



# Business, Energy and Industrial Strategy Committee

Oral evidence: Post Office and Horizon, HC 143

Tuesday 10 March 2020

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Members present: Rachel Reeves (Chair); Alan Brown; Richard Fuller, Nusrat Ghani; Paul Howell; Mark Jenkinson; Peter Kyle; Pat McFadden; Anna McMorrin; Mark Pawsey; Alexander Stafford.

Questions 1 - 120

## Witnesses

I: Wendy Buffrey, Former Subpostmaster; Alan Bates, Former Subpostmaster and Founder, Justice for Subpostmasters Alliance; Tracy Felstead, Former Subpostmaster.

II: Andy Furey, Assistant Secretary, Communication Workers Union; Calum Greenhow, Chief Executive Officer, National Federation of SubPostmasters; Ron Warmington, Chartered Accountant, Second Sight Forensic Accountants; Ian Henderson, Chartered Accountant, Second Sight Forensic Accountants.

## Examination of Witnesses

Witnesses: Wendy Buffrey, Alan Bates and Tracy Felstead.

Q1 **Chair:** Thank you very much, Wendy, Tracy and Alan, for coming to give evidence to our Select Committee this morning. I recognise that, for all of you, giving evidence to us might bring back some difficult memories. We understand that, so please take as much time as you need to give your answers to us.

We will move around the Committee and different members of the Committee will put questions to you, but if there is anything that you want to cover that we have not covered or you want some more explanation of what we are trying to get at, please say. This is not supposed to be a confrontational setting, although it looks a bit like it.

Perhaps I could start by asking you, Wendy and Tracy, to explain what happened to you with your relationship with the Post Office in your roles. Wendy, maybe you could start by briefly telling us your story.

**Wendy Buffrey:** I came into work one day after balancing, and it was absolutely fine. I had a couple of hundred books of stamps on my computer that should not have been there, so I reversed those out. It then gave me a loss of £18,000. I went back to my books and followed the recommendation of what to do; I did that and it doubled the loss. That brought it to £36,000. Previously in my post office I had had a loss where one of my staff had not been quite as honest as they should have been, and I had to pay that back.

I knew I did not have £36,000, so I took out a loan and maxed out my credit cards, and I managed to put £10,000 in. Each time I got paid, I put in some more and some more and some more. I should not have rolled over, in all honesty, but I did not know how else to do.

Q2 **Chair:** What do you mean by "rolled over"?

**Wendy Buffrey:** By "rolled over" I mean I actually confirmed what cash was there. By doing that, I had done something I should not have done. I had gone too far, and I could not go back on it. As soon as I had done that, I had to push every spare penny I had into the post office. When I then did get audited I was £26,000 down. I actually did not sign any of the balance sheets, because I knew they were not right. I was waiting for an error of some sort to come back, and it did not.

When I was there, the three auditors stood over me until I signed every piece of paperwork. I did not want to, but I was told I had to. I was in such a state then that I did sign them. They then said they would take me to a meeting. I rang the NFSP to ask for some help. They said, because I had been suspended, in their eyes I was no longer a subpostmaster, so they could not give me any help. I asked whether anybody could actually come and be at the interview with me, and they

refused point blank. Mark Baker then found out about it, and he came, as a friend rather than as anybody from the NSFP, to assist me.

In that interview, they said they were going to investigate what had happened, because I was the only person that this had ever happened to it. It had to be me. Was I sure I had not stolen it? I gave them all my bank account details; I gave them everything, because I had nothing to hide. I had not done anything wrong; I just did not know why it had happened. They went away and I did not hear anything for 18 months.

I was then delivered a package to say that they were putting our house and our bank accounts under the Proceeds of Crime Act, so we could not spend any money or do anything. They then allowed me to sell the post office so that I could pay them the £26,000. As soon as I sold the post office, they took all the money. We could not even move into another house. We had to move in with my son.

Q3 **Chair:** Take a moment. Tracy, do you want to tell us your story? We will come back to some of the other issues. Thank you, Wendy.

**Tracy Felstead:** I was not a subpostmaster; I worked for a Crown office. I got the job when I was 18. I had been doing back office work until I had some training, and then I went on the counter. I had been away with my family on holiday. I had come back, and there was an £11,500 shortfall that had been found on my till, which was used by somebody else. I was asked to balance that till that day, which I did, and I found the discrepancy of £11,500.

I was asked to sign the paper, which naturally I just did because the branch manager was looking into it. I was then allowed to go back on the counter and carry on with normal duties. It was some days later that I was then called into the office and was told that I was going to be questioned by the investigation team. At this stage I was not part of the union at all. At that stage I agreed to have the interview. I was not under caution; I had a simple interview with the Post Office investigation team. They asked where the money had gone. They did not ask whether there was any explanation as to where the money had gone, but just where the money had gone. I was then suspended, and then I was actually prosecuted by Post Office for stealing the £11,500. They had access to bank accounts and to my home, and they found nothing.

We went through court; I had to go through a trial, because I pleaded not guilty. All through the court it was never about what could have happened to the money; it was just, "What have you done with the money?" I was found guilty of stealing the money from my signature on the paperwork, on the till receipt. I was then sentenced to six months in HM Prison Holloway. I did half of that sentence in Holloway, and then I came out and I was six months on tag.

Q4 **Chair:** Thank you to both of you for telling your stories. Wendy, did you want to say anything else?

**Wendy Buffrey:** Yes. I went to court. In court, Post Office admitted that I had not stolen any money, but they said they would drop that charge if I would plead guilty to false accounting, which I did, because I was terrified. I then got 150 hours' community service. I walked out into the street, went home and got spat at. It has just been an absolute nightmare.

Q5 **Chair:** Can I ask both of you when this happened? What year did this happen?

**Wendy Buffrey:** The audit happened in 2008, and I did not go to court until the end of October 2010.

**Tracy Felstead:** Mine was 2001, and I was in court in 2002.

**Chair:** Thank you both for telling your stories. I recognise it is not easy.

Q6 **Mark Pawsey:** Alan, I want to ask you about setting up the Justice for Subpostmasters Alliance. We have heard very distressing cases from Wendy and Tracy around what, on the face of it, is pretty severe wrongdoing. They have been falsely accused of stealing, which was not the case. How typical is what Wendy and Tracy have told us of the 550 subpostmasters that you represent?

**Alan Bates:** There are only about 60 or so who have been prosecuted. It has been devastating for all of those, but the rest of the group have suffered throughout all of that. That is why the JFSA group came together originally, because we suddenly found we had been abandoned by every other organisation, so we had to group together. The more you heard about the stories from other people—they were horrendous, absolutely awful stories—the more you felt it was something that you just could not leave alone. It is something that had to be pursued.

Q7 **Mark Pawsey:** Is what Wendy and Tracy have told us typical?

**Alan Bates:** Of course, yes.

Q8 **Mark Pawsey:** Are there people whose lives have changed more significantly? Are there some who have managed to take it in their stride? Tell us about the people you represent.

**Alan Bates:** There have been suicides in there; there have been a huge amount of bankruptcies and houses repossessed. People cannot get loans; they cannot get jobs. It has totally ruined families. It is not just what it does to the individual themselves; it is also how they are seen in the local community as well, because a subpostmaster is a community person, as such. They are recognised by everybody. You lose standing, and everyone thinks, "You must have done something wrong". It is horrific for everybody.

Q9 **Mark Pawsey:** Of the 550 you represent, are there any who are still employed by the Post Office? Have they all been forced to leave their jobs?

**Alan Bates:** There are a small amount in the group who went through the recent group litigation who are still serving subpostmasters. There is an even smaller group who are undecided about how they want to go forward now, since the outcome of the court case.

Q10 **Mark Pawsey:** How did you go about identifying the people who had suffered in this way? How did you recognise the 550? What techniques did you use to identify who they were?

**Alan Bates:** There are two parts to that. In the early days, we were a sort of self-help group. We organised ourselves. When we eventually got to court, when we started legal proceedings, the legal team went out and advertised for others. They then undertook research into each of those cases and analysed all of those. There were far more than the 555 that went through the whole trial.

Q11 **Mark Pawsey:** Would you like to put a figure on the number of people who were affected by problems with the Horizon system?

**Alan Bates:** I honestly do not know, because they have not all come forward. There is certainly a proportion of them out there that are still keeping hidden, because they are concerned about how Post Office might react and what steps they might take to recover.

Q12 **Mark Pawsey:** Is it the tip of the iceberg? Are there many more cases?

**Alan Bates:** I think it is. If nothing else, the court case has shown that the system is not stable, and it has not been stable for many years. There have been numerous bugs in it. From calls I have had over the years, I know that there are subpostmasters, like I said to you, who are sitting on top of quite large shortages, but they do not want to come forward to Post Office. It is perhaps something that needs looking into.

Q13 **Mark Pawsey:** You said that people like Wendy and Tracy felt abandoned. In what way do they feel abandoned? Where was the support from their employer and their trade union?

**Alan Bates:** For those who are subpostmasters, in the early days you had the National Federation of SubPostmasters. They would never support anyone with any cases against Horizon. You were just abandoned by them. What I used to hear from others was that, if someone was being investigated by Post Office and they went to a meeting, Post Office would only ever allow a representative from the National Federation of SubPostmasters or a friend to sit in. You were not allowed any legal advice or legal support in there. When someone from the federation turned up, from what I hear they nearly always agreed with Post Office and often said to them, "Come on. Own up. Tell them what you did with the money". They had that type of approach.

Q14 **Mark Pawsey:** There was a presumption of guilt.

**Alan Bates:** Always, yes. With Post Office, you are guilty until you have proven yourself innocent. It always has been across the years.

**Ms Ghani:** Tracy and Wendy, you shared your experiences of working with Horizon in a pretty matter-of-fact way. In *Bates v Post Office Ltd*, the judge said that Horizon was an impossible burden and that it was nearly impossible to understand how the errors had occurred. The judge also said that it should have been the Post Office's responsibility to account for shortfalls on the Horizon system. When you found a shortfall in Horizon, I would like to understand how long it took you to try to process it and try to understand what was going on, and whether there was any capacity within the system to try to find out how the discrepancies had occurred. Did the Post Office not give you any support when there was a glitch in the system, Wendy?

