

## LETTERS OF DEMAND

### 1. What is a letter of demand?

A letter of demand is usually the first step a creditor (or alleged creditor) takes to try to enforce payment of a debt. It may come from the creditor directly or a third party agent (such as a lawyer or collection agency). Often the words '*letter of demand*' will appear in the subject matter line of the letter and/or the letter will make a formal request for payment of a specified amount before a specified date.

The letter will also generally set out:

- a) how much money is due;
- b) why the money is owed (eg. an unpaid or incorrectly paid invoice);
- c) when the money should have been paid;
- d) when and how the money should now be paid; and
- e) the intended consequences if the demand for payment is not met (ie. commencement of legal proceedings).

### 2. How does this affect the University?

The University is involved in many commercial transactions on a daily basis. Occasionally, confusion occurs over the engagement of services, the acquisition of goods or the payment of invoices, and this can lead to a creditor serving a letter of demand on the University.

### 3. What do I do if I receive a letter of demand?

***If you receive a letter of demand you should contact us immediately as strict time limits to respond may apply.*** A creditor can commence legal proceedings if the University fails to respond appropriately and quickly to a letter of demand. Interest can also be charged on the outstanding amount.

Do not respond to the party making the demand or make payment without first checking with the OGC that the claim is accurate, the amount is correct, the payment is going to the right person and that payment will end the dispute in question (ie. suitable terms of settlement and a release of the University from future legal proceedings are entered into).

### 4. What will happen next?

One of our lawyers will review the letter of demand. They will let you know if they need any other documents or details to be able to assess the accuracy of the claim and the best manner in which to respond to it.

Depending on the circumstances, the OGC will either:

- manage the matter and negotiate a settlement on behalf of the University;
- provide advice while the negotiations are managed by the relevant Faculty or Directorate

We can advise you on the best strategic result in the circumstances.

## **5. What are the options?**

Generally the options for a response are:

- a) admit that the University owes money and negotiate the best payment amount and method;
- b) object to the demand (either in whole or part) and provide an explanation as to why the University does not believe that it owes the amount claimed; or
- c) ask for more information in order to verify the accuracy of the claim.

We can advise you on the best approach to take in the circumstances.

## **6. Personal legal advice**

The OGC is only able to provide advice about a letter of demand if the letter is served on a person in their capacity as an employee or company officer of the University. We are unable to provide personal legal advice to individual employees.