

# LETTER BEFORE ACTION

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TEMPLATE



# INTRODUCTION

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A letter before action (LBA) is a letter warning your customer that court proceedings will be started if the debt is not paid. As “going legal” is the last resort, the court will expect you to find another way of reaching an agreement before issuing a legal claim.

Therefore, you must send your customer a formal LBA to give them one last chance to settle the matter. Even if you have already written to your customer about the outstanding invoices, you will need to start by sending a LBA.

This document describes in detail the elements to put in a LBA to get quick and positive feedback from your customers.

By opening an account with us for your Limited Company, LLP or PLC, you can submit a LBA form in 2 minutes to be sent on the same day by post or email (see page 6).

# LBA TEMPLATE

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Demo Customer Ltd **1**  
100 Example Road  
London  
SW10 EXP

Email & post to: [accounts@adebtor.com](mailto:accounts@adebtor.com) **2**

Our Ref: KRF/LBA1/D069004 **3**

Your Ref: PO1234 **4**

DD Month Year **5**

Dear Sirs

**Re: Outstanding Debt due to A Creditor Ltd **6** - £5,000**

We are writing to you concerning the amount of **£5,000 **7**** that is outstanding. You have previously been provided relevant invoices and statements but any request for a further copy invoices, or other documents relating to this debt, should be made by return.

We refer you to the Practice Direction (Pre-Action Protocols) in particular paragraph 15 and the sanctions for non compliance. You can find these on the Ministry of Justice website at: [http://www.justice.gov.uk/courts/procedure-rules/civil/rules/pd\\_pre-action\\_conduct](http://www.justice.gov.uk/courts/procedure-rules/civil/rules/pd_pre-action_conduct) **8**

**Unless payment of this sum is received within 7 days of the date of this letter, Court proceedings may be issued against you without further notice. **9****

Any Court proceedings will include a claim for interest from the due date of the invoices, Court fees and legal costs. Where appropriate, interest, compensation and further costs under the Late Payment of Commercial Debts (Interest) Act 1998 will be claimed. Any further invoices which become due will be included in the claim. **10**

**If a Judgment is subsequently registered against you it is likely to affect your credit rating. **11****

We look forward to receiving your payment as a matter of urgency. **12**

Yours faithfully

**Lovetts – Solicitors**

# LEGEND

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- 1** Ensure you have the correct address so the customer cannot argue they did not receive the letter. You can also send the letter by email and to the registered office address, if different from the trading address, as a belts and braces approach.
- 2** When sending an email request, a delivery and read receipt to act as evidence that the email has been delivered /read by the intended recipient.
- 3** Have a reference that is easily identifiable to you and is associated to the account/invoices you are dealing with.
- 4** If there is a specific reference the customer uses or purchase order number that would identify the debt within their system, ensure you quote this to speed up the process of payment.
- 5** Ensure you have the correct date on the correspondence as this may make a difference as to when you should anticipate receiving payment.
- 6** Make it clear why you are writing to the customer.
- 7** Specify the amount that is outstanding.
- 8** Make the customer aware of the relevant protocol in the event there is a dispute to the debt.
- 9** Specify the date you require payment by and the consequences of failing to pay.
- 10** Make it clear that the amount payable may increase due to additional fees, interest and compensation. Interest and compensation can be added to the letter but ensure, you accompany a schedule with the letter to show a breakdown of the amounts. If your contract has a specified interest amount that will be applied for late payment or the customer is an individual, the Late Payment of Commercial Debts (Interest) Act 1998 will not apply. If you are not sure, please feel free to check with Lovetts.
- 11** If a claim is issued through the Courts and payment is still not forthcoming, a County Court Judgment (CCJ) can be entered against the customer. The Judgment will affect the debtors' credit rating and could stay on their record for 6 years if the payment of the CCJ is not made within a month of the Judgment Order.
- 12** You may wish to specify how and where payment should be made.

# NEXT STEPS

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If you do not receive any response to the LBA or you do not agree with the response you receive, court proceedings can be issued or alternative steps can be taken to collect the debt. Please feel free to discuss your options with Lovetts.

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