**Wendy Buffrey:** No. If you went back into Horizon, you would see that week after week after week I was in my office until 10 o'clock at night going through paperwork and trying to find why these stamps had appeared.

Q15 **Ms Ghani:** Wendy, how many hours every day were you trying to battle against the system?

**Wendy Buffrey:** I was in my office from eight o'clock in the morning, sometimes until 10 o'clock at night, just trying to find it. It was actually a relief when the auditors did finally come in, because I had had five months of feeling sick all the time. I cannot explain to any of you who have not been accused of something that you have not done the effect that it has on you. Post Office says that it is a trusted brand. A brand is not trusted; the people who run those post offices, who are in their communities and who are helping their communities, are the ones who make the Post Office trusted.

Nobody is being held to account for the way they have dealt with us and the way they have treated us. Nobody is actually admitting that they knew, and I am absolutely certain they did. We need your help to do that.

Q16 **Ms Ghani:** Tracy, did the Post Office try to identify the problem? Was it just a presumption of guilt?

**Tracy Felstead:** It was very different for me, being in a Crown office. The procedure was a bit different. I literally just had to do my rollover and sign the paper, and then the manager would deal with any discrepancies that would be there. But at no stage did they say, "Could this have happened? Could that have happened?" From day one, they were heavy-handed with me and it was my fault; I had taken this money. Even though they could not find any money—there was no money in my bank account, no money in my house, nothing—I had taken that money. From day dot, I had stolen that money, and that was it. They just wanted to prosecute.

Q17 **Ms Ghani:** Tracy, you said you had been working there since you were 18. Were either of you given any extra training on top to use the system, by any chance?

**Tracy Felstead:** No, only the normal training.

**Wendy Buffrey:** I had a day at a local hotel.

**Ms Ghani:** You had one day in a local hotel.

**Wendy Buffrey:** Yes.

Q18 **Ms Ghani:** Did you have any training on what do to if problems occurred?

**Wendy Buffrey:** We had a booklet that came through once a week, but that was it.

Q19 **Ms Ghani:** Finally from me, you spoke about your experiences when you did finally reach out to the Post Office. I just want to get the practical side here. Tracy, you mentioned there was an 18-month gap between you highlighting a problem and them coming back.

**Tracy Felstead:** That was Wendy.

**Wendy Buffrey:** That was me. When I went to the meeting, they said they would go away and investigate. At no time did they come and ask questions.

**Ms Ghani:** In those 18 months.

**Wendy Buffrey:** No. They did not ask any questions; they did not ask for any of the paperwork in the office. I did not hear from any of them until I had the Proceeds of Crime Act and then I had a thing to go to magistrate's court.

Q20 **Ms Ghani:** You presented a problem, they had no evidence against you, they went away for 18 months, they came back and that was it.


**Wendy Buffrey:** Yes. I pleaded not guilty right up until the day I was actually in court. My barrister said to me, "You will go to jail if you do not plead guilty", so I did.

Q21 **Ms Ghani:** Is that the same for you, Tracy?

**Tracy Felstead:** Yes. For me, they had no hard evidence; it was just the piece of paper with my signature on.

Q22 **Alan Brown:** It has kind of already come out, but several campaigners have said that these Horizon incidents and the investigation have revealed that in disputes with subpostmasters the Post Office basically acts as judge, jury and executioner. Do you agree with that assessment? Importantly, if so, how could that be addressed?

**Alan Bates:** There needs to be far more transparency with Post Office. They certainly act as judge, jury and executioner. They always have done. They have a very high-handed approach. You were just talking about the length of time it took for people to be processed. From what I know, when there is a problem at a sub-post office, it is quite common



for that subpostmaster to be suspended. They would not be earning anything during that time. Those suspensions would go on for six, 12 or 18 months even, before they actually found out what was happening to them. They are left in limbo throughout all that time. That is Post Office being high-handed.

Even in my own case, my MP took it up at that time and wrote to Post Office about it. Post Office said, "We have undertaken a review of your case with a senior member of staff, and we have decided that our decision to terminate you with three months' notice was right in the first instance". They did not give a reason. I was never invited to any sort of hearing or anything like that. It all happened behind closed doors, and that seems to be their approach. It is their decision and their way, and that is it.

- Q23 **Alan Brown:** We have already heard that you did not get much training on Horizon and the Horizon roll-out. When you take up a position as a subpostmaster, does the Post Office outline the roles and responsibilities and the legal implications in terms of the fact that they have powers of prosecution and that it will not be a Crown prosecution? Did you ever discuss that?

**Alan Bates:** This is one of the key points that came up in the court case. I do not know about the others, but when I was taken on all I received was a seven-page "conditions of appointment" letter. I did not see any other documents about it. Nothing else was addressed throughout the days of training I had with them; I had about four days of training on site.

When we fell out, they kept on referring to this 114-page subpostmaster contract. We found that a huge amount of people never saw those; they never came across them. They were meant to have been received, in theory, before you took up the position. They were terrible contracts. That was the one the judge took apart, saying it was totally unfair.

- Q24 **Alan Brown:** Did the Post Office give any leeway in acknowledging that some people had not seen the contracts? Again, was it just an assumption?

**Alan Bates:** There was never any paperwork to support the fact you had received it, been through it or spent time on it in there. They just turned around and said, "It was our standard practice to make sure every subpostmaster received a full 114-page contract". That was it. They just said they did it, and that was it.

- Q25 **Alan Brown:** Since then, have you seen any evidence of contrition or the Post Office saying how they will actually change things in terms of what you called the presumption of guilt over innocence?

**Alan Bates:** I have yet to be convinced that things will change at Post Office. Every time there is a session like this or things have come up in the media in the years gone by, there have been all of these promises by

Post Office about how they are going to change their ways, how they are going to improve and so on and so forth. It never happens. Post Office is Post Office all the way through.

Take Nick Read, the new CEO of Post Office. I did have a chat to him for 20 minutes late on last year. I wish the guy well, but he has an uphill struggle. Someone said to me recently that it is very much like a new coat on old paintwork: it is rotten underneath. Quite seriously, what needs to happen is there needs to be a judge-led inquiry into it. We need to chip away all the old paint off it and then put the new coat on top. It should be a lot better from then on. Until you get to the bottom of that and pull the whole thing apart, it will never improve.

Q26 **Chair:** Alan Bates, how did you feel when Second Sight were brought in to do an investigation?

**Alan Bates:** I felt highly suspicious.

Q27 **Chair:** What do you mean by that?

**Alan Bates:** I thought they were being brought in by Post Office to try to bury the whole thing. Fortunately, a professional associate who was supporting us came in and grilled Second Sight in front of James Arbuthnot, as he was in those days—now Lord Arbuthnot. At the end of the day, she was quite happy that they were going to be quite fair, and they were excellent. They were very balanced in their approach. We thought it was the right step forward. Although we started off in one direction, I am afraid that mediation scheme finished up elsewhere.

Q28 **Chair:** Did the Post Office make full use of Second Sight?

**Alan Bates:** It seemed to start off with Post Office wanting the truth to be found and for openness to be used throughout the whole of their investigation. But as more and more things started to surface, Post Office started to close down more and more. No doubt Second Sight will tell you far more about this, but they found it almost impossible to find answers to things that were being raised.

Q29 **Peter Kyle:** Post Office is a publicly owned organisation, so therefore it has a different relationship with Government from most organisations. Alan, did you get a sense that Government, and particularly BEIS, which is the Department that has the formal relationship with the Post Office, were scrutinising this situation as the Horizon problem started to emerge?

**Alan Bates:** There was no evidence of it, if that was the case. It just seemed very much Post Office-led throughout all of this. Since then we have had very serious concerns that they should have been looking into it far more than they did; they should have been far more hands-on throughout all of this. I often wonder whether we would have got into this position if they had been more hands-on.

Q30 **Peter Kyle:** You said you contacted a local MP, who asked questions and

got a response. There was no formal contact with Ministers or Government in that period.

**Alan Bates:** You are going right back to the end of 2003 and 2004. I received a copy of a letter that my MP received from the Minister at that time, who was Stephen Timms. That letter said that if I was not happy with my discussions with Post Office, I could consider taking legal action, which I did, but it took an awful long time to get there.

Q31 **Peter Kyle:** Having thought about this for such a long time now, what, realistically, should Government have been doing, or was it not Government's responsibility?

**Alan Bates:** They are the sole shareholder, so they have a responsibility for it, without any doubt. They had a seat on the board, to start with. In theory, they should have been hearing everything that was going on. There were even discussions in 2016 at board level. There was documentation around at the time to say that the system was not fit for purpose and that Post Office did not have the IT staff capable of running it. The writing was on the wall for them, if they had taken any notice.

They must have been, in my view, part of the board that decided to put so much money into trying to pursue an alternative course through the courts. They are the ones who spent all that money and forced us to spend all that money.

Q32 **Peter Kyle:** Tracy and Wendy, when this started to unfold and started to so profoundly impact your lives, did you get much support from the National Federation of SubPostmasters?

**Wendy Buffrey:** No, none at all.

**Tracy Felstead:** No. My situation was completely different, being in a Crown branch.

Q33 **Peter Kyle:** Wendy, did you reach out to them? Did you ask them?

**Wendy Buffrey:** Yes, I had been in the NFSP. I had even been to a few conferences. I was very proud of the fact that I was a part of that organisation, but when it came to actually getting any help from them, no, they were not prepared to help me. Like I say, Mark Baker stood up and said, "I am not prepared not to come and help you", even though he had been told not to. He came to help me. Once he got into that interview, even though he was there he was not allowed to say anything.

Q34 **Peter Kyle:** I know this is really difficult for you, but I wonder whether you could just tell us something else. Were you reaching out to them? Were you communicating with them? Were you explaining precisely what was happening to them? How frequent was your contact with them?

**Wendy Buffrey:** I made about five or six phone calls originally. I then had a phone call with someone; I honestly cannot remember who it was at the moment. I asked for their support, and they said that, as I was

suspended, I was no longer a subpostmaster in their eyes. Therefore, they did not have any ability to help me.

