

Henry Staunton claims pressure was put on him to help the government navigate the Horizon scandal

ILLUSTRATION BY PETE BAKER

EXCLUSIVE INTERVIEW

Post Office boss: I was told to stall compensation to help Tories

Henry Staunton had only been in post since 2022. But when he was sacked he says Kemi Badenoch told him: 'Someone's got to take the rap'

Oliver Shah, Associate Editor

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The first Henry Staunton knew of his imminent ousting as Post Office chairman was when he received a call from Sky News on a Saturday afternoon last month. He hadn't even met Kemi Badenoch, the business secretary, but she phoned him shortly afterwards to confirm the government was sacking him.

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the Horizon scandal, which saw more than 900 sub-postmasters and others wrongly prosecuted between 1999 and 2015 based on flaws in the Post Office's accounting software, and said: "Well, someone's got to take the rap for this."

Staunton had been chairman only since December 2022. He said he replied: "Fine. We're turning the business round. We've got a strategy to move forward. The culture's dire, in terms of how the postmasters are perceived in particular ... But you've clearly made your decision."

Badenoch's department said Staunton's characterisation of their conversation was "simply incorrect".



According to Staunton, Badenoch did not apologise for the way he discovered that he had been sacked

DAN KITWOOD/GETTY IMAGES

Staunton, a corporate veteran who previously chaired the retailer WH Smith and the property company Capital & Counties, said he now felt "fairly philosophical" about his treatment. But in an interview with The Sunday Times this weekend he claims that:

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- He was instructed by a senior civil servant to stall on compensation payments to Horizon victims so the government could “limp into the election” with the lowest possible financial liability.
- The government body that manages taxpayers’ ownership of the Post Office told its chief executive to write to the lord chancellor stating the reason so few sub-postmasters had come forward to have their convictions overturned was because they were “guilty as charged”.
- The Post Office remains a “mess”, plagued by a “toxic” culture where executives continue to mistrust sub-postmasters, despite exposure of the scandal, and where suspicion they are “digging into the [till] drawers is rife”.
- It still employs more than 40 investigators involved in the wrongful prosecution of sub-postmasters. These investigators are known as “the untouchables” inside the organisation because of the power they wield.

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Kwasi Kwarteng, the business secretary in 2022, thought Staunton would be able to resolve the Post Office crisis

AFP

Staunton, 75, was due to retire from WH Smith and was looking forward to spending “more time on the golf course, on the tennis court and at our place in Cornwall” when he was approached by headhunters about the Post Office chairmanship in 2022. They convinced him it was “time to give something back, because you’ve just trousered all this money”. Staunton met Kwasi Kwarteng, then the business secretary, who told him: “It’s full of problems, but it’s not something that you couldn’t sort out.”

By the time Staunton joined, Kwarteng was gone, having been promoted to chancellor and then fired. Staunton said he walked into an organisation where morale was “not strong” and

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accounting for shortfalls at their branches caused by glitches in the Fujitsu-supplied Horizon IT system. Until Kevin Hollinrake, the postal affairs minister, intervened last September and offered £600,000 upfront to those wrongly convicted, the Post Office operated three separate compensation schemes. The main one, the Horizon Shortfall Scheme, had paid an average of £36,000 to more than 2,400 people by the end of last year.

Staunton said the schemes struck him as “terribly bureaucratic”, “terribly pedantic”, “terribly unhelpful” and “terribly unsympathetic”. “I thought, we haven’t got this right, we’re trying to make it difficult [to claim compensation],” he said.

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He was more shocked by the attitude he encountered in Whitehall. “Early on, I was told by a fairly senior person to stall on spending on compensation and on the replacement of Horizon, and to limp, in quotation marks — I did a file note on it — limp into the election,” he said. “It was not an anti-postmaster thing, it was just straight financials. I didn’t ask, because I said, ‘I’m having no part of it - I’m not here to limp into the election, it’s not the right thing to do by postmasters.’ The word ‘limp’ gives you a snapshot of where they were.”

