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Write a letter of demand

If you're having problems getting an invoice paid, you may wish to send a letter of demand to the person that owes you money. Find out what a letter of demand is and how to prepare one.

What a letter of demand is

You can send a letter of demand when you've tried unsuccessfully to get your invoice paid and it's time to take more serious action. This is an opportunity to put your concerns in writing and gives the other party a chance to fix it before further action is taken.

A letter of demand states how much the business owes you, what for and when they need to pay the invoice by. It may also include a warning that you'll consider legal action if the debt is not paid by a particular date. The title 'Letter of demand' at the top of the page lets the hirer or buyer know you're serious about getting your money.

Before writing a letter of demand

Make sure you have already sent reminders before you send a letter of demand. These should contain a correct invoice and clear intentions of when you expect the invoice to be paid.

It's also important to understand the consequences of sending a letter of demand. It could inflame a dispute, but may still be necessary to recover a debt.

1. Find out who owns the business

It's important to find out who owns the business that owes you money. It may not be the person who you made the original agreement with. The best approach is to send your letter of demand to the person who owns the business.

2. Draft your letter of demand

If you decide to prepare the letter of demand yourself, you may wish to adapt our sample letter below for your situation. A lawyer can write a letter of demand for you on the law firm's letterhead. This can sometimes encourage the hirer to pay the debt promptly.

Most law firms charge a set fee to write a letter of demand on your behalf. This can be a relatively inexpensive and effective way of recovering your debt. Make it clear to the lawyer that the letter of demand is all you're asking for. Getting advice from a lawyer will usually cost you more.

Letter of demand template

Download our sample letter of demand and adapt it for your situation.

[Letter of demand template](#)

↓ DOCX · 0.02 Mb

(https://business.gov.au/-/media/business-information/templates-and-tools/letter-of-demand-template.docx?sc_lang=en&hash=EEA6C529C0B459F228994D3697BC22B4)

3. Check and send your letter of demand

When preparing your letter of demand, check the following:

- ✓ Have you have already tried friendlier means to recover the debt, such as a polite phone call or late payment reminder letters?
- ✓ Does it include precisely accurate information? Could anyone say that something in the letter is false or misleading?
- ✓ Does it include a late payment interest rate? (Only include this if it was specified in the contract.)
- ✓ Does it inform the other party of any action you're not willing to take? (You should only mention action that you're prepared to take.)
- ✓ Is it polite and respectful?
- ✓ Have you signed and dated it?
- ✓ Have you attached copies of all relevant supporting documentation? (For example, a contract, invoice, first and second late payment reminder letters and any relevant emails, faxes or letters.)
- ✓ Have you kept a copy of the original documents and the signed letter of demand?

Important: Make sure you send the letter by registered post and that you request a 'signed proof of delivery' card. Keep this card in case you need it as evidence in court later.

Read next

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(<https://business.gov.au/people/disputes/resolve-disputes>)

→ Resolve disputes

[Understand what to consider before you decide on court action.](#)

(<https://business.gov.au/people/disputes/when-to-go-to-court-over-a-dispute>)

→ When to go to court over a dispute