

Demand Letter Template

About This Template

You may find your expectations in a business relationship with another party have not been met. Perhaps you have not been paid for work that you have completed, or someone is using your work in a way you did not agree it could be used. You may be able to resolve these contract disputes through informal communications, like a phone call or in an email exchange, but there may also be times when those informal communications do not resolve the problem. In such cases, you may decide to send a formal demand letter, such as a version of the template demand letter presented here.

Most contract disputes in Canada resolve before they reach the stage of filing a lawsuit with a court, so a demand letter, whether prepared by you or a legal professional on your behalf, can be one of the strongest tools in your legal toolbox when it comes to resolving issues with other parties.

What is a Demand Letter?

A demand letter is a formal written communication to an opposing party under a contract with you where you:

1. Identify your problem or dispute (for example, that you have not been paid the full amount you have agreed to for your completed work),
2. State your proposed solution and what you expect the recipient of the letter to do (for example, that they should pay you the agreed upon amount due for your work under the contract), and
3. Give the recipient a deadline to comply.

Do not use this demand letter format if you are writing to anyone with whom you do not have a contract or business relationship. For example, if a member of the general public infringes the copyright you own in a work and you want to demand that they stop, you will need to refer to a template for a “cease and desist” letter rather than a demand letter, because there is no contract or business relationship with that person.

Why Should You Send a Demand Letter?

A demand letter can signal to the recipient that you are taking the matter more seriously and are prepared to escalate the matter by taking the dispute to court if necessary. While some people prefer that a demand letter be sent by a legal professional on their behalf as an additional signal of this serious intention, there is no legal requirement that such professional send these kinds of letters. It is important to seek professional legal advice when you need it, but it is also important to make effective use of such advisors at a cost proportionate to the value of your claim.

Before you start!

There are a few questions you should ask yourself before you start drafting your demand letter that will help you ensure you have covered your bases:

- The Facts

What did you agree to? Is there an oral or written agreement in place?

What did you do? Have you completed or fulfilled your obligations – that is, did you do what you promised you would do?

What has gone wrong? What is the problem that you would like to address?

- The Ask or the Demand

What is the one specific action (the “remedy”) that will fix the problem? If it is payment, what is the exact amount you wish to be paid? If you want something returned to you, what is the exact thing you wish to be returned? What is the exact action you wish to be taken?

- The Deadline

When is the deadline by which you want the recipient to act? Consider what you think is reasonable in the circumstances and would give the recipient time to fully fulfill your demand. Are there specific timelines in your contract?

- The Consequence

What steps are you prepared to take if the recipient does not comply with the terms of your agreement and your demand? You should be careful how you frame this in your letter and only include steps that you are genuinely prepared to take and are lawfully allowed to pursue.

[Insert your name and address]

Working Note:

Insert your full legal name as it appears in your written contract and/or invoice (as applicable). For example, if you do business as a corporation, then use the full legal name of your corporation, including the applicable designation of Inc., Corp, etc., as it is registered. Likewise, use the registered address of your business, if applicable.

Delivered by [insert method or methods of delivery]

Working Note:

A demand letter sent by email can be sufficient, but to prove it was received (especially if it is not immediately responded to or if sending by email to a specific email address is not mandated in a written contract) it is a good idea to send a copy of the demand letter by registered mail or courier so you have a written confirmation from the post office or courier as proof of delivery. Keep copies of everything, including the proof of delivery, as these will be required as evidence in any court action if you later do decide to take the dispute to court.

Be careful that any specific requirement of the written contract to give a notice - such as this demand letter - is also met. Check the exact language used in the contract, if any, concerning who must receive such a notice of breach of contract and how it is to be sent. For example, if the contract requires delivery by e-mail, then you should also add delivery of a copy by email to comply with your contract. Be sure you do not do less than exactly as the contract requires, but also make sure that at least one of the methods you use for delivery allows you to also receive proof of delivery (e.g., registered mail or courier), since these are the preferred ways to evidence that a demand was actually delivered if you later proceed to court action.

[Insert date of the demand letter]

Working Note:

Insert the date you send the demand letter. If you are owed money under a contract (whether the contract was in writing or not), your rights to start a legal proceeding to enforce the payment will likely be subject to limits under the laws of the jurisdiction whose laws apply to the contract or under the wording of the contract itself. For example, if your contract is enforceable under Ontario law, the law there generally gives you up to two years from the date the debt became due to start a court action in Ontario (under the *Limitations Act, 2002*). This means you must actually file a claim in the applicable court by the deadline date. That window (called a “**limitation period**”) can pass faster than you think — especially if you are focused on efforts to collect and hope that the client will come through with payment. Track the date the payment was due, and don’t let polite chasing run out the clock to file a court action if you need to.