Q35 **Peter Kyle:** How would you describe their attitude towards you?

**Wendy Buffrey:** It was disgusting to all of us. I am absolutely disgusted with them.

Q36 **Mark Jenkinson:** Alan, you said there were 555 subpostmasters in the court case.

**Alan Bates:** Yes, correct.


Q37 **Mark Jenkinson:** Many of them will have lost tens, if not hundreds, of thousands of pounds. It has been reported that the Post Office has agreed to pay £58 million in compensation. As the lead claimant, how much do you think will actually reach subpostmasters?

**Alan Bates:** That is quite an interesting question. It is £57.75 million, to be accurate, that it agreed to pay as part of a settlement agreement. The problem is that the majority of that went on costs. There is somewhere around £11 million or £11.5 million that will be spread out over the 555 people in the case.

I have heard quite a bit recently that it is the lawyers who have earned all that money, and all the rest of it. I would like to try to set the record straight. The lawyers did not earn that amount of money. Those were the costs for it. Our lawyers cost about £15 million plus VAT. Those were our legal costs. That involved taking in particulars of claim on 550 cases, analysing all of this over three years as well as preparing all the documentation and then, of course, we had the barrister team as part and parcel of that as well.

We then had to provide what is called after-the-event insurance as well, so that Post Office could not come back and sue each of the individuals in the group, should we lose the case. That was a multimillion-pound purchase for the group. It is starting to stack up now. We had to borrow that money from a commercial litigation firm. The recognised costs for those people are a multiple of three times what you have borrowed, so you pay back three times what you have borrowed plus your original stake or borrowing.

If you start to add up the figures I have given you, you will find that they go well above that £57.75 million, bearing in mind £11.5 million of that is coming out of there. I want to be very fair to both the funders and the lawyers in this, because they all took a substantial reduction. I know they are commercial businesses and all the rest of it, but they could see the wrongs that had been done in this, and the injustice. They were highly supportive of us. It cost us, but it was the only way we could do it. Otherwise, we would not have done anything.



Another small interesting point about this is that the money we paid to lawyers and for the insurance was subject to VAT, so the Government took a further £4 million off us. If you think about the multiple of what we had to borrow to pay that, that was also a substantial charge to us throughout all of this, which is why we are so keen to try to recover the costs.

At an earlier time, in the original 2012-15 mediation scheme, there were a number of forensic accountants involved in providing statements for the individuals—the claimants—to go forward, and a lot of those were costed. Of a group of 39 people who sent me copies of their cases and reports, their claims average about £700,000 for each individual. When you start to talk about dividing £11.5 million between 550, you can see we are not getting very far to try to recover any of the costs in there.

May I just make one small further point on this? Those were our costs. From what I know and from what I can estimate, we reckon that Post Office costs were certainly over £100 million, possibly up to £120 million, by the time we look at all the costs involved over the years.

Q38 **Mark Jenkinson:** So each of you has been affected by this. In your opinion, does the settlement reached with the Post Office represent justice for former subpostmasters?

**Wendy Buffrey:** No.

**Tracy Felstead:** No.

Q39 **Mark Jenkinson:** Alan, the Government have said they will announce a process for subpostmasters who have suffered shortfalls who were not part of the group litigation. Are you confident the Post Office will treat those subpostmasters fairly?

**Alan Bates:** No. For anything that goes forward, anything else outside of what they had to pay or the court ordered them to pay, I have absolutely no faith in Post Office doing anything like that, unless there is external oversight and transparency in all of this. If you just leave it to Post Office, they will just fall back into their normal way of doing things.

Q40 **Chair:** Wendy, you found a shortfall of £36,000 in your accounts, for £10,000 of which you found money to put in to balance some of it, but there was £26,000 outstanding. You paid £10,000 of your own money. Tracy, I believe your family raised £11,500 to pay back even though—

**Tracy Felstead:** We were told that the £11,500 would be to stop me from going to prison.

**Chair:** It did not, but they paid it.

**Tracy Felstead:** Yes.

**Wendy Buffrey:** I did have to pay the £26,000 as well.

**Chair:** So you have paid back £36,000.



**Wendy Buffrey:** Altogether, yes.

Q41 **Chair:** You also paid the other costs, and the personal and emotional costs.

**Wendy Buffrey:** I had to sell my home and my business for £100,000 less than it was actually worth, to be able to afford to pay them £26,000.

Q42 **Chair:** Alan Bates, whatever the figure is that is going to be shared amongst the claimants, will it be divided up equally?

**Alan Bates:** No. It has taken a long time, but eventually there is a formula in there. People will hear, probably by the end of next week, how much they are actually going to receive. It is calculated across all 550 cases to be fair to what happened to them in their particular instance. No one is going to be happy with it. We know this. That is why we are so keen, to start with, to recover the costs we had to pay out. At least, then, that could be spread out to the others proportionally the same.

Q43 **Chair:** What happens now on this long journey to get justice for Wendy, Tracy and the others? You want a public inquiry. We have this inquiry, but it is not what you rightly demand. You want a public inquiry.

**Wendy Buffrey:** No, I want somebody to be held to account for what they did to us.

Q44 **Chair:** Tracy, what do you want?

**Tracy Felstead:** Yes, there should be a judge-led inquiry. We need to get to the bottom of this. For the people who have paid money, where has that money gone?

**Chair:** By that, you mean that your family paid—

**Tracy Felstead:** Where has my £11,500 gone? I never took that money. Where is that money?

**Wendy Buffrey:** I gave them £30,000. That has gone into their profits. I should be able to have that back. It was never a real figure.

Q45 **Chair:** Alan, do we have any idea how much money, in total, was paid back by the 550 people on behalf of whom you have taken action?

**Alan Bates:** No, not really. You are talking about millions and millions of pounds. There is a thing called the suspense accounts, which I am sure you might ask Second Sight about. A lot of the money may well have finished up there.

Q46 **Anna McMorris:** So there are 57 cases involving subpostmasters before the Criminal Cases Review Commission in relation to Horizon. What support are they getting from the Government or from the NFSP?

**Alan Bates:** I am not aware of any.

**Wendy Buffrey:** No.

**Anna McMorrin:** There is none whatsoever.

**Wendy Buffrey:** No. Some of our MPs have been very good in supporting us in trying to get debates on this, but others have been completely lethargic and have not got involved.

**Anna McMorrin:** That is not the Government, in fact.

**Wendy Buffrey:** No.

Q47 **Anna McMorrin:** Has anybody in authority been in touch with these people?

**Wendy Buffrey:** No.

**Tracy Felstead:** No.

Q48 **Anna McMorrin:** How long has that been going on for?

**Wendy Buffrey:** It has been since 2008 for me.

**Tracy Felstead:** Mine has been with the CCRC since 2015.

**Alan Bates:** That is a reasonable answer, 2015.

Q49 **Anna McMorrin:** The Criminal Cases Review Commission gave some answers back in 2018 and then said they were going to wait until after the first court hearing, and then it was after the second court hearing in December. Have you heard anything since?

**Wendy Buffrey:** There is going to be a meeting of the committee on the 24th of this month to see whether they are going to put some, or not, through to appeal.

**Anna McMorrin:** You have been told that by the CCRC.

**Wendy Buffrey:** Yes.

**Anna McMorrin:** But there is nothing concrete.

**Wendy Buffrey:** No.

**Anna McMorrin:** Have you been told that your cases will be grouped?

**Wendy Buffrey:** No.

Q50 **Anna McMorrin:** Have you been told that they will have to be heard individually?

**Wendy Buffrey:** We have heard rumours that they have to be heard individually, but we have not had any official confirmation of that.

Q51 **Anna McMorrin:** Have you heard whether they will be treating those of you who pleaded guilty differently from those who did not?

**Wendy Buffrey:** We have had no confirmation of anything at all.

**Anna McMorrin:** You have heard nothing at all.

**Wendy Buffrey:** No.

Q52 **Anna McMorrin:** You have been left to your own devices to worry about it.

**Wendy Buffrey:** Yes. It was a great big high when we got the judgment, but all of us have just come completely down again since that judgment, because nothing has really changed.

Q53 **Mark Pawsey:** As a Select Committee, we will draw up a report following our evidence sessions. In that report, we might include some recommendations. Those recommendations could include how the Post Office might do things differently in future, but, Alan, you said you felt the Post Office was rotten underneath. Despite the remarks of the new CEO and perhaps any goodwill he might have, you seem to indicate that the Post Office is incapable of change. What should we say as recommendations for the Post Office moving forward? Is it too late?

**Alan Bates:** I am assuming that you want to try to rebuild Post Office or put it on a straight path going forward. We keep talking about a judge-led inquiry. It has to be a judge-led inquiry, because you will not get to the bottom of things. You will not get people being honest; you will get people hiding away, left, right and centre.

Q54 **Mark Pawsey:** Are there institutional problems within the Post Office that prevent it from effecting the change that would enable it to behave as other businesses might?

**Alan Bates:** Yes. It needs far more transparency in the way it operates, all the way through the whole system. But you have to clear out the dead wood.

Q55 **Mark Pawsey:** What do you mean by "clear out the dead wood"? Are there personalities involved?

**Alan Bates:** There probably are personalities in there, because, as we all suspect, there are many people in there who knew a lot of what has happened, and they have known the truth throughout all of this.

Q56 **Mark Pawsey:** Why are they not coming forward now, given the debate that took place in Parliament and this inquiry we are doing?

**Alan Bates:** It is because of the culture within Post Office. There is this culture of nailing everything down. "Nothing is wrong; it is always the subpostmaster that is at fault. We are perfect; we get on with our jobs". Then people get to the other end, when they have worked their way through the system there, and then they are looking at their pensions and the security coming out of the other end.

Q57 **Mark Pawsey:** Wendy and Tracy, if we were to make recommendations on ways in which problems such as this might be prevented in future, are there any observations you have or any recommendations that you would like to see us include?

**Wendy Buffrey:** They have to support subpostmasters. If there is an issue, they cannot just go in there and blame all the time. They have to investigate; they have to find out what those issues are before they treat that person like a criminal.