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consistently encouraged postmasters to come forward with their claims. To suggest any actions or conversations happened to the contrary is incorrect. In fact, upon appointment, Mr Staunton was set concrete objectives, in writing, to focus on reaching settlements with claimants – clear evidence of the government’s intent. The secretary of state asked Henry Staunton to step down as chairman of the Post Office because a change in leadership was needed.”

Another priority was the exoneration of those wrongly convicted. Only about 100 convictions have been overturned so far. Staunton said sub-postmasters told him the reason more former colleagues had not come forward was “because they don’t trust the British justice system”. But he said the sentiment voiced by Richard Taylor, the Post Office communications director, who was suspended after a recording emerged of him saying that some sub-postmasters “downright stole”, was widely shared in the Post Office’s upper echelons. The Post Office is understood to dispute this.

• Pictured: the Post Office victims who died without justice

The ITV drama Mr Bates vs The Post Office unleashed a tidal wave of public anger, prompting Rishi Sunak and Hollinrake to promise unprecedented legislation to overturn all convictions related to the Horizon scandal. Before then, efforts to help sub-postmasters were “getting absolutely nowhere”, Staunton said. “And then the dam broke.”

Staunton said UK Government Investments (UKGI), the body staffed by former investment bankers that manages taxpayers’ stakes in assets such as the Post Office, appeared to oppose blanket exoneration. Last month — after the drama’s airing — Nick Read, chief executive of the Post Office, wrote to the justice secretary, Alex Chalk, with a legal opinion from the Post Office’s solicitors at Peters & Peters attached. The message said that in more than 300 cases, non-Horizon evidence supported

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charged' - ie think very carefully about exoneration. I said to Nick [Read], 'This is not right - this goes to the heart of how we as an organisation feel. You've sent that letter as if that's our view, and that is not my view, and it is not the view of at least half of the board ... If this got out, we'd be crucified, and rightly so'."

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According to Staunton, Read said he sent the letter at UKGI's behest. Staunton believes UKGI was trying to undermine Hollinrake's stance on exoneration. "It seems to me astonishing to prevail upon the Post Office to write a letter to Chalk which was undermining their own minister — because to be fair to Hollinrake, he said, 'We've got to sort this'," Staunton said. "It was terrible, terrible governance ... I picked it up with the UKGI director, who didn't deny it but didn't really want to talk about it. And I thought it was not my job to work out what the politics is behind all this."

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UKGI said: “We strongly refute the claims levelled by Mr Staunton, both in the facts presented and the suggestions made as to UKGI’s overall role. UKGI did not commission the letter as Mr Staunton has claimed and only became aware of it once it had been shared with ministers. It is not UKGI’s role to set [government] policy on these issues, which is rightly the role of the relevant departments.”

A source close to the Post Office said Read’s January letter was in no way seeking to influence the government’s plans for mass exoneration and denied that it was sent at UKGI’s behest.

Shortly before he was ousted, Staunton was copied into an email sent by Elliot Jacobs, a sub-postmaster board director who runs eight branches in London and Hertfordshire. It said that a “culture that [postmasters] are ‘guilty’ and ‘on the take’ is embedded in this company” and warned that “while we continue to [employ] 40+ people who ensured innocent people were found guilty and who continue to believe that mantra, this will never change”.