Note that the general limitation period can be longer or shorter than this general rule. Among the many reasons that can change this limitation period the most common is that the parties may have agreed in the contract itself to use a shorter limitation period. So, start by checking the wording of your contract on this point. Is there any wording used in the contract which specifies what court or law applies, or which limits the deadline for starting a court action or giving formal notice of a debt due under the contract? There are also some types of claims that are not based on breach of contract alone and may have a different limitation period. You may need to get legal advice on this early on if you have any questions about these points.

For more guidance on informal collection steps before issuing a demand letter see the ALAS resource “Getting Paid: A Practical Guide to Invoicing and Collecting Unpaid Fees” [\[Link Here to Getting Paid\]](#)

[\[Insert recipient’s name and address\]](#)

Working Note:

Insert the recipient’s full legal name as it appears in your written contract. For example, if they do business as a corporation, then use the full legal name of their corporation, including the applicable designation of Inc., Corp, etc., as it is registered. Likewise, use the registered address of their business, if applicable. If you have a written contract, check the contract and use the address specified in the contract as to where any formal notice is to be sent, if that is specified in the contract. However, do not assume you are required to make demand on a corporation rather than the individual behind it, if the individual you have been dealing with did not specify that you would be contracting with their corporation rather than with themselves personally at the time when the contract was entered into.

Dear [\[insert recipient’s name\]](#):

RE: Demand for Outstanding Payment

As you know, [insert the full legal name of the recipient as set out in the agreement and in any invoice] (you) and I entered into an [insert applicable description: oral or written] agreement for [insert description of the work to be delivered or services to be provided as set out in the agreement] (the Work) on [insert date the agreement was signed or orally confirmed, or any written effective date specified in the agreement itself] (the Agreement). In that Agreement, you agreed to pay an initial deposit of \$[insert amount of a deposit, if any] (the Initial Deposit) and a final payment of \$[insert amount remaining to be paid] (the Final Payment) upon completion of the Work.

Working Note:

Although they can be more difficult to prove, oral agreements, or oral contracts, are generally legally binding in Canada, with some specific exceptions. While it is generally a best practice to put your agreement into writing, you can still demand payment for work performed under an oral agreement. You may want to include reference to more evidence of the oral agreement, such as emails or text messages that you have exchanged, that speak to your expectations for the relationship or the work, if there are any such documents.

It may be the case that you are seeking payment for an agreed-upon progress payment. In that case, you should check your contract to confirm whether there are any steps or remedies set out there for what happens in the event of late payment. Be sure to follow all contractual steps and, if the progress payment is still outstanding, consider sending a tailored demand letter setting out the specific payment that is outstanding. If your agreement allows you to charge interest on the overdue amount, note this and then add the interest charge to the amount due on the deadline date for payment to be set out in your demand letter.

You may be tempted to stop all work until you receive progress payments, but you should be very careful with this approach and seek legal advice on this point unless you have specifically added a term to the contract that states you are permitted to stop work if the client has not paid progress payments.

On [insert date of initial deposit], you paid the Initial Deposit of \$[insert amount of the initial deposit, if any] according to the terms of the Agreement. I started the Work upon receipt of the Initial Deposit on [insert date your work started] and completed it on [insert date your work was completed]. I confirmed completion of the Work to [insert who was sent confirmation of completion and by what method, e.g., email] on [insert date you confirmed the work was completed], at which time the Final Payment in the amount of \$[insert amount remaining to be paid] became due. To date, I have not received payment of this Final Payment from you.

Working Note:

This paragraph sets out a timeline of the relevant events, including any payments that have been made, and confirms that you have completed the tasks that you agreed to complete. You should specify when the final payment became due according to the terms of the agreement. This may be upon completion of the work or services provided, or some specific amount of time (such as 10 business days) after the completion of the work. If an invoice was issued, then you can add the specifics of the invoice which was issued, such as the following example:

An invoice from me to you for the Final Payment in the total amount of \$[insert amount remaining to be paid] was issued as Invoice No. [insert your invoice number] dated [insert invoice date] and delivered to you on [insert date you sent the invoice to the recipient].

This letter serves as my formal demand that you provide the outstanding and overdue Final Payment of \$[insert amount remaining to be paid] by no later than [insert deadline due date].

Working Note:

Insert a specific and reasonable date by which you would like the recipient to comply with the demand you have outlined in your letter. What is reasonable will vary depending on the circumstances. Consider providing at least one week for a response.

I have previously delivered [insert a reminder or reminders] of this overdue amount. Despite [insert this or these] communications [if applicable, add: and assurances that the Final Payment was forthcoming], to date, I have still not received the Final Payment for the completion of the Work.

