

The First Collection Letter

Just because this is the first collection letter, this doesn't mean this is your first point of contact with the customer. By now you have sent the invoice, sent due date reminders and let them know when the invoice has gone past due. The first collection letter should be sent out to the non-paying customer as soon as the invoice has gone past due.

Since this is only the first letter, it is important to keep the tone friendly, informative and professional. There are many reasons why the customer has not paid on time, such as never receiving the invoice or missing something important on the invoice. By giving them a chance for explanation before getting upset and pushy, you are able to keep a great customer-vendor relationship.

This first collection letter should contain the following information:

- Days past due
- Amount due
- Note previous attempts to collect
- Summary of account
- Instructions- what would you like them to do next?
- Due date for payment- it is important to use an actual date, not "in the next 8 business days" as this can be vague.
- Your contact information

The First Collection Letter Template to Customer

Dear Sohina ,

Greetings!

This is just a friendly reminder that your account is past due. According to our records your balance of Rs.---- is currently----- . We have emailed a detailed copy of your account statements.

If you have not received these messages and documents, we have provided a summary of your account below.

Invoice number:
Invoice Date:
Amount: Due Date:
Days past due:

We would much appreciate if you could let us know the status of this payment. Please contact us or send your payment of \$ to the address below by Dec.16, 2023 if you have not already done so.

ATTN: Accounting Dept.

If there is some error or you are unable to pay at this time, please contact me at so we can correct any errors or arrange for another payment plan. Thank you for your prompt response to this request and for your continued business.

Sincerely,

Ramesh
Mob
Email

The Second Collection Letter

The second collection letter can be a tough balancing act. While your tone needs to become more assertive since the first letter seems to have gone ignored, you still need to remain friendly towards to customer. Finding the grey area between assertive and friendly is always difficult.

The time to send the second past-due invoice notice is either two weeks after the first collection letter has gone ignored, or after a promise to pay from the first letter has gone past due.

The second collection letter should include:

- Mention of all previous attempts to collect, including the first collection letter
- Original invoice due date
- Days past due
- Invoice number and amount
- Instruction- what should they do next?
- Offer help to work on the payment terms
- Hint at the impact non-payment could have on their credit terms/ratings
- Your contact information

The Second Collection Letter Template

Dear Sohina ,

Greetings !

At this time we have not yet received a payment in regards to nor have we gotten a response to the letter sent on -----.

Your accounts is now, days past due and you owe a total of Rs.-----.

As a valued customer, we would like to help you quickly remit payment to avoid any actions that could damage your credit rating or future credit limits with our company. If there is any reason you are unable to pay in full, please contact me at and I would be happy to talk about arranging a payment schedule that is mutually agreeable.

Please get in touch with me immediately if you would like to work out a payment schedule, otherwise please submit your payment of Rs. By----- .

We can accept your credit card information over the phone, through our online payment portal, or I have enclosed a self-addressed envelope for your convenience should you choose to send a check in the mail.

Thank you in advance for your prompt response to this letter and for your continued business.

Sincerely,

The Third Collection Letter

At this point, you have now sent multiple letters and made multiple attempts to collect. For every week that an invoice goes unpaid, the likelihood of not collecting on the full amount increases. For this reason, the tone of this letter will be very different than the rest. You will be notifying the customer that if they do not pay immediately, you will be forced to refer their account to a collections agency or involve a lawyer.

Although the third collection letter can be quite frustrating, it is important to continue to remain professional. By simply stating the facts and what the impending consequences

The third collection letter should include the following information:

- Mention of all previous attempts to collect
- Invoice number and amount
- Original invoice due date
- Current days past due
- Instructions on what they should do next

- A warning of the impending consequences
- Your contact information and final request to contact you

The Third Collection Letter Template

Dear Sohina,

Greetings!

At this time we still have not heard from you in regards to invoice which was due on nor have we gotten a response to the letter sent on-----, the letter sent on , or our numerous attempts to call and email you.

Your accounts is now days past due and you owe a total of Rs.-----.

I regret to inform you that unless we receive payment in full by or work out an agreed upon payment plan by this date, we will have to turn your invoice over to a collection agency and/or our attorney.

I hope to hear from you before this action must be taken to avoid damage to your credit rating or our future business relationship. Please contact me immediately at so we can get this matter settled.

Sincerely,

The Final Collection Letter and Notice of Legal Action

With this final collection letter, you have now done everything you can and are simply letting the customer know that the matter is no longer in your hands. Although it is not mandatory to let the customer know that their account has gone into collections or turned over to a lawyer, it can help to keep the relationship in good standing and make a smooth transition. This also gives you a last final attempt to collect, and when lawyers are involved, people usually start to hustle.

This letter is significantly shorter than the others because it is simply a notification letter. It will serve as proof of the multiple times the customer was contacted, the invoice in question and the amount that is due. Remember: even as the final notice, you still must remain professional.

The Final Collection Letter and Notice of Legal Action Template

Dear Sohina,

At this time we still have not heard from you in regards to invoice for Rs. ----which was due on ----- . Neither have we gotten a response to numerous phone calls, emails, or the letters sent on -----, , nor the payments have been made .

Because we have failed in our attempt to work this out with you directly, I regret to inform you that we have reported this issue to the credit bureau and turned this invoice over to a collection agency who will be in contact with you regarding the payment of this invoice.

Sincerely,