**Tracy Felstead:** I would second that. We need to investigate things more thoroughly and not just point the finger and be so heavy-handed. I did not take any money, but from day one I was made to feel like that is exactly what they thought. That is exactly what they did. They just went full steam ahead and did not care about anybody's feelings or anything.

**Wendy Buffrey:** Because of the contract we had signed, we were liable for any loss, whether it was negligence, theft or anything the Post Office deemed to be a loss.

Q58 **Mark Pawsey:** Alan referred earlier to this 114-page contract. Presumably you had not seen that either, but you were bound by its terms.

**Wendy Buffrey:** The one I had that I signed was 14 pages long.

Q59 **Mark Pawsey:** Were you aware of the existence of this bigger contract that set out these obligations?

**Wendy Buffrey:** Obviously I was told that, if there were any losses, I would have to make them good, but I trusted the Post Office; I trusted my own ability to run that post office. If there was going to be a loss, it would be a small error or an error by the staff that I could make good without any issue. When you are faced with something that is not possible to find, it is just impossible.

**Mark Pawsey:** It was the magnitude of the error.

Q60 **Paul Howell:** Earlier on, you referred to when the auditors were talking to you, and you felt under pressure to sign the reports and things. As a follow-up to that, do you, as subpostmasters, see the audit reports they do?

**Wendy Buffrey:** Yes.

Q61 **Paul Howell:** If the auditors do a report, do they actually give you that information after the fact?

**Wendy Buffrey:** She did actually say that she had signed the reports while I was there.

Q62 **Paul Howell:** When they do an audit investigation like that, do they give you a report that says, "This is what we have found. This is where the error is. This is what must be wrong"?

**Wendy Buffrey:** Yes. In my previous audit, the Post Office had made a mistake and I was £8,000 up because of the mistake they had made by sending me errors that were not mine. That was sorted out; they were quite happy to take their money back rather than anything else. That was

fine. I have no issues with that. It is the fact that you are just treated as if you are nothing and you are a criminal.

- Q63 **Paul Howell:** If they can look at the system and identify where the root cause was, that is fine. But if they could not identify where the root cause was, then it must be your fault.

**Wendy Buffrey:** They did not care, because they knew we were going to give them money whatever it was, because we were contracted to do that. Why are they going to investigate when we have to give them that money irrespective? I have seen no investigation; I have seen nothing to say that they investigated where my loss was.

- Q64 **Paul Howell:** That is partly the point I was trying to make in terms of the audit report. They did not actually investigate where the loss occurred; they just accepted it.

**Wendy Buffrey:** The report is literally about what happened at that moment in that audit. It has nothing to do with any investigation. They told me they were going to investigate it, but I have never seen anything ever.

**Alan Bates:** May I make a further comment on that point? Often what was found was that Post Office concentrated on asset recovery rather than investigation. It very rarely went in and investigated cases at all to any great degree. There has been a slight change since the court case or the judgment in the case. Whereas in the past the onus was on the subpostmaster to prove where that loss had gone before the Post Office would correct it, the judge overturned that. He now says it is down to Post Office to show where that loss has occurred and how it happened before the subpostmaster is liable to pay. There has been a fundamental change there. Whether they have implemented it I do not know, but it has been changed.

**Chair:** Thank you. That is useful to know.

- Q65 **Anna McMorrin:** Many parliamentarians and subpostmasters such as yourselves have supported a public inquiry. You are calling for a public inquiry. In fact, one parliamentarian, the MP for Jarrow, just a few weeks ago in the Chamber here asked the Prime Minister whether he would commit to launching an independent inquiry, and he said yes.

**Wendy Buffrey:** I know he did.

- Q66 **Anna McMorrin:** That is how it appears. I am paraphrasing, but he said, "I am happy to commit to getting to the bottom of the matter in the way that she recommends". First, would you comment on that? Do you have any view? Can you tell us how important a public inquiry is?

**Wendy Buffrey:** It is hugely important. We have to find out why, how and who knew. You cannot carry on running that company and expect anybody to trust it in future. How are you going to get new subpostmasters to take on offices? Nobody will want an office. Offices are

closing so quickly at the moment, and you will lose the community offices out there that are serving a lot of pensioners and a lot of places where all the banks are closing down. You are not going to have that structure out there, with the way things are going.

We have to get it looked at; we have to get it sorted. We have to have a judge-led inquiry to ensure that, going forward, people trust the Post Office enough to want to have an office and work in an office, because you will not have that structure there any more. By destroying the subpostmasters they had, they have destroyed the Post Office network.

Q67 **Anna McMorrin:** Are you also saying that this needs to be a totally independent investigation?

**Wendy Buffrey:** Yes, it does. It has to be judge-led. It has to be.

Q68 **Anna McMorrin:** Just a moment ago, you said that the Prime Minister did not agree with the MP asking the question. Can you expand on that?

**Wendy Buffrey:** If he had said yes, that would have been great, but he did not. He did the usual politician thing and he skirted around it, almost making the point that he will but not actually saying yes. We want somebody to say yes.

**Anna McMorrin:** On 5 March, Lord Callanan, speaking for the Government, said that the Government will announce the next steps following the Prime Minister's announcement. Have you heard anything beyond that?

**Wendy Buffrey:** No.


Q69 **Anna McMorrin:** Can you tell me what issues this public inquiry should cover?

**Alan Bates:** We in the claimant group have provided, and so far paid for, almost 1,000 pages of court-tested evidence. It would be a very good starting point for any inquiry to revisit that and see exactly where it needs to go and who is involved with those types of decisions along the way. That will certainly be key to it. As I said earlier, however, you are going to have to scrape everything away if you want to try to rebuild it into a modern business.

Q70 **Anna McMorrin:** Does anyone want to add anything else?

**Wendy Buffrey:** At the moment, it is still using the same Fujitsu system. I am not confident that it is still working in the way it should do. I am not confident that it is robust; the Post Office really likes to use that word. "Robust" now means "broken" to me. It needs to be absolutely certain that those subpostmasters and those members of the public who are using the Post Office have absolute faith that that computer system is doing what it needs to do.

**Chair:** Thank you to all three of you for coming to give evidence this morning. You have raised really important issues around trust and



culture. From the evidence you have put forward this morning, the Post Office looked for an easy scapegoat, instead of trying to understand the root cause of the problems in terms of why you two and many others in similar situations could not explain or reconcile the accounts that were being shown to you. In both of your cases, Wendy and Tracy, you were the scapegoats.

In a well-functioning organisation—an organisation where the people who work on the frontline are trusted—you would expect to see more of a dialogue to try to understand the issues rather than jumping to conclusions. Sadly, in both of your cases, the conclusion was not revealed until many, many years after the event. As a result, your lives have been in turmoil. It is not just your lives. You have been brave in speaking out, not just here but on other occasions as well.

For that we are very grateful. The people who are in your position, and the many people who have not yet come forward but who perhaps are in your position, will also be very grateful for your bravery and your honesty.

We have spoken a little bit already this morning about what happens now. Obviously, the decision by the High Court in December was a welcome one, and it has given you some closure, but, as you have all said this morning and as many others are saying as well, to understand and get full closure on this, some more steps are needed. The CCRC will be really important, in your cases, to look at those convictions. Although no one can ever take back what has happened—and Tracy, in your case, no one can ever undo those three months that you spent in prison—you can at least get some justice, perhaps through the criminal justice system.

There is also the issue that Alan set out very well about compensation, because the money available from this litigation will not be enough to compensate for your financial losses, let alone other losses. Then, of course, there is the issue of the judge-led inquiry.

This is not the end for our Select Committee. We will be taking evidence, as you know, immediately after this from the NFSP and the CWU. On 24 March, we will be taking further evidence from the Post Office, and from current and former directors there. I hope we can be part of that journey to deliver for you what is needed. In the meantime, however, let me offer huge thanks to you for coming along to give evidence today. I understand and recognise that at times it has been difficult for you, but you speaking out has helped our understanding and will hopefully bring us a little bit closer to the justice you need and deserve. Thank you very much.

## Examination of Witnesses

Witnesses: Andy Furey, Calum Greenhow, Ron Warmington and Ian Henderson.

Q71 **Chair:** Thank you very much to the four of you for coming to give

evidence to our Select Committee this morning. All of you were in for the previous session, so you would have heard the evidence from Wendy, Tracy and Alan. Can I start by asking Andy and Calum a question? The two trials that took place last year were damning, were they not, to the Post Office and their behaviour towards subpostmasters? Perhaps Andy Furey could answer first. What damage have these trials done to the Post Office brand?

**Andy Furey:** Good morning. First of all, may I thank and congratulate the Committee for calling this inquiry? I am very grateful for that. The damage that was done to the brand was irreparable. It is one of the Post Office's slogans that they are the most trusted brand in the UK, and I believe that society wants to believe that. Indeed, something like 17 million customer visits are made across the UK to 11,500 post offices per week, so it is a highly used public community service.

In terms of reputation, the mud that has been thrown at the Post Office, quite rightly, will stick. That is a problem, because the customers need to have confidence that their financial transactions and the business they do are undertaken correctly and accurately through a system. Indeed, their clients need to know that as well. To win new business and new contracts, other clients have to have faith that the Horizon system is fit for purpose, and I am not convinced that it is today.

Q72 **Chair:** Thank you very much. Calum, how would you answer that question on behalf of the National Federation of SubPostmasters?

**Calum Greenhow:** If I can, I would just give you a bit of context. First, I am a former subpostmaster myself and I am still someone who is invested in the business. What is important to say is that through the 20-odd years that Horizon has been in, what we have heard today could have happened to me. Just to give you a bit of background, my wife and I bought a post office in 1995. We used an inheritance that I received via my parents from my grandfather, and we have lived and worked in that. That was at risk; that has been at risk.

As far as the brand is concerned, it is in the 11,500 post offices; it is in the subpostmasters themselves; it is in the assistance; it is in the staff; it is in the people who actually work there. It is about what they do day in and day out.

Q73 **Chair:** Has this affected the Post Office brand at all, Calum?

