Reasons for a Demand Letter

The simple reason that you need a demand letter is to let the other side know that you are serious in your desire for payment. Many times the people that owe you money think that you won't seriously go after them for payment. However, their feelings and thoughts often change after receiving a demand letter that sets out the reasons why you feel that you deserve payment and states that if you do not receive what is owed to you, you plan on going to court.

The demand letter is often the first time that the other party will realize that you are serious about collecting the money that is due to you and that you will take it to court if need be. In addition, the other party may finally realize that if they do not pay up, they will have to spend time and money to publicly defend their position.

The Structure of a Demand Letter

1. **Lay Out Your Reasons** -- The first thing that you should do in a demand letter is lay out what happened. This may seem strange to you because the other party should know what happened. However, it is always best to put a detailed description of the events in writing. If you end up going to court, the letter can be introduced as evidence on your behalf. Keep in mind that the judge will have no idea of the circumstances.
2. **The Golden Rule: Be Polite** -- You should always keep this in mind while you are writing the letter. Although you want to be firm in your letter, you do not want to anger the other party. If you personally attack the other party or insult their integrity, the letter is less likely to work. Instead of writing angrily, write in a businesslike manner. If you can, be sure that the other party sees what they stand to lose in terms of money, the time they would have to spend defending themselves, and the fact that the dispute would become public. The more that you can show the other side that it is better to agree with the letter, the better off you will be.
3. **Ask For What You Want** -- There are too many times when great demand letters go out the window. This often happens when there is not a specific demand within the letter. Be sure that you include what you want in the letter. If you are demanding money, demand a specific amount of money and have reasons to back it up. If you want the other party to do something (such as move their fence), be sure that you list exactly want you want to happen (eg, move the fence back by three feet).
4. **Be Professional** -- Do not handwrite a demand letter. Instead, use a computer or a typewriter. If you have your own stationary or letterhead, use it.
5. **Threaten an Alternative** -- Remember that you are giving the other party a choice when you write a demand letter. They can either accede to your demands, or you will take it a step further. A common example of an alternative is "if you do not agree to the demands of this letter, I will take action against you in small claims court."

To see this all in practice, here is a sample demand letter:

123 Dearborne Avenue   
Eight Floor, Suite A   
Homer, AK 99603   
December 2, 2009

Dear Mail-A-Fish,

On October 12, 2009, I purchased a whole halibut fish from your company. As advertised, you shipped the fish to me on the next business day via overnight delivery and I received the halibut on October 13, 2009. However, during transit, the fish went rotten and I was unable to eat it.

You advertised that any fish that you shipped via overnight delivery would be packed in a cooler with at least two pounds of solid carbon dioxide (dry-ice). However, my fish arrived at my doorstep packed only in a cardboard box lined with a garbage bag.

I have attempted to get a refund through your customer service department and have sent photographs of the rotten fish and deficient shipping materials as requested. However, after nearly two months, I have still not received a refund of the $250.12 purchase price I paid.

Your customer service department states that they cannot refund my purchase price because my fish was not lost in transit.

I have spoken with the delivery man that delivered the fish to my doorstep and he is willing to testify that he delivered a package to my doorstep that was shipped from Alaska and had a rotten-fish smell emanating from the box. In addition, my neighbor, who was with me at the time the package was delivered, is willing to testify that she saw the return address of your company on the box before it was opened, and that she also saw the rotten fish and the invoice for my purchase contained with the box from your company.

I have enclosed a copy of the invoice for my purchase. Please refund my purchase price of $250.12 to my American Express card on or before December 15, 2009. I will call American Express on December 16 to see if my purchase price has been refunded. If it has not, I will file this matter with the small claims court to recover my purchase price.

If you have any questions, I can be reached at (907) 123-1234. You can also e-mail me at abcd\_anonymous@fake.com.

Sincerely,

Freddy Funky