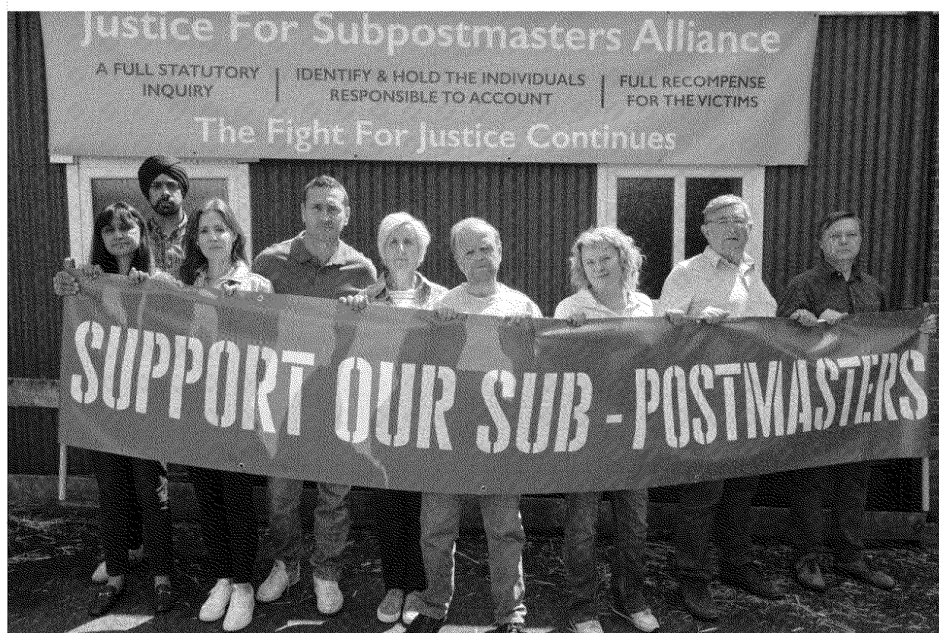
This was a reference to the Post Office’s investigations team, which reports to Ben Foat, the general counsel, and still includes individuals such as Stephen Bradshaw, who denied allegations that he and his colleagues “behaved like mafia gangsters” when they appeared before the Horizon IT inquiry last month.

Staunton agrees with Jacobs’ assessment. He said Read often described the investigations team as “the untouchables”. “I said, ‘That’s terrible governance — you can’t have people who are untouchable, particularly if they’ve done wrong,’” Staunton said. “And he said, ‘Well, it would be terrible publicity [to get rid

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going to be awful for us, and it's going to make postmasters feel as if we haven't got the message ...' We've even rehired people in investigations who were in it, left and came back and we took them on. You couldn't make it up."



The plight of the wrongly accused sub-postmasters was given extra prominence thanks to the ITV drama *Mr Bates vs The Post Office*

PA

A source close to the Post Office said it was not true that it continued to employ 40 investigators involved in the Horizon scandal and that it did not recognise the "untouchables" tag.

The trigger for Staunton's ousting was a row over the appointment of a new senior independent director. The government wanted a Whitehall insider but the Post Office board voted for Andrew Darfoor, a financial services veteran who was already a director. "That was a big part of it," Staunton said. "I feel that I was acting as the servant of the board, and I wouldn't change one jot of it. There was frustration, 'He's too postmaster-centric and he doesn't do what we tell him'."

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Staunton is now fulfilling his long-held wish to spend more time in Cornwall. For the Post Office and the people who manage its 11,500 branches, the story grinds on.

Staunton thinks the government should offer wronged sub-postmasters £1 million each in compensation and get on with quashing convictions. “The public believes this is terrible — and frankly, if we paid more than we might do in a hard-bitten law case, I don’t think the public would mind one jot,” he said. “And in respect of exoneration, if ten out of several hundred were guilty, I don’t think the public would actually feel that was a big deal. [Otherwise], this is just going to fester, and actually we as a business can’t move forward if all of this is there in the ether ... Society has let down the postmasters, so therefore society needs to dig into its pockets to make up a fair and decent contribution.”

A business department source said: “This blame-passing was a feature of Mr Staunton’s time in the Post Office and emblematic of his lack of control over the organisation and why the board needed new leadership. As well as his poor judgment, Staunton was dismissed for blocking an investigation into his conduct. Given [that the business department] is the department responsible for whistleblowing, Kemi Badenoch was not prepared to allow Staunton to remain in position, yet said his dismissal was by mutual consent to avoid damage to his reputation, which he has now invited by speaking to the media, when previously saying he would not.”

The Post Office said: “Post Office is very aware of the terrible

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government’s plans for faster justice and redress for victims. No one within Post Office is out of reach of the inquiry.”

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