**Calum Greenhow:** I would certainly say that, yes, it has. It has also, in essence, tarnished us by default.

Q74 **Chair:** We will come on to that perhaps in a little bit. We will ask the Post Office when they give evidence, but we do not know exactly how much it has cost Post Office Ltd so far. Some people say £70 million. The evidence we had earlier today suggested £100 million to £120 million. Of course, there are the costs the Post Office will have to pay for the costs of the litigation. What impact, if any, will this have on the funding for the

Post Office network?

**Andy Furey:** We are very concerned about the hidden legal costs. It would be good to get some transparency there. I was interested to hear Alan say in the earlier evidence that he estimated something like £100 million of Post Office legal costs. If it is of that scale, that wipes out two years of profit. To put that into context, the Post Office is a company with a turnover of around £1 billion. To put aside 10% of its turnover just on legal costs is phenomenal.

It begs the question of who has authorised that expenditure. The aggressive defence of itself legally was right up until the middle of December, when the settlement was reached. They even tried to recuse the judge. Therefore, somebody somewhere at Post Office board level has made that decision to spend taxpayers' money, and it is a significant sum of money.

Our worry is that this is going to have repercussions for many years in the future, because subpostmasters simply cannot afford to make ends meet at the moment with the money they are getting to serve the public. They need to receive significantly greater sums of money to keep their heads above water. Where is that money going to come from if the Post Office has squandered circa £100 million on legal costs in a futile case to defend itself? It could not defend itself against what it has done.

Q75 **Chair:** Calum, do you have any thoughts on the impact this might have on the finances of the Post Office? Those numbers from Andy Furey are quite worrying. Do you share those concerns?

**Calum Greenhow:** Absolutely, yes. I took over in June 2018, and I have been working hard to ensure that my colleagues around the country receive fair remuneration for the work they do. We commissioned a survey to ask our members exactly what their thoughts were. 2,500 said that, given the levels of income they are receiving, they are looking to close, downsize or sell their business.

What we were able to do is ensure that £40 million of income has come into the network over this current financial year and the next financial year, but this has an impact going forward. As an organisation, we are working to try to increase the remuneration, but it all depends on the profits the business is able to secure and generate. If that is impacted, Post Office's ability to fairly remunerate subpostmasters will naturally be compromised.

Q76 **Chair:** Are you now receiving complaints about the Horizon system from your members, Calum Greenhow, or has that gone away as an issue for them?

**Calum Greenhow:** I appreciate that it is a massive issue; of course it is. If we look at it in relation to the number of people who have worked within the Post Office and have used Horizon over the year, it might be a

small number of individuals, but they are still individuals. That is the most important thing that we cannot forget.

Q77 **Chair:** In the last year, how many complaints have you received about Horizon?

**Calum Greenhow:** As a number, I honestly do not know.

Q78 **Chair:** Would you be able to get back to me with that information?

**Calum Greenhow:** I can try to find that information, but it is not a figure that I have to hand or am aware of.

Q79 **Chair:** Andy Furey, would you be able to tell us how many complaints you have had from CWU members and how many have come to you about issues?

**Andy Furey:** On our social media sites, the chatter from postmasters is that something going wrong with the current system has been a daily occurrence over the last week. Screens were freezing over and different numbers were appearing. There was an article this weekend in the *Sunday People* with Mark Baker, who was mentioned in the earlier evidence and is our national branch secretary for postmasters. I should pay tribute to him for all of the hard work that he does in defending postmasters and supporting postmasters.

He highlighted in that article that since the settlement in December, the problems are continuing with Horizon. I take no comfort in saying that, because everybody who is involved in the Post Office wants the system to be robust—to use the expression that the Post Office use—but I do not believe that people have confidence on that. That is whether you are a counter clerk directly employed or a postmaster. There is a big question now about the legitimacy of how that system operates.

Q80 **Chair:** Calum Greenhow, do you have confidence in the Horizon system today?

**Calum Greenhow:** The judge has said that it is robust in the way that the robustness can be, but we also have to look beyond the computer program and into the processes that the Post Office have in place. That is where there are potential issues. We need clarity, transparency and openness for when something inevitably goes wrong. I appreciate that I am sitting next to two expert witnesses as far as IT is concerned, while I am not an expert, but my viewpoint would be that no computer system can be 100% infallible 100% of the time. Inevitably something will go wrong at some time, particularly if you have processes in place that are not as efficient as they should be. We need to make sure that there is openness and transparency and—as has already been said, and I totally agree—if something goes wrong, these people are treated properly, fairly and with respect. They are investors in the business, and when something goes wrong, even though it might be on a small number of

occasions, we still have to make sure there is transparency, it is done right and it is done properly.

Q81 **Paul Howell:** A couple of comments there surprised me a little bit, in terms of the question from the Chair about the number of instances you are seeing at the moment. If I worked for an organisation where we had had the degree of impact that this court case has had, I would expect the CWU, the National Federation of SubPostmasters and the Post Office to be logging every single instance of every single complaint that is going on so that they know whether there is something still continuing. Are you saying you do not have that sort of information at the moment, as an organisation? I do not necessarily mean as an individual, but at least as an organisation.

**Calum Greenhow:** We have certainly had phone calls, and I will be able to go through those phone calls, because they are logged, and I will be able to provide that information. Sorry, I was not expecting that—I was caught on the hop there, but I can find it.


**Chair:** I am sure the Post Office is listening to this evidence session and also can supply us with that information. Perhaps we can have a timeline of the number of complaints per year for the last 10 years or so, but we can clarify with the Post Office what information we would like on that. I agree that would be very useful information for this Committee, to see whether the system is performing better than it has been for many people.

Q82 **Peter Kyle:** Andy, UK Government Investments and BEIS are the two Government Departments that have oversight of the Post Office and its operations. Do you think that what has been uncovered with the Horizon situation tells us anything about the relationship between Government and the Post Office?

**Andy Furey:** If we get this judge-led public inquiry off the ground, which hopefully will happen, the role of Government, BEIS and the three or four different appointees over this period of time from BEIS who have sat on the board needs to be looked at very carefully. Either BEIS and the Government have turned a blind eye, overlooked things or been passive, or they are directly involved in this. It would be interesting to see some of the minutes of the Post Office board meetings when they discussed how they were going to defend themselves and oppose the group litigation that came about. It is not just the Post Office that is culpable here; BEIS and the civil servants that were on the Post Office board are culpable as well.

Q83 **Peter Kyle:** Calum, do you have any thoughts? Do you agree with that?

**Calum Greenhow:** If we consider the time period we are talking about, we are talking about three different Government Administrations. There was Labour, back in the noughties, then there were the Liberal Democrats and now, obviously, the Conservatives. They certainly have had a hands-off approach. Alan Bates referred to a letter we had received



from Stephen Timms, and certainly the information is very much hands-off. Certainly from the federation's point of view, since I came in in 2018, I have been working to try to encourage greater involvement of BEIS and UKGI in Post Office matters, to ensure that everything is being done right to ensure that there is scrutiny of the Post Office.

Not only that, but, as I said earlier on, I am an investor in the business and my colleagues are investors in the business. As investors in the business, we do not have a say on the board of the Post Office. I think it is time for the voice of the investors of the business to be heard at board level, so we can understand and ask, "What is going on within the network? What is going on in our post offices?" The issues and challenges that we are facing have to be heard at board level; it is not simply a corporate direction: "We are going to generate £100 million. How are we going to achieve it? This is what we will do".

Q84 **Alan Brown:** We have already heard in the first evidence session about the trauma of subpostmasters being accused of fraud, with, almost right at the outset, a presumption of guilt from the Post Office as far as you are concerned. That went through to the prosecution phase. Calum, when these individual postmasters were accused, what support did you offer them in that process?

**Calum Greenhow:** It is going to be a difficult one for me to answer. I was not in any position in terms of that level of support. For the decisions that were made by my predecessor and his predecessor, I was not party to the policy that the federation took at that time. What I can talk about is what I am doing now, since I took over, and the changes that I am making to ensure that now and going forward, if and when something does go wrong, the representation that subpostmasters receive is as good as the membership requires and deserves. If the Committee want to ask my predecessors to come along, feel free, and they can answer for the decisions that they made. Quite frankly, to hear what Wendy said, I am very sorry that that was the experience they had. It certainly should not be.

Q85 **Alan Brown:** I will maybe probe you a wee bit on some of the comments from your predecessors. We also heard in the previous session that the federation would not represent former postmasters because they were no longer deemed to be postmasters. Is that correct, and is that the right stance?

**Calum Greenhow:** It certainly should not have been the case.

**Alan Brown:** You believe you should represent all those that need help.

Q86 **Chair:** Has the policy changed since, or should that always have been the case?

**Calum Greenhow:** Certainly, my understanding and recollection is that that is exactly how it should be. If you are a member, you are a member and that is it, as far as I am concerned. There was a comment made



about not having legal representation. In my own personal instances when I have been helping and supporting postmasters, I have looked at the case, seen the severity of it and got legal representation in there at the time the interview was taking place, to make sure that the member was getting the best advice that they possibly could.

Q87 **Chair:** Wendy was wrongly advised, then, by the NFSP when she contacted them.

**Calum Greenhow:** I cannot comment on that. I do not know about what happened in 2008. For my part, that is not how I would look at it.

Q88 **Mark Pawsey:** What was the policy of your organisation? You are saying very clearly that it has always been the policy of your organisation to support people who were previously subpostmasters. The evidence we heard from the previous panel was that that did not happen then. You are saying that your predecessors acted wrongly at that time.

**Calum Greenhow:** I know what you are trying to press me on. Maybe I have misspoken.

**Chair:** We just want to get to the truth, Mr Greenhow. We are not trying to test you on anything.

**Calum Greenhow:** No, I am just trying to—

**Chair:** Can you wait for me finish asking the question?

**Calum Greenhow:** Sorry.

Q89 **Chair:** We are trying to establish, Mr Greenhow, the truth, because the truth has been denied for many people for a long time. Your organisation has some role in this, so we are trying to establish whether, in terms of the evidence we heard this morning from Wendy Buffrey—that she was told that she could not be represented because she was no longer a subpostmaster—she was given the wrong advice by your organisation, or whether your policy has changed since 2008.

