

Collection Letter Template Pack

Staying on top of outstanding debtors is crucial if you want to maintain the cash flow in your business.

How you correspond with clients who have unpaid accounts will make or break your debt recovery, so we've put together this template pack to assist you with the process. It contains:

1

A reminder letter template

When an invoice is unpaid and lapses the payment due date, our first recommendation is to re-send the invoice with a reminder letter. This is a friendly letter that helps you maintain the business relationship while requesting payment of overdue invoices. More than one reminder can be sent to a client before sending across a Letter of Demand.

In addition, we encourage one or two follow up phone calls during this time where we urge you to remain calm, confident and have all the information about the debt at hand. Maintaining contact with a debtor can help identify the reasons for overdue payments. At times, the debtor may be facing cash flow issues themselves.

2

A 'Letter of Demand' template

If reminder letters and polite calls fail to resolve the unpaid invoice within the next 7 days, a 'Letter of Demand' can help you take the next step in the debt recovery process. From our perspective, it's best to attempt to resolve any disputes outside of the court where possible—it offers the opportunity to salvage a business relationship while saving you money.

A letter of demand states how much you are owed, what for, when the invoice needs to be paid, and any potential considerations for legal action.

Tips:

- *The letter templates can easily be adapted to be sent via email if this is your preferred form of correspondence.*
- *When sending reminder letters and calling clients with overdue payments, avoid getting personal. Unjustified threats or intimidation tactics will work against you if you take legal action down the track. Maintain a professional approach during all correspondence, regardless of how difficult the client may be.*

Template: Reminder Letter

Print on your business letterhead

[date]

[debtor's name & address]

Dear Sir/Madam [or name of the person if known],

RE: Our records show your payment is overdue

Hi [insert name],

This is a courtesy letter to let you know that your payment of [amount] for [products/services] is now overdue. The most recent payment we received was on the [insert the last payment date], therefore the total outstanding balance is now [total outstanding balance].

We have enclosed a copy of our invoices relating to this account.

We would greatly appreciate your payment for this outstanding amount at your soonest possible convenience. We draw to your attention that the [products/services] were supplied to you on the [date]. Our terms of trade stipulate that payments are to be made in full within [payment term days]. We kindly request that you make the necessary payments using the payment options below:

[Payment methods]

If there is any difficulty with the account, please discuss this with us as soon as possible.

Yours Sincerely,

[Your name, address and other contact details]

Template: Letter of Demand

Print on your business letterhead

[date]

[debtor's name & address]

Dear Sir/Madam [or name of the person if known],

RE: Letter of Demand

I am writing concerning the amount of [amount] which was due to be paid on [date] and remains outstanding despite our requests for payment.

This amount relates to*:

- ④ goods supplied to you by us at your request, and being [insert a brief description of the goods and any relevant dates];
- ④ services provided to you by us at your request, and being [insert a brief description of the type of service and any relevant details];
- ④ monies due to us pursuant to the terms of our contract dated [date] and being for [insert a brief description].

<*choose one of the options above and delete the remaining>

Attached is a copy of the original invoice to you dated [date] / a copy of our contract.*

<*amend the above to refer to any documents you are attaching to evidence the amount owing.>

To avoid further action being taken, please ensure the full amount is paid using the below payment options within [number of days] from the date of this letter.

[Payment methods]

If this matter is not resolved by the time specified above, we reserve the right to commence legal action to recover the debt without further notice to you and this letter may be tendered in court as evidence of your failure to pay.

Yours Sincerely,

[Your name, address and other contact details]



Need assistance with debt recovery?

If you're struggling with unpaid accounts and need help collecting your debts, feel free to reach out to our team—debt collection is what we specialise in. With over 20 years of experience under our belt, we have perfected our process and can offer you:

- ➔ No joining fees or lock-in contracts
- ➔ A 'no resolution = no commission' fee structure
- ➔ A dedicated account manager
- ➔ A higher chance of recovery and retention over doing it in-house

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