

WITNESS: JOHN GORMLEY

WITNESS STATEMENT: WITN0365\_01

DATE SIGNED: Apr 25, 2022

EXHIBIT: 0

## **POST OFFICE HORIZON IT INQUIRY**

### **FIRST WRITTEN STATEMENT OF JOHN MARTIN GORMLEY**

THIS STATEMENT IS PROVIDED IN RESPONSE TO THE RULE 9 REQUEST OF  
THE PUBLIC INQUIRY MADE BY EMAIL ON 01/04/2022 TO ADDRESS THE  
HUMAN IMPACT OF THE FAILINGS OF THE HORIZON IT SYSTEM

I, Mr John Martin Gormley, Date of Birth  of   
 will say as follows:-

#### **PERSONAL BACKGROUND**

1. I was born on  in Londonderry, Northern Ireland. My parents were farmers and I lived on the farm with them until I was 17. It was a small farm in County Derry, Northern Ireland where we had what is known as a suckling herd of cows.
2. In July 1978, I married my wife, Mary. We have four children, our youngest is 34 years old and our eldest is 42 years old. We also have five grandchildren.

3. At aged 17, I moved to Belfast and studied engineering. It was the early 1970's and I studied at a college there. When I left education, I worked for Courtaulds Textiles as an engineer. My wife also worked for the same company as an operator in the spinning department. In 1982, the company closed, and I was made redundant. I then began working in retail.
4. My wife and I decided to purchase a supermarket in Donegal. The business was successful. My wife was involved with the accountancy side and management of the store. The store was quite big, we employed maximum 50 staff and grew the turnover significantly.

#### **POST OFFICE HISTORY**

5. In 2002, my wife and I purchased the North Side Village Shopping Centre's community-owned Post Office located in Shantallow Londonderry. We were already the owners of the Super Value Supermarket in the same shopping centre and were approached by the community trust to buy the Post Office.
6. We also continued to run the business in Donegal.
7. Prior to the purchase, I visited England to study how the Post Office business worked in a supermarket. I saw first-hand the success of the business. I was already involved in retail and had my other business in Donegal and knew this would be a way to expand the business.
8. We asked for permission to move the Post Office to the Super Value supermarket. The permission was granted, and we instructed solicitors, Babington and Croasdaile, to oversee the purchase and relocation of the Post Office.

9. The purchase of the Post Office included inheriting the management and staff. There were around seven staff members who were contracted to working at the Post Office.
10. The Post Office then traded under the name of Gormley Post Office and Super Value Supermarket Limited. It was within the Top 6 biggest Post Office's in Northern Ireland at the time.
11. At the time of the purchase, I was excited as I thought the Post Office would be really successful. In hindsight, I regret not doing enough due diligence on the running on the Post Office and how it operated.
12. I recall going on some training with the staff, but I don't remember going on any training on my own. Training sessions always took place at Royal Mail in Belfast. I do not remember the content of the training as it was a fair number of years ago, and I wanted to forget about it. I recall going on two or three training sessions with my staff. I cannot recall if it covered the Horizon system. My belief was that the staff were well trained.
13. I believe I would have had to have signed a contract when I became Sub-postmaster, as I would have needed to. I do not believe I would have been able to take over a franchise without signing a contract. I cannot recall any detail about the contract.
14. I worked at the Post Office every day. My wife was not involved with the running of the Post Office.
15. The Horizon system was already installed at the Post Office. After around three weeks, shortfalls started to arise on the system during our weekly balancing process. We raised this immediately with one of the area managers and after several consultations, we were informed this was normal practice and the

