

Demand Letters: The Basics

Settling your dispute may be as easy as writing a payment demand letter.

Before going to court, it's wise to send the other party a short, clear letter demanding payment. It may seem too good to be true that a simple letter can result in the other side paying what you ask or agreeing to an acceptable compromise, but demand letters initiate a successful resolution in as many as one third of all potential disputes.

Why You Need a Demand Letter

Most people who know they owe you money expect you won't pursue them, but things often change if you write a firm letter, called a demand letter, laying out the reasons why the other party owes you money and stating that if you fail to get satisfaction you plan to go to small claims court. For the first time, the other party must confront the likelihood that you won't go away but plan to have your day in court. They must face the fact that they will have to expend time and energy to publicly defend their position.

How to Write a Demand Letter

1. Review the history of the dispute. At first this may seem a bit odd -- after all, your opponent knows the story -- but remember: If you end up in court, the letter can usually be presented to the judge, who doesn't know the facts of your dispute.

2. Be polite. You catch more flies with honey than by hitting them over the head with a mallet. Avoid personally attacking your adversary (even one who deserves it). The more disparaging you are, the more you invite the other person to respond in a similarly angry vein. Instead, you want the other person to adopt a business-like analysis:

- What are my risks of losing?
- How much time will a defense take?
- Do I want the dispute to be made public?

With luck, the other party will decide it makes sense to compromise.

3. Ask for a specific resolution. For example, ask for a specific amount of money to be paid by a set date, or for the other person to do something specific, such as fix a botched home repair job.

4. Make it look professional. Use a computer or typewriter to write your demand letter. Keep a copy for you records.

5. Threaten the alternative of court. Conclude by stating that you will file a lawsuit if your demand is not met.

Sample Demand Letter

Tucker's Fix-It-Quick Garage
9938 Main St.
Chicago, IL 61390
July 1, 20xx
Dear Mr. Tucker,

On February 15, 20xx, I took my car to your garage for servicing. Shortly after picking it up the next day, the engine caught fire because of your failure to properly tighten the fuel line to the fuel injector. Fortunately, I was able to douse the fire without injury to myself.

As a direct result of the fire, I paid the ABC Garage \$681 for necessary repair work. I enclose a copy of their invoice.

In addition, as a direct result of the fire, I was without the use of my car for three days and had to rent a car to get to work. I enclose a copy of an invoice for the rental cost of \$145.

In a recent phone conversation, you claimed that the fire wasn't the result of your negligence and would have happened anyway. You also claimed that, even if it was your fault, I should have brought my car back to your garage so you could have fixed it at a lower cost.

As to the first issue, Peter Klein of the ABC Garage is prepared to testify in court that the fire occurred because the fuel line was not properly connected to the fuel injector.

Second, I had no obligation to return the car to you for further repair. I had the damage you caused repaired at a commercially reasonable price and am prepared to prove this with several higher estimates by other garages.

Please send me a check or money order for \$826 on or before July 15. If I don't receive payment by that date, I'll promptly file this case in small claims court.

You may reach me during the day at 555-2857 or in the evenings until 9 p.m. at 555-8967.

Sincerely,
Marsha T. Rizzoli

To learn more about demand letters and other methods of settling potential disputes, read *Everybody's Guide to Small Claims Court*, by Attorney Ralph Warner (Nolo).

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