**Calum Greenhow:** Can I check and come back on that?


**Mark Pawsey:** It is pretty fundamental.

**Calum Greenhow:** Yes, it is fundamental. I will check and come back on that.

Q90 **Chair:** We look forward to receiving that information. Perhaps you can look into what happened in Wendy's particular situation as well. If that is possible, we would like to understand what happened to Wendy.

**Calum Greenhow:** I will if it is possible. We are talking about 2008; whether we have the records now, I honestly do not know, but I will certainly see what I can do.

Q91 **Peter Kyle:** Calum, Wendy said in the previous session that she was disgusted by the service that she got from your organisation. She



outlined her situation and the reason why she was disgusted. When you sat there and listened to her, were you disgusted by the service that she got?


**Calum Greenhow:** Yes. Remember, as I said right at the start, that I am a postmaster. This could have happened to me. That is why I have said, and I will reiterate, that I am sorry they have not received the help and support that they feel they should have. It is certainly not how I look at things and it is certainly not the way that I am trying to take the federation forward

Q92 **Alan Brown:** What is your assessment of the support that accused subpostmasters were given? How does that compare to the representation you gave your members who represent or work in the Crown post offices?

**Andy Furey:** I will put this into context, because there is a scale issue here. In 2018 and 2019—two calendar years—the Post Office has provided me with statistics recently that say that 13 employees were dismissed over those two years. That is 13 out of an organisation of thousands, dismissed over two years. You then compare that with 555 people that have gone into the group litigation, the vast majority of whom had been dismissed by the Post Office. We heard this morning from Alan that some were still working postmasters, but the vast majority had been dismissed. Even allowing for the number of years this has been going on, the scale of this dismissal of postmasters flabbergasts me.

I have to say that I do not recognise the response from Calum about his organisation. That is a caricature of what actually went on. The feedback from current CWU members, from people that were dismissed, was that they were let down badly by the National Federation of SubPostmasters, which often, almost without exception, took the side of the Post Office. We heard earlier on about culture. Evidently, the culture in the Post Office was that you were guilty come what may, as a postmaster. My belief is that the National Federation of SubPostmasters was sucked into that position and supported that position.

In terms of what the CWU will do or has done, I have spoken about Mark Baker. Mark Baker is a working postmaster in Salisbury. If one of our members comes under scrutiny for potential disciplinary measures, he will go and visit that member. He will take time away from his business at the post office, and he will travel wherever it happens to be throughout the United Kingdom. He will interview that person. He will be there supporting them, advising them and giving them guidance, and will accompany them and represent them at a disciplinary hearing and any appeal. That is the normal position that the CWU would apply to any of our members. We would give full support, guidance and co-operation. We would not condone dishonesty, but we would point to the fact that there were weaknesses or temptations put in the way.



We spoke about the tip of the iceberg early on: 555 people were badly let down, and there are many more behind that, because the Post Office is about to open up this scheme, and there needs to be transparency on what this scheme is actually about. In the scheme, people in can put a claim to say what money they have had to make good. I suspect that once that scheme is open, the floodgates will open up and many serving postmasters will start to put in claims to say they have made good on thousands of pounds. The bottom line is that people have not had the confidence to go to the National Federation of SubPostmasters to get support. That is a shame, because had the support been there throughout the whole of this episode, we might have had a different outcome.


**Q93 Alan Brown:** Calum, we are hearing about the tip of the iceberg and trying to analyse the performance of your organisation before you came in and where it is at now. What is your view of George Thomson, who was then the general secretary at the NFSP, when he made comments to the BIS Committee in 2015 and basically suggested that, in many cases, shortfalls in Horizon were either “errors or, in fact, members of staff misappropriating money”? It was just a fact that the subpostmasters were naive and did not realise that it would be staff misappropriating the money. Do you have a view on that?

**Calum Greenhow:** I have to be very careful how I answer that, because I could be implicating people in wrongdoing; that is certainly not my intention today. As someone who has actually used Horizon, as I say, over the last 20 years—I was a postmaster for 23 years—can I say that I had shortages within my balances? Of course I did. Can I absolutely pin it on Horizon? No, I cannot. Did I make mistakes? Did staff make mistakes? Of course we did. That is a reality that we cannot get away from.

This is something different here. What we are trying to put forward is that what the people are saying is that actually it was not a mistake and it was not misappropriation of the funds; actually, it was purely and utterly down to Horizon, and that is the reason why the shortage occurred. I am not a lawyer, and certainly the judge has indicated that there were certainly bugs, errors and defects with Horizon, and also with the way the Post Office treated these people.

As far as George is concerned, do I agree with George’s statement? In some ways, yes; in other ways, no. What I can say is that when I came onto the board of the NFSP in 2016, at my first board meeting I challenged George, along with a colleague from Wales, because our view was that our computer system cannot be 100%, 100% of the time. Certainly, I did not share his view, and certainly, since I took over in 2018, I have been trying to put forward a different viewpoint and a different culture within the NFSP that has absolute clarity that the subpostmaster is the heart of everything that we do.

**Q94 Alan Brown:** You would also disagree with the view that he expressed that Horizon was “fantastically robust” and, therefore, people need to be



aware of making complaints, because that might make major clients like the DWP and the DVLA "think twice" about re-signing contracts with the Post Office. Therefore, the bigger business picture was much more important than complaints and representing members.

**Calum Greenhow:** If you are asking if I disagree with it, yes, but I cannot answer for his comments, sorry.

Q95 **Alan Brown:** What changes are in place, then, that would perhaps make the federation more reactive to complaints that are coming for the members, rather than represent what seems to be the business case?

**Calum Greenhow:** We have some legal advice that we are taking. I have appointed an individual on the board of the NFSP to have a responsibility for legal and regulatory. We are going through the whole contract with this solicitor, and also the processes that Post Office uses when something goes wrong, and, on that basis, we are putting in place training programmes for anyone who would be giving advice and giving support. There is also record-keeping, because that is the biggest and most important, and doing that centrally. In the past it may have been a branch secretary that had gone out, and centrally we would not have known that there was actually an issue.


This is something that is also important: we do not know, and we cannot guarantee, how many of the individuals actually came to the NFSP for help. That is something we honestly do not know. We are putting in place a centralised computer management system. If any case along this line happens, it is logged who is dealing with it. We can check that, make sure there is consistency across the country and ensure that there is consistency in the level of support that subpostmasters receive.

**Alan Brown:** Just to double-check, you are saying that if there are representations made to yourself, your organisation will always be able to track them and know the scale of the problem.

**Calum Greenhow:** Yes.

Q96 **Paul Howell:** Last year, in the case of *Bates v Post Office Ltd*, the judge stated that the NFSP is not an organisation independent of the Post Office, and that there was evidence that in the past it had put its own interest and funding for its future above the interest of its members. How do you respond to that?

**Calum Greenhow:** First, I will refer to the answer we provided to the Select Committee in May of last year. To add to this, as I have been thinking about it, there is what is known as the law of cause and effect. By that, something that happens in 2003 can have a detrimental impact on what happens in 2015, but it is absolutely impossible for what happened in 2015 to impact what happened in 2003. Most of the time, when these cases were being heard or were happening, we were a trade union. So, as far as our independence is concerned, it really is a moot point, because we were a trade union and independence was there; there



was no issue. However, what is important at this moment in time, as a trade association, is that what we want to do is make sure that there is no financial barrier in the representation that a subpostmaster receives from the NFSP. In other words, it is free at point of use. That is really important, given the financial challenges that subpostmasters face. Therefore, it is free for them.

The other aspect that the judge did not mention within his verdict was clause 31 of the grant funding agreement. In that clause, it allows the federation to take the Post Office to external mediation. Certainly, the view of the federation is one of resolution rather than prosecution. As we can see, what we are talking about here is something that has taken 10 years to get to this point. The legal costs that have been incurred on both sides are astronomical. Certainly, as I say, it would be the desire of the NFSP—our aim and our goal—to ensure that nothing like this can ever happen again, and that, rather than going down the course of litigation, we can actually have proper mediation. We have to look at it in terms of how it would look to the Post Office if the NFSP took the Post Office to an external mediator and that external mediator agreed with us. The Post Office would have no play and no other option than to actually change its policy, agree with us or change whatever it was that we felt was worthy of taking the Post Office to that degree.

Q97 **Paul Howell:** There is a lot in there. Andy, would you like to comment?

**Andy Furey:** I am a bit bemused by that last answer because I am not aware of the National Federation of SubPostmasters ever taking the Post Office to an external mediator. I have certainly spent my time in ACAS. I have almost felt like I have had a season ticket there in recent years, given the disputes we have had with the Post Office.

First and foremost, the Certification Officer struck the National Federation of SubPostmasters off as a trade union on 13 January 2014. They were a trade union up until that point, but they have not been since 13 January 2014, because some federation members took a case against their own union to the Certification Officer, and that Certification Officer struck them off as a trade union.

The other issue where it is quite evident that the federation is an arm of the Post Office—and it is what I gave evidence on last year—is in the commercial agreement for funding the federation for 10 years. No subpostmaster actively joins the National Federation of SubPostmasters. They are auto-enrolled into the National Federation of SubPostmasters, and their subscription for that trade association, formerly a union, is paid directly by the Post Office. That is just fundamentally wrong. Taxpayers' money is being used to fund the National Federation of SubPostmasters by the Post Office. You do not bite the hand that feeds you.

There is a real issue here about the longevity of that agreement. Is it a good use of taxpayers' money? Is the Post Office getting value for money? Does it enable the federation to operate independent of the Post

Office? My personal opinion is that it does not. The proof has been in the pudding, because the vast majority of the 555 litigants in the group litigation were not supported by the federation over that period of time and ultimately ended up being dismissed.

Q98 **Paul Howell:** Just coming back to Calum, the crux of the question in the first instance was about how your members could have faith in you in that situation. Regardless of who is paying the piper and that sort of thing, how can your members have faith in you that you are delivering what you need to?

**Calum Greenhow:** That is what I have been trying to explain.

Q99 **Paul Howell:** Sorry to interrupt you before you start, but I will ask the question slightly differently: do you think they have faith in you?