- outstanding amounts had to be paid. One of the area managers was called Mr Browne, but I don't remember his first name, or the names of any other managers.
16. We had visits from area managers probably on a monthly basis because the Post Office was large and in a volatile area in Northern Ireland. Because of The Troubles in the 1990's it was a high-profile Post Office, and we had monthly visits in relation to security.
17. We didn't ring the Horizon helpline as we assumed it was a staffing issue. I did not think the system could be responsible for the shortfalls. I didn't question that the system could be wrong. My staff carried out the balancing and they told me when there was a shortfall. I became aware that prior to my appointment, the trust who sold to me had also previously been funding the payment of shortfalls.
18. On one occasion, we even reported the matter to the police. This was towards the end of my employment. I knew that we would need proof to show that our staff had taken the money, which we didn't have. The police were very heavily involved with all post offices in Northern Ireland. We had ongoing consultations with the police due to hostage situations across Northern Ireland.
19. The Horizon system operated so shortfalls had to be rectified immediately. This meant we had to make good the shortfalls in real time. We made sure we balanced everything as we did not want to have any losses.
20. The shortfalls continued to occur weekly and therefore money had to be paid on a weekly basis. I have calculated I paid, on average, £60 a week which totalled around £3,000 a year.
21. The Post Office carried out branch audits and the auditors were made aware of the shortfalls. I would say we had audits every three months. The auditors

- would verify the losses on the system and would tell us we must “brush up” and that staff needed more training. I didn’t question this, and I took what they said as being right. I don’t remember the names of the auditors.
22. I recall the Post Office saying we had to take the staff to training which took place in Belfast, and that it was our responsibility to get them there. I honestly cannot recall if this training was separate to the other training I mentioned earlier. We did go on several sessions, but I am not sure on the duration or the content. I know on the training we went on there were other Post Offices present, so it wasn’t necessarily training about shortfalls, as we didn’t talk to other Post Offices about the issues we had.
23. The shortfall amount was paid out of the money from the Supermarket. I would have assumed it was noticeable to the Post Office that we were paying the shortfalls. The Post Office was in a deprived area with huge pay outs being made from the Post Office to customers.
24. The shortfalls were paid weekly without fail. We didn’t take the risk of not paying.
25. In 2003, the manager inherited at the time of purchase handed in his resignation. We then appointed Coleen Maclaren as the manager. Coleen was already a staff member at the Post Office. My business relationship with Coleen was good initially, but unfortunately it didn’t last long.
26. Throughout the next couple of years, I found it very difficult due to the constant weekly shortfalls that were accumulating on the system. I had many meetings with staff members leading to fall outs as they felt I was accusing them of stealing. I did not accuse Coleen of stealing, but I did ask her where the shortages were coming from. Eventually, Coleen left her role as manager.

27. In 2008, Coleen brought a constructive dismissal claim against me. I was advised by my lawyers to settle the matter outside of court. The case went on for over six months.
28. I lost the litigation and was ordered to pay around £10,000 in settlement and costs. I was already in financial difficulties and could not afford to pay this. My financial situation worsened as a result of the litigation.
29. The litigation was extremely stressful. I could not see a way out of it. I thought I was to blame and that I had to face the litigation. I find it hard to look back at this knowing the Horizon system was responsible.
30. We continued to run the Post Office using the Supermarket profit to pay the shortfalls. I was ready to leave the Post Office, but it took me a number of years to get out. My debts were increasing, and I was unable to continue funding payment of the shortfalls. Eventually, it was agreed that the Post Office and Supermarket would be transferred back to the franchiser Musgraves.
31. In 2008, as part of the transfer back to Musgraves, I resigned as my role of Sub-Postmaster. I owed a lot to Musgraves and was heavily indebted to the business. I did not make any profit and the business was transferred to write off the debts. We were left with nothing.
32. There was no final audit, or any action taken by the Post Office as I ensured there were no losses or discrepancies on the system. I feel lucky that I paid the shortfalls weekly as I believe I could have ended up in prison if I let them accumulate.
33. I never discussed the issues I had with other Post Offices. I didn't want to put myself in a position where I was seen to be the only one with issues.

34. Through 2002 to 2008, I paid around £20,000 to ensure the shortfalls were paid and the business could continue to operate. By taking money out of the business I undermined the opportunity of growing it from a sustainable base.
35. My wife and I continued to run the supermarket in Donegal. Unfortunately, as a result of the situation with the business and Post Office in Londonderry, we lost interest in this business. We carried on running the supermarket until we sold the business in 2014.

