

THE LAW SOCIETY OF SINGAPORE

PRACTICE DIRECTION 1.8.1

[Formerly PDR 2013, para 54; PDR 1989, chap 1, para 59]

LETTERS OF DEMAND

A. Issue of Letter of Demand

A legal practitioner shall not issue a demand for anything that is not properly recoverable by due process of the law.

B. Simple Debt

Where a legal practitioner is instructed to collect a simple debt, it is improper for the legal practitioner also to demand the costs of the letter which he/she sends to the debtor because at that stage it cannot be said that the costs of the letter are properly recoverable in law.

C. Settlement for Motor Accidents

The illustration in (B) above, however, does not apply to the case where, for example, following a motor accident, there is correspondence between the legal practitioner for the insured or a third party and the insurers or their legal practitioners, resulting in an agreement by the insurers or the third party in arriving at the settlement.

D. Payment of Arrears under Mortgage Debt

Where a legal practitioner acting for a mortgagee is instructed to demand payment of arrears due under the mortgage, he/she must not, at the same time, demand payment by the mortgagor of the costs of that letter unless he/she explains that such costs can be added to the amount of the mortgage debt, for example, where the mortgage instrument or contract so provides.

E. Settlement for Libel

Where a creditor wrongly made a demand for the payment of a debt alleged to be due to him/her from a third party, who then consulted a legal practitioner, there is no professional objection to the legal practitioner for the third party writing to say that he/she would be prepared to advise his/her client to accept an apology for the libel provided his/her charges were paid.

F. Agreement for Payment by Instalments and Costs

There is no professional objection to a legal practitioner making arrangements on behalf of a creditor client for the payment of a simple contract debt or a judgment debt by instalments subject to the stipulation that the debtor shall pay the creditor's legal practitioner costs.

It is also not improper for a legal practitioner acting for a creditor to agree to accept payment by instalments in liquidation of a debt only if the debtor's legal practitioners guaranteed the payment.

Date: 31 January 2019

THE COUNCIL OF THE LAW SOCIETY OF SINGAPORE