

Witness Name: Mr Karl Thomas Anthony Reid
Statement No.:WITN0272_01
Exhibits: None
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THE POST OFFICE HORIZON INQUIRY

FIRST WITNESS STATEMENT OF MR KARL THOMAS ANTHONY REID

I, MR KARL THOMAS ANTHONY REID 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 was a subpostmaster of Lark Lane post office in Aigburth, Liverpool from April 2013 until my suspension in June 2017.
3. I operated a retail business from the premises which sold cards and stationery. I also ran a newsagent next door to the post office.

4. I ran the shop along with members of my family. I also employed two assistants.
5. As a family, we decided that the community could benefit from a post office. There was not one close by, and we felt that it would improve the area and be a valuable asset, particularly to the elderly.
6. To us as a family, it would be a sound business acquisition. We would run it together as a family and it would provide us with a stable income and security for my children.

TRAINING AND SUPPORT

7. My sons, Karl Reid and Thomas Reid, attended a five-day training course. The training mainly focused on serving customers, postage, banking and reversals. It did not focus on the day-to-day reports or balancing.
8. My sons, Karl and Thomas attended the course, as I was running the newsagent at the time, and it was my sons who were going to run the post office. Karl and Thomas were both managers at Brighthouse, the high street store, and were more computer savvy than me.
9. The training my sons received however, was totally inadequate to run a post office. He explained that it felt very generic and basic. Most of it was not relevant to what we would have to do on a daily basis.
10. Karl and Thomas also received three days training in the branch from a Post Office trainer, I believe to be called Richard. He simply watched them serve the customers to ensure they were doing things correctly.
11. I believe my sons were shown only once how to balance the system. The training was focused on customer service rather than running/managing the post office.

12. My sons were already well versed in customer service in their previous positions with Brighthouse. Therefore, it was the more technical support they needed, and this was woefully lacking.

HELPLINE

13. We needed to contact the helpline almost immediately after taking on the post office, as we noticed that, when balancing the system, shortfalls would appear that we could not account for.
14. I believe that we would call the helpline 2-3 times per month. The helpline call centre staff would simply tell me to go through the transactions to see if I could find any that were of a similar amount as the shortfall. If it could not be found, I was simply told to rollover the amount.
15. The advice provided via the helpline was totally inadequate and very rarely assisted in resolving the issue.
16. The way the Horizon system worked meant it was almost impossible to go back through the transactions and work out where the shortfall could have come from.
17. It was quite clear that the people on the helpline had no working knowledge of the Horizon system and were simply reading from a training manual.

SHORTFALLS

18. 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, to provide necessary context for the explanation of the human impact, which follows.

19. We often had problems with the Horizon system failing in the middle of transactions, and I think this played a major issue in the shortfalls. The shortfalls were simply rolled over on the advice of the helpline.
20. There were various other minor shortfalls, where I simply used my own money to make sure it balanced.
21. On one occasion on Boxing Day, in 2014, if I remember correctly, my sons advised me that they went in the branch and the system was showing a £7,000 gain, and when they went in the next day, the balance showed zero.
22. This was baffling, as we were not even open during the Christmas period. How could a sum appear, and then just disappear, when we were not doing any transactions?
23. I believe that Post Office Ltd had access to the system from a head office somewhere and were able to manipulate the figures.
24. We were audited twice in branch. During the second audit, approximately 18 months after we had opened, in approximately November 2014, a shortfall of £19,700 was supposedly discovered. It was not clear where this had come from or how it had arisen. What was made clear by the Post Office auditors was that I was liable for the shortfall.
25. I was also suspended for 3 months.
26. I then had a meeting with Paul Williams, my Post Office area manager, who stated that the Post Office always 'got their money'.
27. The possibility that it could be an error with the Horizon system was never even considered. It was clear cut, the Post Office said I was responsible for the loss. I agreed to pay the sum back through deductions in my salary. I had no other option. I could not afford to pay such a large amount in one go.

28. I was shocked, we had had previous minor shortfalls that I had always paid but nothing like this.
29. My trust in the Horizon system was lost and from then, and any pleasure derived from running the branch was replaced with a constant worry.
30. At the meeting with Paul Williams, the area manager, I asked him to show me where the money had been lost and to provide me with a paper trail showing how the loss had accrued.
31. Paul Williams stated that he did not need to do this, as the computer showed the loss. I wanted to understand how this had happened and wanted to see exactly what the transactions were, when and how much but was shown nothing.
32. Paul Williams was of the attitude that the Horizon system could not be at fault. He would not even contemplate anything other than human error or theft. I felt intimidated and confused.
33. After this, one of my sons left the business. He did not want to continue as the atmosphere was becoming strained, and the problems with the Horizon system and the shortfalls was hugely stressful. Going into work every day became something we all dreaded.
34. Another shortfall of £44,000 was discovered on the 7 August 2015 following a further audit. We were not made aware that an audit was taking place. My son and myself were immediately arrested.