### **THE HUMAN IMPACT**

36. The whole ordeal with the Post Office has had a detrimental effect on my mental health. I have suffered with depression as a result of the financial pressures from the Post Office. I was always the type of person that never outwardly expressed my depression. I felt I had to work it out all the time. I tried to work through the problems which we had, which were pretty serious. I never wanted to explain this to my family or a doctor. I continue to suffer with depression to this day. I feel that I might not be around now had I not got out of the Post Office when I did.
37. At the time, I was all over the place. I could not sleep. I tried to focus my mind elsewhere by taking up activities such as swimming. I did not want people to know I was suffering with depression. I found talking to people helpful. However, I did not speak about the Post Office or my businesses. I liked to keep occupied. Doing the simple things, getting fresh air, and continuing with the things that made me happy helped. I was once was a Sunderland AFC supporter, and we were members of the club for 6 or 7 years until we gave it up as a result of the Post Office situation.



38. Throughout the years at the Post Office, I would question my staff and accuse them of being responsible for the shortfalls. I blamed my staff completely for the situation I found myself in. I wanted to take the blame away from myself. This upsets me profoundly.
39. My resources were being bled dry and I found it hard to accept that the Horizon system was responsible the whole time. There was no way I would risk damage to my good name, and I did everything I could to ensure the shortfalls were paid so the Post Office could remain open.
40. I suffered with stress throughout my time at the Post Office and during the years after leaving. I blamed myself for what happened and could not speak to anyone about it. I gave up and lost all interest in life.
41. My wife and I saw ourselves as failed business operators. Everything plummeted as soon as we became involved with the Post Office.
42. The dealings with the Post Office affected my wife. We kept a lot from our children which was really difficult. We did not want them getting involved or realising the difficulties we were in. I really tried not to mix up my issues with my family. I felt I had to take the bull by the horns and continue on. However, they knew something was wrong and after three years we finally told our children. One of my daughters came home from Australia at the time. She was concerned that the business was gone, but I don't think she really knew what state of mind we were in.
43. I kept my difficulties to myself and spoke with my friends about everything but the Post Office. I don't think my friends did notice, and if the topic did come up, I made sure it passed by quickly.



44. I never thought the system was at fault. I was reading the Belfast Telegraph three or four years after I resigned and that's when the Post Office story started to come up in the news.
45. I did not feel well enough to make an application to the Historical Shortfall Scheme, or seek any legal advice, at the time of the ordeal. I was unable to, and I am still unable, trust the Post Office.
46. The commencement of the Horizon IT inquiry brought everything back. The strength of those giving evidence as part of the Human Impact hearings has alleviated some of the anxieties that I suffered. The fact that I was not the only one that suffered has enabled me to find the courage to move forward.
47. The Human Impact hearings also gave me the courage to make an application to the Historical Shortfall Scheme. I was aware the scheme had closed but I explained in my application the reasoning for the late submission. I explained how I had suffered psychologically and how I did not feel able to proceed with an application initially due to my mental health. Specifically, I explained it was due to my depression caused by the financial pressures of the Post Office.
48. Despite this, the Post Office immediately refused my application. I was told it was out of time and the scheme had now closed. I was extremely disappointed by the insensitive response. I thought they may have understood my reasoning and used their discretion to accept my application. I was wrong. I built the courage up to contact the Historical Shortfall Scheme and I received a straight no. Once again, I felt let down by the Post Office.
49. I have responded to the scheme reiterating my reasoning for the late application to see if they change their mind. I am yet to receive a response. Considering the delay in responding, I do not anticipate any change.

50. I am very thankful to the good lord. I have my own house, I am able to get out and I walk. I feel lucky.

51. I would like the Inquiry to know that I would never go back and do it again. When I look back now and see my family as the younger generation, I am glad we made sure our family didn't get involved. My son was retail orientated but we tried to get him out of this mindset.

**Statement Of Truth**

I believe that the facts stated in this witness statement are true.

Signed:

**GRO**

Position Or

Office Held:

Print Full

Date of signature: Apr 25, 2022

Name: JOHN GORMLEY

