



Collection Letter Templates

5 Professional Templates for Every Stage

Strategic collection communication is essential for maintaining healthy cash flow. These five templates cover each stage of the collections process, from friendly reminders to final notices. Each template balances firmness with professionalism while clearly communicating payment expectations.

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How to Use Collection Letters

When to Send Collection Letters

Effective collection letters follow a systematic escalation timeline. Most AR teams use this standard schedule:

- 7 days overdue: Friendly payment reminder assuming simple oversight
- 15 days overdue: Second request with more direct tone
- 30 days overdue: Formal payment demand mentioning potential consequences
- 60 days overdue: Final notice before collections or legal action
- 90+ days overdue: Escalation to collections agency or write-off

Key Elements in Every Letter

- Clear subject lines that immediately communicate purpose
- Specific invoice details: number, date, amount, and description
- Multiple payment options for customer convenience
- Professional tone that balances firmness with courtesy
- Clear call to action telling customers exactly what to do next

Automation Benefits

Automating your collection letter workflow can significantly reduce DSO. Modern AI-powered platforms like Fazeshift automatically send personalized collection letters based on invoice due dates, track responses, escalate appropriately, and integrate with your accounting system.

Contact Fazeshift

Our system ensures the right message reaches the right customer at exactly the right time—reducing DSO by 50% and freeing your AR team to focus on strategic activities.

Ready to automate your collection process? Visit www.fazeshift.com/contact to schedule a demo.

Template 1: Friendly Reminder

7 Days Overdue



When to use: for invoices 5-10 days past due when maintaining a friendly, helpful tone.

Payment Reminder: Invoice #[INVOICE_NUMBER]

Dear [CUSTOMER_NAME],

I hope this message finds you well. I'm reaching out regarding Invoice #[INVOICE_NUMBER] dated [INVOICE_DATE], which had a payment due date of [DUE_DATE].

According to our records, we haven't yet received payment for this invoice with an outstanding balance of \$[AMOUNT].

We understand that invoices can sometimes be overlooked or may be working through your approval process. If you've already submitted this payment, please disregard this reminder and accept our thanks.

If you haven't yet processed this payment, we'd appreciate if you could:

- Review the attached invoice for accuracy
- Submit payment at your earliest convenience
- Contact us immediately if there are any questions or concerns

For your convenience, you can make payment through:

- Our online payment portal: [PAYMENT_PORTAL_LINK]
- ACH transfer to: [BANK_DETAILS]
- Check mailed to: [MAILING_ADDRESS]

Please don't hesitate to reach out if you need a copy of the original invoice or have any questions about this balance.

Thank you for your prompt attention to this matter.

Best regards,
[YOUR_NAME]
[YOUR_TITLE]
[YOUR_CONTACT_INFO]

Template 2: Second Request

7 Days Overdue



When to use: For invoices 15-20 days past due when you need a more direct approach while remaining professional.

Second Notice: Overdue Invoice #[INVOICE_NUMBER]

Dear [CUSTOMER_NAME],

This is a follow-up to our previous communication regarding Invoice #[INVOICE_NUMBER] in the amount of \$[AMOUNT], which is now [NUMBER] days past due.

Our records indicate that payment for this invoice, originally due on [DUE_DATE], has not yet been received. We previously sent a payment reminder on [PREVIOUS_REMINDER_DATE], but have not heard back from your team.

Outstanding invoice details:

- Invoice Number: [INVOICE_NUMBER]
- Invoice Date: [INVOICE_DATE]
- Original Due Date: [DUE_DATE]
- Amount Due: \$[AMOUNT]
- Description: [BRIEF_DESCRIPTION]

To keep your account in good standing, we need to receive payment for this invoice within the next 7 days. If there is a problem with this invoice—such as a dispute about the goods or services provided, incorrect pricing, or missing documentation—please contact us immediately so we can resolve it.

If there are no issues with the invoice, please submit payment using one of these methods:

- Online payment portal: [PAYMENT_PORTAL_LINK]
- ACH transfer: [BANK_DETAILS]
- Check: [MAILING_ADDRESS]

Your prompt attention to this overdue balance is greatly appreciated. If you have any questions or need to discuss payment arrangements, please contact me directly at [PHONE_NUMBER] or [EMAIL].

Sincerely,
[YOUR_NAME]
[YOUR_TITLE]
[YOUR_CONTACT_INFO]

Template 3: Formal Payment Demand



30 Days Overdue

When to use: For invoices 30-45 days past due when you need to clearly communicate urgency and potential consequences.

Formal Payment Demand Invoice #[INVOICE_NUMBER] - Action Required

Dear [CUSTOMER_NAME],

This letter serves as formal notice that Invoice #[INVOICE_NUMBER] is now seriously past due with a current balance of \$[AMOUNT] owed to [YOUR_COMPANY]. Despite our previous payment reminders sent on [DATE_1] and [DATE_2], we have not received payment for this invoice, which was originally due on [DUE_DATE]—now [NUMBER] days overdue.

