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**Introduction**

Creditors and debtors play an important role in the financial market. Lot many transactions occur between these two groups. Though most of the times debtors try to repay their debts on time, there are some defaulters as well who do not pay the regular installments and cause problems to the creditors. Creditors have to seek legal help to sort out these problems. As a warning to the debtors, a debt collection letter is written to the debtors.

**Debt Collection Letter Tips**

The following tips will help you to write a debt collection.

* Phrases and words used in a debt collection letter should be chosen carefully.
* The letter should be short, precise and up to the point.
* All necessary information should be included in the letter. It is better to consult a legal consultant for drafting this letter.

Sample Debt Collection Letter

To

Ram Malhotra

10th Cross, 1st Main Road,

Koramangala,

Bangalore

Dear Mr.Malhotra,

You are one of our important customers and we have a long association with each other. It is quite unfortunate to inform you that you have been very irregular in making loan repayment installments. It is more than an year and there is no single installment. We have sent several reminders to your residential address anticipating that you will make your payments towards the loan. But you have tested our patience and we cannot give you any more time.

Our Bank representative will come to your residential address on 21st of this month. Please make yourself available at that time and in the mean time make arrangements to repay the loan amount which is Rs 2,00,745.

Hope we will have a fruitful association in the future.

Yours Sincerely,

Rajan Pillai

Collection Manager,

HDFC Bank

# Debt Collection Letter Template

# To,

# \_\_\_\_\_\_\_\_\_\_ (Customer’s name)

# \_\_\_\_\_\_\_\_\_\_ (Customer’s address)

# \_\_\_\_\_\_\_\_\_\_

# \_\_\_\_\_\_\_\_\_\_

# From:

# \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Your name)

# \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Your address)

# \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# Date \_\_\_\_\_\_\_\_\_\_ (date of writing letter)

# Dear Mr. /Ms\_\_\_\_\_\_\_\_\_\_ (name of the concerned person),

# This letter is to inform you that you your payment history during the last one year has been very irregular. The loan amount at present including the interest is\_\_\_\_\_\_\_\_\_\_\_\_\_(mention amount). We had sent you several reminders to your residential address but you never acknowledged them.

# We cannot give you any more time and our company representative will be visiting your house on\_\_\_\_\_\_\_(mention date). Please make necessary arrangements to repay the loan. If you fail to make the payment, we have to take legal action against you. Hope you will understand the repercussions and take a right decision.

# We look forward to have a fruitful association with you in the future.

# Yours Sincerely,

# \_\_\_\_\_\_\_\_\_\_\_\_ (Your name)

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