AUDIT AND INVESTIGATION

35. Following the audit on the 7 August 2015, and the supposed discovery of a shortfall of £44,000, my son and I were arrested and taken to Birkenhead police station, processed and held in cells.

36. I later found out that my keys were taken from the post office and my home was searched.
37. We were questioned under caution and interrogated about the missing money. I had absolutely no idea how or where this shortfall had appeared from. I was shown no evidence or data despite repeatedly requesting to see any evidence.
38. We were released pending an investigation. We had to wait two years before finding out that no charges were to be brought. This was two years of constant stress and anxiety. A state of limbo not knowing what would happen to us.
39. I did not repay the Post Office the £44,000. I asked again for a copy of the audit report, as I wanted to understand how this had happened. I had several questions that I wanted to raise with the Post Office. I wanted clear information and figures. When I did speak to someone from the Post Office, they simply tried to enforce payment.
40. I maintained my position on this and continued to refuse to pay this. The Post Office would send demand letters, but I would not reply to them. I was threatened with prosecution.
41. I believe that it was only when I became a member of the Justice for Subpostmasters Alliance, and the problems with the Horizon system became public, the Post Office decided not to continue to pursue me for the money.
42. I was later arrested in 2017 on suspicion of dealing with fraudulent stamps and money laundering. Apparently, the auditors had found forged stamps in both the secured area and the retail side.
43. This was totally unrelated to the issue with the Horizon shortfalls. I had innocently purchased the stamps from an acquaintance who I only slightly knew but had no reason to mistrust him. He explained that he was selling stock as he was looking to

close his shops. I did not even know it was possible to forge stamps. I bought these in good faith.

44. Following my arrest, the branch and my premises were searched without me being informed.
45. In 2017 I was fined £10,000 by Royal Mail, for being in possession of the stamps.

SUSPENSION AND TERMINATION

46. On the day the Post Office auditors arrived, and the shortfalls became known, I was treated like a suspected criminal.
47. I was suspended following the third audit on 7 August 2015 where the shortfall of £44,000 was supposedly discovered. I did not receive a copy of the audit report. There was no assistance from the Post Office to help get to the bottom of what had happened to create the shortfalls.
48. Following my suspension on the 7 August 2015, the branch was closed. It reopened after a temporary subpostmaster was appointed.
49. I was not allowed entry back to the post office, not even to collect any personal belongings.

CIVIL AND CRIMINAL PROCEEDINGS

50. The Post Office did not pursue civil proceedings against me for the recovery of the alleged shortfalls.
51. The Post Office did not pursue criminal proceedings against me. However, I was separately prosecuted by Royal Mail prosecuted and fined by Royal Mail regarding the stamps.

LOSSES

52. I suffered significant financial losses as a result of the faulty Horizon system.
53. I was led to believe that I had no alternative but to pay the alleged shortfalls. I was told that it was part of my contract to do so.
54. In total £19,700 was deducted from my wages. I also paid back several small amounts to make good the smaller shortfalls.
55. I have lost the value of the business. We paid £55,000 to purchase the branch and we renovated the premises, as it was basically an empty shell when we took it on. I have not been able to sell the branch, as no one is interested in purchasing the branch.
56. At the time I was suspended my salary was £24,000. I was suspended for 3 months following the second audit, and lost in the region of £6,000.
57. I also lost my future earnings that I would have received if I had been able to continue in my post as subpostmaster.
58. Not long after my suspension, the post office branch was relocated a few miles away. That effectively made the retail side of the business surplus to requirements as most of the footfall was for the post office.
59. We lost thousands in revenue from the business. No one would buy the business as, without the post office in the store, it was not worth a great deal. All the investment we made to buy the post office was lost.
60. To avoid being declared bankrupt we had to sell our home. I had to do this quickly and so it was sold under value. We received £200,000, of which £120,000 went to pay back a secured loan.

61. We bought a small flat to live in but had to take out a further loan of £28,000 to complete the purchase.
62. I was also forced to sell my newsagents business as the stress of what had happened to us left it impossible for me to concentrate. I believe the market value of the business was in the region of £300,000 however, I sold the business for £190,000.

