suspended on the spot.
16. If I had a loss, provided that the amount was not too much, say £200.00 or £300.00, I would either take the money from my own savings to top up the cash in branch so that it matched the figures that Horizon said it should be. For larger amounts I used my credit cards or cash from the shop. Sometimes I was able to use retained

surpluses to repay shortfalls, as the trainer had advised me to do, but this by no means covered the full extent of my shortfalls.

17. As well as having weekly discrepancies on balances, there were particular products that always caused an issue for me. For example, I never had any problems with tax discs or selling stamps or dealing with state benefits but I did very frequently encounter problems with Alliance & Leicester Giro bank cheques and with cheque transactions generally. With the Giro bank transaction, customers came into the branch with the Giro bank slip and the cash that they wished to deposit. I then entered that amount onto Horizon, took the cash or cheque from the customer, stamp the Giro bank slip and give that back to the customer. This was a fairly straightforward process. However, on numerous occasions customers returned to the branch to say that the transaction was not showing in their bank account.
18. On one particular occasion on 19 September 2007 I had returned from a two week holiday. [GRO] (the couple I purchased the branch from) had been running the branch in my absence. A customer that I knew well had told me that he had deposited £400.00 which was not showing on his account. I asked [GRO] whom had processed the transaction and she was sure that she had dealt with the transaction correctly however as it was not showing on the customer's account I felt that I had no option but to refund the customer as he had evidence that he had paid this sum into us. This was something that happened quite often.
19. I also experienced repeated and large discrepancies with stamps, following a delivery by a security guard. During these visits I also returned excess cash from the branch. Each time I tried to carry out a balance check after one of these deliveries, I was left showing a loss of thousands of pounds. Most of the time in the following two or three weeks the minus balance evened itself out, but still left shortfalls of a couple of hundred pounds each time.

20. We received error notices, sometimes entirely at random from Post Office Ltd, often a number of weeks or months after the event. It simply showed a plus or minus figure being corrected, and I didn't know where to look for the transaction that needed correcting. In these circumstances, I had to place the transactions into the Suspense Account.

21. I also encountered numerous problems with the software and hardware at my branch. The computers that we have been provided with by Post Office Ltd were very old and slow. For example, when I completed the branch trading balances it would take often around 1.5 — 2 hours for the information to be transmitted to Post Office Ltd. The computers also used to crash on a regular basis and would just freeze in the middle of a transaction and so it was difficult to know if that transaction had gone through or not. A Post Office Ltd IT Engineer did visit my branch to install some new printers in or around Summer 2007 and I asked him if there was any possibility of the computers software and hardware being updated given the persistent problems we were having with the system crashing. He told me that the computers could not be changed.

HELPLINE

22. I contacted the Helpline 2-3 times a month. The helpline was most unhelpful. I only used it when I had significant issues failed to recognise a transaction, but it was clear that the helpline members were just reading their responses from the manual and they couldn't actually explain why I was having the problem complained of. This meant that I could not make attempts to prevent it from happening again. Sometimes the helpline reading from a script worked, but mostly it did not. The standard answer was *"It will sort itself out"* or *just look at the print out it is all on there* "which was entirely unhelpful.

23. On 12 December 2006 I rang the helpline and told them that my system was showing a shortfall. I passed the helpline's instructions on to a colleague who was sitting at a

terminal. Once the helpline had walked us through the recommended procedure for resolving the issue, the loss previously shown had doubled from £2,486.76 to £4,973.53. The helpline member told me that the issue would "*sort itself out*". It never did. During the final months of my appointment I reduced my calls to the helpline as they just could not assist with the shortfalls and often made matters worse.

AUDIT AND INVESTIGATION

24. I can clearly remember one audit taking place. The Post Office carried out its first ever audit on my branch on 22 July 2008. Two or three Auditors attended without any prior warning in the morning and asked me to open the branch. They never gave me a reason for the audit.
25. At the conclusion of the audit I was told that there was a shortfall of £8,200.00, then within the hour they carried out a further audit and told me that there was a shortfall of £8,900.00.
26. The Auditor telephoned the Post Office Ltd Area Manager for the Southern region, Elaine Ridge, and passed the phone to me to speak with her directly. She told me, very abruptly, that I had committed fraud and was suspended and that I should hand over my keys to the Auditor. She also said "*I have a lot of this going on right now and I don't need this*". Ms Ridge told me that I was not allowed to take any documents with me (although I refused this), and I handed over my keys to the auditors.
27. I was led to believe that an investigation was being carried out, however I now know that this was not the case. After an interview with my area manager, Alan Lusher (at which I was advised to reign), I learnt that there was apparently an investigation being carried out. This interview had been recorded and later I made a Freedom of Information request for the recording and details of the investigation. I was informed that the recording no longer existed and that an investigation had not been carried

out as a result of my bankruptcy. However, I was not declared bankrupt until 10 months after I was suspended.