**Calum Greenhow:** Yes, I think they do, irrespective of the position that the CWU are trying to put across. The reality is that when we carried out our survey this time last year, over 70% of people really valued the service and support that the federation provides. That is not to say that the other 30% did not; it was just more that 70% really valued it. On that basis, I would have to say yes, they value what we do. We value what they do. They want us to increase their remuneration, and they also want greater engagement with the federation, and that is exactly what we are trying to do.

As I pointed out, we are in the process of putting in place specialisation in relation to this specific area. I started that before the court cases. Members will very shortly be able to see exactly the increase in the level of representation that they receive. Bearing in mind a lot of what we have done over the last two years, it has actually improved things for some postmasters; this is only the beginning of a very big task that I have before me.

Q100 **Paul Howell:** I just want to go back to an earlier point, just to get context on things. One of the things we heard earlier was about how an adjustment that caused an error of £18,000 suddenly became £36,000. I do not know whether this is right, but my understanding is that that was on a daily transaction. If that is on a daily transaction, what is the value of transactions that somebody is dealing with in a day? Is £18,000 10% or 1% of the total turnover you are dealing with? If you have an adjustment of £18,000, which you are having to pay back as cash, that is a significant amount of money in terms of—certainly, as I perceive it—a lot of post offices being relatively small businesses. I can understand it in a multi-billion business, but not in a small operation. Can you give us any context of what the daily turnover would be, to relate that to?

**Calum Greenhow:** I honestly have no idea what the average daily turnover of a post office is. Sorry.

Q101 **Chair:** What is the turnover of your post office?

**Calum Greenhow:** I can go on what I am remunerated for, but it is different for different offices. It depends on the actual context, for instance if they have a lot of banking.

Q102 **Chair:** You run a Post Office branch; that is right, is it not?

**Calum Greenhow:** Yes, but the actual figure of how much income that develops is not something that I know. What we have to understand is that running a post office, in terms of dealing with the actual Horizon system and what comes in and goes out, is different from what you are doing if you are running your retail. In other words, in my case, I sell cards and gifts. I sell a card at £1.99; if I sell 100 of them, obviously that is £199, and, therefore, I know what my turnover is.

When it comes to the actual Horizon system, it is different, because we could have a large banking deposit. I am conscious that this is being recorded, so I am not going to go into the figures, but it could be large and there could be several of those. Not only that, but you could also have financial services where a large deposit goes in. It is difficult to say specifically, if you are talking about that top line. It is more to do with what the remuneration is, and the average that subpostmasters receive is about £35,000.

Q103 **Paul Howell:** Is that per annum?

**Calum Greenhow:** That is per annum, yes.

Q104 **Mark Pawsey:** Mr Henderson, I want to come on to the role of your firm of accountants in looking at the Horizon system. You published a report in 2013. That was an independent report, but who paid for it?


**Ian Henderson:** Post Office paid for it, but Second Sight, as was referred to in the earlier session, was determined to act independently of Post Office, notwithstanding the fact that Post Office was paying our fees. That was agreed both with MPs and the JFSA.

Q105 **Mark Pawsey:** Were you given unrestricted access and able to act as independently as you would like? There were no constraints at all in what you looked at in that inquiry.

**Ian Henderson:** No, there were severe constraints. We started off, again, as we heard in the first session, with the shared commitment to seek the truth irrespective of the consequences, but that quite quickly moved into a situation where every document was being reviewed by Post Office lawyers. Many documents were withheld, and there was little real transparency as our inquiry progressed.

Q106 **Mark Pawsey:** You only found two incidents where defects or bugs in the Horizon software gave rise to branches being affected by incorrect balances or transactions; is that right?

**Ian Henderson:** No, it is not. You are referring to our first report, which was seven years ago, where we identified evidence of flaws and bugs in



Horizon. We also heard direct evidence of Post Office or Fujitsu altering transactions and balances without the knowledge of subpostmasters. Not only did Post Office refuse to accept that, but they refused to supply to Second Sight the documents that would enable us to investigate that issue.

Q107 **Mark Pawsey:** I want to come on to that, because, Mr Henderson, you will be aware that a debate took place on 5 March, when Andrew Bridgen MP raised the issue of his constituent, Mr Rudkin. Mr Rudkin, along with the ladies who gave evidence earlier, had the clear understanding that no one could access the computers remotely, and yet Mr Rudkin gave an account of meeting Fujitsu and Post Office Ltd at offices in Bracknell on 19 August 2008, when he was told by a chaperone, a Mr Martin Rolfe, that he could actually alter a figure on the bureau de change figure to demonstrate that it was live. In a sense, head office could influence the transaction on a computer within a branch. The contact there, Mr Rolfe, said, "I can actually alter the figure to demonstrate it is live", and said, "I will have to put it back; otherwise, the subpostmaster's account will be short tonight". Does that ring true to you in any way?

**Ian Henderson:** That was the matter that we attempted to investigate in some detail. In September 2013, I met with the head of IT from Fujitsu, who admitted that remote access not only was possible but frequently occurred. We put that point to Post Office and they refused to accept it.

Q108 **Mark Pawsey:** Hold on. You guys are doing an independent inquiry. What is your view? Where does the truth lie in this, Mr Henderson?


**Ian Henderson:** That is what we attempted to find out. In order to find evidence of the facts, we asked for the email trail and we asked for evidence of transactions occurring within the Horizon system. Post Office refused to supply those to us.

Q109 **Mark Pawsey:** Mr Henderson, you are a forensic accountant. What is your view? Was access able to be made from head office or not—yes or no?

**Ian Henderson:** Our view was that access was possible. What we did not know at that time was whether or not that access was actually occurring and the consequences of that access.

Q110 **Alexander Stafford:** Mr Warmington, you said that you were concerned there was not a suspense account option whereby unresolved transaction corrections could be "dealt with in a neutral manner". What was your concern and the significance of this?

**Ron Warmington:** There are essentially two sorts of suspense account. First of all, shortly after Horizon was introduced, Post Office withdrew a facility that had been there for decades, and that was that at branch level, every branch had what was called the branch suspense account. That account was freely available to the branch manager to pass entries



into, pending investigation and resolution. Effectively, that enabled the branch manager or the staff to pass that shortfall or surplus forward to the next trading period. The trading period is four or five weeks. That would give them time to investigate what had happened. That is what the branch suspense account was all about.

Post Office, as I mentioned, withdrew that functionality and replaced it with what they called, in Horizon, the "settle centrally and dispute" facility. In other words, you could somehow park an amount and say to Post Office that it was in dispute, and then wait for that to be resolved. The problem with the "settle centrally and dispute" functionality was, first of all, not many people knew about it. It was not widely publicised, as far as we can tell, and it came as a bit of a surprise to people that it even existed. There were flaws within the process—essentially, shortfalls within that process—not least that the individuals trying to use that system, if they knew it existed, were limited in terms of the amount that could be put in there. For example, there are the entries you have heard about. It would have been fine if the shortfall was £500, but if it was £18,000, there was a limit where, essentially, Post Office would say, "You cannot put that entry in there. It is far too big". The limit was calculated based on the salary of the postmaster.

If the postmaster was unable to make use of the "settle centrally and dispute" function, what we found was that many of them had virtually no alternative but essentially to buy time by increasing the cash balance, as you have heard from one of the witnesses earlier, pretending that there was more cash in the till than there was in order to buy time. By doing that, in effect they were committing the offence of false accounting. They were, in a sense, forced to do that.

There is a related issue, which is the second sort of suspense account that I referred to earlier. Post Office itself had multiple suspense accounts, although when we challenged them on that they said they did not know what we were talking about. For every client relationship that Post Office has—the clients are National Savings and Investments, Camelot, Bank of Ireland, Santander, HMRC and so on—if Post Office's own records of what has happened during a day or on a particular transaction differs from what the client says has happened, an entry will go into Post Office's own suspense account.

What we found is that the balances in those suspense accounts were multiple millions of pounds, for months on end, before they were investigated and resolved. When we tried to investigate that, Post Office thwarted that and essentially did not allow us to investigate that. There was a narrowing of the scope, and we were at that point heavily engaged in the 150 separate investigations of the mediation cases. We were not allowed to follow up on entries that we suspected had gone into the Post Office's suspense accounts, and from there, of course, three years later, those entries were siphoned off into Post Office's own profit-and-loss

account and from there, of course, into a reduction in the amount of funding that the taxpayer was providing to the company.

- Q111 **Alexander Stafford:** You are basically telling us that the new system did not allow for large transactions to go into it, and also the Post Office did not allow you to investigate it fully. What sort of message did that send to you, if the Post Office was not allowing you to drill down properly and do your job?

**Ron Warmington:** As Mr Henderson has pointed out, at first there was a very clear and perfectly acceptable understanding, between the chairman, the chief executive at the time, ourselves, now Lord Arbuthnot, Andrew Bridgen and Alan Bates, that we would be seeking the truth and we were unrestricted. Frankly, I made it very clear that my company was not prepared to undertake the work unless that was the agreement. We were not in the least bit interested in carrying out a whitewash.

Initially, until the then general counsel of the Post Office left, the relationship was absolutely brilliant. There was full co-operation, full access to what we required and complete transparency. That all changed when the outgoing general counsel was replaced, which coincided with the start of the mediation scheme. Frankly, it was one of the worst, most difficult investigations I have ever carried out in terms of the client relationship.

**Chair:** Thank you. We will move on, but that was incredibly helpful.

- Q112 **Peter Kyle:** Calum, does the settlement that was reached with the 550 subpostmasters represent justice?

**Calum Greenhow:** £58 million is a significant amount of money, but, given, as we have heard, exactly how much of it has been taken up with litigation costs, exactly how much they are going to end up with is going to be a lot less than that. You then drill down to what these people have gone through. I think of Tracy at GRO **IRRELEVANT**

IRRELEVANT If that happened to my daughters, I would be absolutely heartbroken. It is, in essence, her whole adult life that she has had to live with this. If I think of what Wendy has gone through, she has had to sell her house for £100,000 less than it was worth to pay off the debts.