HUMAN IMPACT

63. I cannot begin to describe the negative effect the actions of Post Office Limited have had on my life and that of my family. What is described in this statement is only a fraction of how we have suffered. We have never got over it.
64. I suffer with Meniere's Disease, which is exacerbated by stress. I have found this whole situation extremely stressful, which has affected my disease.
65. I felt constantly ill, wondering how I was ever going to get the problems caused by the Post Office put right. I was distraught thinking how my family and friends were going to react to what had happened. How I was going to pay the ongoing bills, my mortgage and so on. It was such a devastating feeling to be faced with.
66. We eventually had to sell our home and move into a small flat. Losing value on our home.
67. I felt I had no support from those who were supposed to be there to help. I felt victimised. They knew there was a problem with the Horizon system.
68. The area manager and the Post Office helpline provided no meaningful assistance and in fact were accusatory and confrontational when I cited the issues I was experiencing. I felt abandoned. It was a living nightmare.

69. I was threatened with prosecution for an alleged £44,000 shortfall and was suspended but was fortunate, in that group litigation against the Post Office Ltd led to the cessation of the threats to prosecute me by the Post Office.
70. We invested a lot of our own money into the post office in order to benefit the community. We were devastated when we were accused of stealing large amounts of money. We were forced to pay this back from the family business.
71. Small discrepancies appeared every time a balance was made. When it is just the odd few pounds, it was not a problem as we had the funds from the newsagents. However, when it was large sums, it became difficult to pay, and this had a huge impact on us financially.
72. We wanted to understand where these discrepancies in the Horizon system were coming from. We were not trying to deceive or hide anything. We asked the Post Office again and again for help but received none. We were left confused and frustrated.
73. The whole thing had a particularly detrimental effect on me my wife. When we were suspended from the post office, the first words spoken to us by Paul Williams, the area manager, was that the Post Office always gets their money back.
74. They were ruthless and callous towards us. We have always been respectful, hardworking people and this was hard to bear.
75. Being accused of something you have not done is devastating. The first thing you think of is how do I prove my innocence? Where did the shortfalls come from? How was this happening? I was always asking for this to be investigated but they would never help. I asked to see reports from Fujitsu but was told they could not give out the information; we couldn't believe it.

76. The stress of it all gradually wore us down, but we remained strong as a family unit. We knew we had nothing to hide.
77. There were whispers in the community when word got out that I had been suspended. We felt stigmatised.
78. My wife particularly found this difficult, as she has always been very sociable. She became withdrawn and barely left the house.
79. I don't know what we would have done without our family, who were very supportive and kept us strong. They knew that being accused ripped us apart. We lost face. We lost dignity. They were our rock. My sons were there supporting me throughout this as they were aware of the problems and that it was not of my doing.

CONCLUSION

80. The Post Office action against me ruined my life. I should have been running a successful business, providing for my family, and enjoying life. Instead I lost everything, as a result of an unreliable computer system.
81. I have tried to give an indication of the consequences of the Post Office action against me in this statement, but it is impossible to give a full account of the nights and days when you can see no way ahead.
82. I was treated as a criminal. My business was destroyed, my finances ruined, we lost our home, and I had to stop working due to my illness being acerbated by the stress I was placed under.
83. The Horizon system has been shown to be deeply flawed and that the Post Office knew.
84. I would like the full truth to come out. I want the world to know that I, and other ordinary hard working people had their lives ruined by Post Office Ltd.

- 85. I would like it to be publicly shown that Post Office knew its Horizon computer system was completely flawed and unreliable, and that despite this the Post Office pursued subpostmasters and ruined their lives for money that never existed.
- 86. I am entitled to be properly compensated for the losses I have suffered as a result of Post Office Ltd. Not just for the financial ruin we have suffered, but for the constant worry and stress and being arrested and put in a police cell and being questioned under caution, and for the damage my reputation. The Post Office demanded their, so called, shortfall immediately. I would like the Post Office to compensate me in the same way, immediately.
- 87. The Post Office and the Department of Business who own it, have known for years that Horizon was a broken system. I believe that they knew, or should have known, when they were destroying my life and the lives of others that their Horizon System was unreliable.
- 88. I would like compensation for not just the financial losses, but also to take account of the loss of the life I had and should have had. I would like them publicly held to account and shamed in the way I and my family have been.

Statement of Truth

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

Signed. **GRO**Dated. 20/11/22.....

Karl Thomas Anthony Reid