Invoice Summary:

- Invoice Number: [INVOICE_NUMBER]
- Invoice Date: [INVOICE_DATE]
- Original Due Date: [DUE_DATE]
- Current Amount Due: \$[AMOUNT]
- [IF APPLICABLE] Late Fees Accrued: \$[LATE_FEE_AMOUNT]
- Total Balance: \$[TOTAL_AMOUNT_WITH_FEES]

We require immediate payment of the outstanding balance to avoid further action on this account. Payment must be received within 10 business days of the date of this letter.

Failure to remit payment or contact us to arrange alternative payment terms may result in:

- Suspension of your account and future credit privileges
- Referral of this account to a collections agency
- [IF APPLICABLE] Reporting to credit bureaus
- [IF APPLICABLE] Legal action to recover debt plus collection costs

We value our business relationship and prefer to resolve this matter directly with you. If you are experiencing financial difficulties that prevent full payment, please contact us immediately to discuss payment plan options.

To make payment or discuss this matter, please contact me directly:

- Phone: [PHONE_NUMBER]
- Email: [EMAIL]
- Payment portal: [PAYMENT_PORTAL_LINK]

We expect to hear from you within 10 business days of this notice.

Sincerely,
[YOUR_NAME]
[YOUR_TITLE]

Template 4: Formal Payment Demand



60 Days Overdue

When to use: For invoices 60+ days past due as your last communication before engaging collections or legal action.

FINAL NOTICE: Invoice #[INVOICE_NUMBER] - Immediate Action Required

Dear [CUSTOMER_NAME],

This is your final notice regarding the seriously delinquent balance on Invoice #[INVOICE_NUMBER]. Despite multiple attempts to contact you regarding this overdue invoice, including reminders sent on [DATE_1], [DATE_2], and [DATE_3], we have not received payment nor have you contacted us to resolve this matter.

Account Summary:

- Invoice Number: [INVOICE_NUMBER]
- Original Invoice Date: [INVOICE_DATE]
- Original Due Date: [DUE_DATE]
- Days Overdue: [NUMBER]
- Original Invoice Amount: \$[ORIGINAL_AMOUNT]
- Late Fees: \$[LATE_FEE_AMOUNT]
- Interest Charges: \$[INTEREST_AMOUNT]
- Total Amount Due: \$[TOTAL_AMOUNT]

Payment must be received within 7 days of the date of this letter to avoid the following actions:

- Your account will be referred to [COLLECTIONS_AGENCY_NAME], a third-party collections agency
- This delinquent account may be reported to credit reporting agencies, which could negatively impact your credit rating
- You may be held responsible for all collection costs, including agency fees and attorney fees
- Your account will be permanently suspended, and no future credit will be extended

This is your final opportunity to resolve this matter directly with our company before we escalate to third-party collections. If you cannot pay the full amount, contact us immediately to discuss payment arrangement options; we may be able to work out a payment plan to resolve this debt. If you believe this debt is incorrect or has already been paid, contact us immediately with documentation so we can resolve this discrepancy.

To make payment or discuss this matter, please contact me directly:

Phone: [PHONE_NUMBER]

Email: [EMAIL]

Payment portal: [PAYMENT_PORTAL_LINK]

We expect to hear from you within 10 business days of this notice.

Sincerely,

[YOUR_NAME]

[YOUR_TITLE]

Template 5: Payment Plan Offer



Alternative to Full Payment

When to use: When a customer has contacted you about financial difficulties or when you want to offer an alternative to full immediate payment.

Payment Plan Available for Invoice #[INVOICE_NUMBER]

Dear [CUSTOMER_NAME],

Thank you for contacting us regarding the outstanding balance on Invoice #[INVOICE_NUMBER]. We appreciate your communication and willingness to resolve this matter.

We understand that unexpected financial challenges can make it difficult to pay invoices in full immediately. To help resolve this outstanding debt while maintaining our business relationship, we'd like to offer you a payment plan option.

Current Account Summary:

- Outstanding Invoice Number: [INVOICE_NUMBER]
- Total Amount Owed: \$[TOTAL_AMOUNT]
- Original Due Date: [DUE_DATE]
- Days Outstanding: [NUMBER]

Proposed Payment Plan:

We propose dividing your outstanding balance into [NUMBER] monthly installments of \$[INSTALLMENT_AMOUNT] each, with the following schedule:

- First Payment (due [DATE_1]): \$[AMOUNT_1]
- Second Payment (due [DATE_2]): \$[AMOUNT_2]
- Final Payment (due [FINAL_DATE]): \$[FINAL_AMOUNT]

Payment Plan Terms:

- All scheduled payments must be made on or before their due dates
- Payments can be made via [PAYMENT_METHODS]
- Missing a scheduled payment may result in the entire balance becoming immediately due
- [IF APPLICABLE] Additional late fees will not accrue if payments are made as scheduled

If you agree to this payment plan, please sign and return the attached payment agreement form by [DATE]. Once we receive your signed agreement and first payment, we'll update your account accordingly. If this payment schedule doesn't work for your situation, please contact me directly at [PHONE_NUMBER] or [EMAIL] to discuss alternative arrangements.

We value your business and look forward to working together to resolve this matter.

Sincerely,
[YOUR_NAME]
[YOUR_TITLE]