SUSPENSION AND TERMINATION

28. I was suspended by the Post Office on 22 July 2008 in relation to alleged shortfalls of £8,900. I then received a letter from Post Office Ltd which adjusted the alleged amount due to £8,946.70. I was later informed that the shortfall was apparently £9,375.45.
29. The branch was not closed. I asked the previous owners Mr and Mrs **GRO** to act as interim subpostmasters, which they did.
30. The keys were taken from me the day of suspension and I was barred from going behind counter.
31. I resigned because I was advised by the Post Office at an interview relating to my suspension, that it would be the easiest option, particularly as the Post Office knew that I was in discussions with a potential buyer of the branch, Mr **GRO**. I therefore gave my resignation on 8 October 2008, but POL said that it would take effect from 22 July 2008. I was 'reminded' by Post Office Ltd that I still needed to make good any shortfalls as well as any further deficiencies found.
32. I did not receive payment of a notice period after my resignation.
33. In or around May 2008, which was 2 months prior to the audit of my branch, I was approached by Mr **GRO** who owned a local Budgens supermarket which is on the same road as the Cromer branch. Mr **GRO** informed me that he was refurbishing his supermarket and he wanted to buy the post office to have in his store.

34. By this time I had spent so much money on paying shortfalls to Post Office Ltd that I was very keen to sell the post office as soon as possible as I simply could not afford to keep running it. At the time of my suspension I was in negotiations with Mr [GRO] but after I was suspended I heard nothing further from him and my telephone calls to him remained unanswered.
35. I recall that after around three months after I resigned in or around January 2009, a post office was opened in the Budgens supermarket. During my period of suspension, in or around August or September 2008 I had already seen post office counters in packaged boxes in Mr [GRO] store so I believe that the arrangement for him to take over the post office had been agreed long beforehand by Post Office Ltd and before I had even resigned. I was left with no business to sell and I have never received any payment from Mr [GRO] or Post Office Ltd.

HUMAN IMPACT

36. The Post Office's actions caused enormous financial impact on me. I had to repay £20,000 in shortfalls and, in the end, I lost the value of my investment in the business when I was forced out. I also suffered significant financial impact through lost wages during my suspension and when I was suspended as an SPM, and thereafter effectively forced to resign.
37. The loss of my Post Office has impacted my financial standing now as I could have been carrying on a profitable business, instead I had to seek employment and receive less pay than I otherwise would have.
38. All my wife's and my savings went to pay off our debts. I sold a car and put my credit cards up to the limits. I also had to do night work to help pay wages and bills due to the losses and also worked during the afternoon, which was really difficult. I had to take up a job in Gatwick airport 125 miles away from my home just to keep afloat.

39. Because of my debts, which amounted to £320,000, I had to apply for bankruptcy in 2009. My home was repossessed by the bank and they sold it at a significant loss. I now live in rented accommodation.
40. I also suffered reputational damage. There was much gossip in my local community about me having stolen from the Post Office which was very hurtful. I lost friends who didn't believe me. I could not step into town because people would stare at me, and I could not face going out, where previously I had been sociable. Where I had once been the centre of my community I became a pariah and acquaintances would avoid me. I recall once someone approached me at a funeral of a friend to ask if I was a thief.
41. The stress from my financial difficulties seriously impacted my health. I suffered severe weight loss as I was not eating properly, and I had difficulty sleeping. I had a constant worry of being prosecuted and going bankrupt.
42. My wife was very affected by stress over our finances and her health was more affected than mine and I believe she nearly suffered a breakdown. My child and step child also worried a great deal about us, and we have been unable to provide for them in the way that we planned. Working 125 miles away from my home was very difficult for my wife and I as we could not see each other.

CONCLUSION

43. The Post Office's actions caused financial ruin for me and my family. The Post Office caused us to lose our home and all financial security. Our reputation was destroyed and our health was affected. The Post Office must give full reparation for all what we have suffered.

STATEMENT OF TRUTH

I believe the contents of this statement to be true.

Signed..... **GRO** Dated..... *7 JAN 22*

James Withers