**Peter Kyle:** In short, it is a no.

**Calum Greenhow:** No.

- Q113 **Peter Kyle:** 550 were part of the class action. For those people who were affected by the Horizon scandal, if you will, but were not part of the class action, are they going to have any recompense at all?

**Calum Greenhow:** I do not know the answer to that one, to be honest. I would hope that when we have the complex case review set up and once we know the parameters of that, anyone who feels they have suffered a loss due to it can put that in.

Q114 **Peter Kyle:** The chief executive of the organisation that represents subpostmasters does not know whether people who were not involved in the class action will have any right to any settlement.

**Calum Greenhow:** Not yet, because that is actually being done. I believe that is still going on. I could be wrong on this, but that is still part of the legal process that is going on between Freeths and the Post Office. I might be wrong on that; I do not know. Apologies if that is not the case. I am sorry, Alan. I did not know that was the case, but my understanding was that was what was happening.

Q115 **Peter Kyle:** Your answer does surprise me, I have to say. I thought this would be on the tip of your tongue. Andy, do you have any view on whether this represents justice or not?

**Andy Furey:** It absolutely does not. I would applaud the Justice for Subpostmasters Alliance for all its endeavours and activities over many years. Obviously, that was a settlement reached out of court, so you have to respect that. What I am struggling with is that they are only going to be left with circa £12 million to be divided. I believe that the Government should fund all of the costs that the group litigants have incurred, so that they receive the full £58 million of compensation and that can be equitably divided with whatever formula they come up with. This is not the end of it, is it? It is not fair that people have been treated so badly and had such devastating impacts upon their lives over so many years.

Q116 **Peter Kyle:** Are you aware of people who were not litigants but have been affected and had financial impacts?

**Andy Furey:** Absolutely. Not all of the 55 cases that are before the CCRC were part of the group litigation order. Indeed, some of our own members are waiting to be able to submit a claim to this new scheme. What I would say about this new scheme is that it is wrong that the Post Office, in splendid isolation, is going to design this. The CWU, and potentially the National Federation of SubPostmasters, should be involved in negotiations to arrive at what the scheme mechanics are and how that will operate. Is there an appeal mechanism? If somebody puts in a claim for £20,000 and the scheme says, "You can have £10,000", what ability does that person have to say, "That is not enough"?

There needs to be transparency. There needs to perhaps be an independent view about whether this scheme is appropriate or not. It has been dragging its feet for three months since the settlement in December, and people are waiting with bated breath to see how they can put a claim in and if they are ultimately going to get justice or not. This is part of the problem: there is no transparency. I welcome the fact that, two weeks from today, the Post Office is going to be here answering some questions.

Q117 **Mark Jenkinson:** I am conscious of time, but I wanted to drill down a little further with Second Sight on the transaction that Wendy alluded to

with the 200 books of stamps. I can understand how, when you are dealing with large banking transactions, something like that can happen, but Wendy specifically said hers was to do with 200 books of stamps that she should have had but did not have, so it was a stock issue, effectively. You have those books of stamps and they were delivered, and either you have not sold them or you have. There must be a process somewhere for the Post Office to track that stock through post offices. Someone else must have been 200 up. Is that the case? Am I understanding that correctly?


**Ron Warmington:** Funnily enough, this was very much akin to a question asked by Sir Anthony Hooper, a retired Appeal Court judge who was leading the mediation working group. He said, "If a shortfall arises in one branch, could it be offset by a surplus in another, or, for that matter, at Chesterfield, in the centre?" All of these things, Mark, are possible. First of all, we wrote—and we stick to the description that we used—about one-sided transactions. If there is a power or telecommunication interrupt, which are quite commonplace, as we all know, we are satisfied that those sometimes gave rise to oddities within Horizon. It is not a bug in Horizon; it is just a bug in the way that Horizon is operated at branch level. We even came across cases where stock of stamps was negative. It is a bit difficult for that to happen, is it not? How do you have minus 100 stamps? That is what was coming up on the system.

I support what Calum was alluding to earlier. This is a system that processes, I believe, in the order of 10 million transactions a day on a good day. Even if 99.9% of those transactions are processed accurately and properly, there are transactions that are not, and it is the behaviour of the organisation that looks into, or fails to look into, what has gone wrong that is the issue.

I do not know the answer to that specific question regarding the book of stamps, but it is by no means an unusual phenomenon. Why would you not expect it to be commonplace in an organisation that has probably more than 40,000 people operating Horizon terminals? I would like to know the gross value of the transactions per day being processed. I am afraid I do not have a razor-sharp answer to your question, but I am just not surprised about it.

Q118 **Mark Jenkinson:** Andy, you have had quite a few years of involvement in this, with your 4,000 members. Lord Callanan said in the House of Lords, "Your Lordships can be sure that the Government will hold the Post Office to account in delivering reform and ensuring that these crucial changes have a tangible and positive impact on postmasters". What lessons do you think the Post Office should learn from the Horizon case? How can they be best addressed following the failings identified during the two trials?

**Andy Furey:** There is a perverse irony here in that 550 people were potentially sacked, or the vast majority of them were sacked—dismissed—by the Post Office, and yet here we are after today after the



£58 million settlement and nobody has been accountable from the Post Office. Nobody has lost their job; nobody has been dismissed from the Post Office board. There has been no accountability thus far, and that is why it is so fundamentally important to get this judge-led independent public inquiry. Undoubtedly, there has to be accountability, because people's lives have been ruined. The scale of this is absolutely horrendous.


That leads me to the next point. The vast majority of people that operate in the Post Office are public servants. They want to provide a fabulous community service. They are part of the fabric of society. Those 11,500 post offices are fundamental to people's day-to-day lives, whether that is retired people or SMEs and small businesses. The people who operate those post offices do a fabulous, wonderful job, and they are poorly rewarded for it. Here is the problem: the Post Office's first position was that if money went missing, for whatever reason, they were guilty. That clearly was not the case. There might have been one or two bad apples in the barrel, but 555 people take group litigation to court, for years of their lives, and they are exonerated, thankfully—and hopefully the CCRC will exonerate the 55 people that were convicted.

The culture of the Post Office was about defending the Horizon system at all costs. From the outset, it could not have a position where Horizon could be questionable, because then that would jeopardise its business plan, its operating model and, indeed, its ability to make profits. It turned it around the wrong way. Rather than saying, "These people are innocent. What has gone wrong here? What do we need to investigate here?" they took the position that these people were guilty, and then they treated them terribly with the investigation department. They frogmarched them out of the buildings. They told them they could not visit their own post offices, even if their homes were above or behind them. Many of them were dismissed, or suspended for months on end and then dismissed, and some of them were even prosecuted.

This is a national scandal, and it has impacted upon people's reputations. The Post Office needs to be held to account. That is people employed today and people that have left the Post Office, and potentially people who have previously given evidence to this Select Committee as well. Previously, the Horizon system was robustly defended by the NFSP. It may not be today, but it certainly was in 2015 when I was giving evidence. The trouble is it took the group litigation order and the efforts of the Justice for Subpostmasters Alliance to bring this about today. The Post Office should hang its head in shame, quite frankly.

Q119 **Mark Jenkinson:** Calum, I just wonder what steps you think the Post Office needs to take to restore trust between it and subpostmasters.

**Calum Greenhow:** If we look at this, it demonstrates the complete and utter lack of appreciation that existed towards subpostmasters by the Post Office, and also a lack of understanding of the difficulties and challenges that our colleagues in the network faced in operating post



offices. Therefore, it has to be far more open and transparent in the relationship with postmasters. Given the level of scrutiny, the Post Office simply cannot carry on as it is. In psychological terms, it treats postmasters very much like a parent treats a child. The postmaster is the child, so the Post Office says, "You will do". The relationship has to be on far more of an equal basis, and more parent-to-parent. That is how it has to go forward.

As I keep on saying, we are investors in this network. Post Office, in essence, is not investing its own money. Government provides it with money. We are investors in this business, and we have not had the say or the respect for years. That absolutely has to change.

Q120 **Alan Brown:** Andy, you said that nobody from the Post Office has been disciplined or suffered because of this, yet the judge was scathing of the witnesses the Post Office put forward, particularly even a director. Are all these people still in post?

**Andy Furey:** People have either retired or been awarded positions on boards. Indeed, the former chief executive is a non-executive director of the Cabinet Office. The people that gave evidence for the Post Office are still employees. There seems to have been a closing of ranks; everybody has gone round to defend one another.

Something has gone wrong here, so somebody has to be held to account. Obviously, there has to be fairness in the way that accountability is undertaken, but something has gone wrong here. It has either happened deliberately or by people turning blind eyes. It is certainly not an accident. This could not have gone on for so long, with so many people, by mistake. People knew what was happening. There is the evidence from Second Sight and the comments from Michael Rudkin, which were referred to earlier, about the fact that people could access these terminals remotely, not to mention the system problems and glitches with telephony and electrics, et cetera.

These postmasters have been treated abominably. We are not going to be able to turn back the clock. There are people who have been at the forefront of this and have been leading on this. There were criminal convictions. Somebody made a decision somewhere to charge those people. The Post Office has its own investigation department; it has its own ability to prosecute. All these things are wrong and need to be reviewed by this independent judge.

Last but not least, who authorised the expenditure of circa £100 million of legal costs to defend themselves and got that so wrong? I know I said this earlier, but to try to recuse the judge was an unmitigated disaster. The Post Office was throwing money away to try and get the judge sacked because it did not like what he was saying. It just beggars belief.

**Chair:** Thank you very much, all four of you, for your evidence today. As we all know, we will be taking evidence on 24 March from both former



and current leaders of the Post Office. As you said in your final answer, Andy Furey, something went wrong. That is the understatement of the day. Part of the duty and role of our Select Committee is to try to understand what went wrong and to get some answers next week. As others have also said today, there are limitations in what our Select Committee can do, and I do not want to overstate or overplay what we can do to get justice for the subpostmasters; that will take a judge-led inquiry. I hope that our Select Committee can do its part in trying to understand what happened and trying to ensure some level of justice and closure for the people who are affected by this, but also resetting the relationship between the Post Office and its subpostmasters, so that it can be the trusted brand that we all want it to be on our high streets. It has taken a huge battering because of this scandal. Thank you very much.