Working Note:

If you made any informal attempts to collect payment before the formal demand letter, you should consider outlining these here. There is no “magic number” of contact attempts but consider trying to make contact more than once before resorting to a demand letter, especially if you want to foster a positive relationship and continue to work with the recipient on more projects in the future.

You may prefer to include a more detailed statement of the previous attempts at resolution, such as the following, instead of the general statement used above:

I have previously made the following attempts to seek payment pursuant to the terms of our Agreement:

- On [date 1] I called [name] and orally reminded them of the payment schedule set out in the Agreement. [Name] stated that I would receive payment by no later than [date].
- On [date 2] I sent a follow up email requesting payment under the terms of the Agreement. [Include a brief summary of the response to this communication, if any].
- On [date 3] I sent a second follow up email requesting payment under the terms of the Agreement. [Include a brief summary of the response to this communication, if any. If there have been no responses to the previous communication(s), you can note that in the letter].

Despite these communications [and assurances that the Final Payment was forthcoming], and as set out above, to date, I have still not received the Final Payment for the completion of the Work.

This letter is formal notice of my request for payment according to the terms of our Agreement.

If I do not receive the sum of \$[insert amount remaining to be paid] by no later than [insert deadline due date], I reserve all rights to take all further legal proceedings against you and any third parties concerned for damages arising from this breach of contract and such further and other grounds and damages as I or my legal counsel may determine, including a claim for recovery of my court costs and legal fees and costs from you, as well as both prejudgment and postjudgment interest. Nothing in this letter is a waiver of any of my rights, claims, remedies, or causes of action, all of which are expressly reserved by me.

I trust that you will give this matter your most urgent attention.

Working Note:

At the end of your demand letter, you may outline the further steps you are prepared to take if the recipient does not comply with your demand. However, you should be cautious about the next steps that you outline in your letter and only include steps that you are lawfully allowed to pursue.

In some cases, a client may either pay or offer to pay less than you initially agreed and take the position that this satisfies any outstanding obligation that they may have to pay you. Depending on the circumstances, you may decide to accept this amount as payment in full, or you may not. The question often is whether accepting the lesser payment (or cashing the cheque for this lesser payment, for example), by itself, means you no longer have a claim for the full amount on which you originally agreed. Some courts have held that cashing a cheque alone is not sufficient to waive any entitlement to bring a claim for the rest of the amount you are owed. If you do accept a lesser amount but intend to pursue the rest of the payment, however, you should communicate that clearly to the other party at the time you accept the partial payment, though there is still some risk that a court might find you accepted the lesser payment in full satisfaction of the amount you were owed, depending on the circumstances (for example, if the memo on the cheque delivered to you or a covering letter with the cheque states “in full satisfaction of the debt”). Given that the law on this point is very context sensitive and the consequences of accepting a part payment in some circumstances could prevent you from claiming the balance, this is a point on which you should seek specific professional legal advice about if it arises.

I look forward to your reply and to coming to an amicable resolution of this matter. If you have any questions or comments, you can reach me at [insert sender's phone number] or [insert sender's email address].

Sincerely,

Signature

[insert sender's name]

Check Your Work!

Make sure you have contemplated the following issues:

- *I am owed, or own, what I claim, and I am not the one in breach.*

What does the contract or agreement say? Have you fulfilled all your obligations under the agreement?

- *I have included a time limit or a deadline in my letter, and I am aware of any relevant limitation periods.*

In most disputes in Ontario based on a breach of contract, you will have two years from the time you discovered the breach to the time you can file a legal action in court. This is called a limitation period. Sending a demand letter does not stop the clock on the running of your limitation period. In some circumstances, contracts may also provide a shorter limitation period in which you must either send a demand letter or other notice of a default under the agreement or start a claim in court, so it is always a good idea to keep referring back to your contract or agreement to make sure you are working within the applicable timelines.

- *I will send it with proof of delivery and keep a copy.*

Sending a letter via courier or registered mail generally will provide a mailing receipt when you sent the letter and confirmation that the letter was delivered to the recipient.

- *I will keep the accusation private.*

Do not copy the demand letter to anyone who is not party to the dispute or required by the agreement to be copied. Keep the demand letter private between you and the recipient.

- *I have sought professional legal advice, or I have made a deliberate but reasonably informed decision not to seek such legal advice.*

Before sending a demand letter, it is always a good idea to obtain professional legal advice to ensure you understand your obligations and entitlements in the circumstances. Even if you draft the letter yourself, it can be helpful to have a legal professional review it and make suggestions for additional claims or help you find the appropriate legal language to use. You can contact the Artists' Legal Advice Services legal clinic to arrange a free 30-minute appointment with a lawyer to discuss your situation and obtain summary legal advice.

