**Letter of demand (outstanding payment) template**

*Writing a letter of demand is an important first step in trying to recover money owed to you. Use this template to let the debtor know about the issue and provide them with an opportunity to resolve the problem.*

*[place on your business letterhead / insert business logo, if applicable]*

[date]

[your name]  
[your business name]  
[your business address]  
[your contact details]

[debtor’s name]  
[debtor’s business name]  
[debtor’s address]

Dear [debtor’s name]

**Re: Letter of demand – outstanding payment**

I am writing in reference to [details of contract / agreement] and payment not being received.

I enclose [details of the documents you are attaching such as invoice etc] dated [date of invoice etc] for the outstanding amount of $[amount].

I demand full payment of the outstanding amount within [specify due date – usually within 14 days from the receipt of the letter].

Payment should be made by [details of how you would like to receive payment i.e. bank account details, address for cheque to be posted to].

[Optional] Alternatively, and without prejudice to my rights for full recovery of the debt, I am prepared to: [Choose the option which is most appropriate].

Accept the full amount of $[amount less than full payment] as full and final settlement of the debt, if paid within 7 days [or other appropriate period] from the date of this letter.  
[OR]  
Accept instalments of $[amount] per [week/month] until the debt is fully paid, the first instalment to be paid on [date] and thereafter on the first working day of every [week/month] until the debt is fully paid.

If this matter is not resolved by the time specified above, I reserve the right to commence legal proceedings to recover the debt without further notice to you, and this letter may be tendered to the court or tribunal as evidence. Legal action may result in you having to pay legal costs and interest in addition to payment of the amount owing.

Should you wish to discuss this matter further, I can be contacted on [phone number] or at [email].

Regards

[your name]  
[business name]