Ashgrove Textiles Ltd.
COMMERCIAL & CREDIT CONTROL

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Our ref: ATL/CC/2026-0447

4 August 2026

Delivered by: Recorded delivery post and by email to s.hedley@pelhamretail.example

Mr. Simon Hedley
Managing Director
Pelham Retail Group Ltd. (company no. 09441827)
Pelham House, 22 Draper Street, Nottingham NG1 5FD

LETTER BEFORE ACTION — unpaid invoices under supply agreement dated 14 March 2024

Dear Mr. Hedley,

We write in respect of sums that remain outstanding under the supply agreement between Ashgrove Textiles Ltd. and Pelham Retail Group Ltd. dated 14 March 2024 ("the Agreement"). This letter is a formal letter before action. It sets out the facts we rely on, the amount we claim, what we require you to do and the steps we will take if you do not do it. Please read it carefully and take independent legal advice if you consider that appropriate.

BACKGROUND AND FACTS RELIED UPON

1. **14 March 2024.** The parties entered into a written supply agreement under which Ashgrove Textiles Ltd. agreed to supply woven cotton and mixed-fibre fabric to Pelham Retail Group Ltd. on 30-day payment terms from date of invoice, with interest payable on late payment at 8 per cent above base rate.
2. **6 January 2026 to 28 February 2026.** Ashgrove delivered eleven consignments against purchase orders PRG-8841 to PRG-8851 inclusive. Each consignment was signed for at your Nottingham distribution centre and no rejection notice was served within the seven-day period required by clause 8.3 of the Agreement.
3. **3 March 2026.** Ashgrove issued invoices 24118 to 24128 in respect of those consignments, totalling £186,420.00 excluding VAT. Copies were sent to your accounts department by email on the same day and are enclosed again with this letter.
4. **2 April 2026.** The invoices fell due for payment. No payment was received and no query was raised.
5. **17 April 2026.** Our credit controller telephoned your finance manager, Ms. Ford, who confirmed the invoices were approved for payment and said a payment run would follow that month. Our note of that call is enclosed.
6. **12 May 2026.** We wrote to you by email attaching a statement of account. You replied on 14 May stating that payment would be made "by the end of the month". No payment followed.
7. **19 June 2026.** You made a part payment of £24,000.00 by bank transfer without allocation. We have allocated it to the oldest invoice, 24118, in accordance with clause 6.5 of the Agreement.
8. **21 July 2026.** We wrote again requiring payment of the balance within fourteen days. That period expired on 4 August 2026 with no payment and no substantive response.

AMOUNT CLAIMED

HEAD OF CLAIM	BASIS	AMOUNT
Principal sum outstanding	Invoices 24118—24128 less part payment of £24,000.00 received 19 June 2026	£162,420.00
Value added tax	VAT at 20 per cent on the outstanding principal	£32,484.00
Contractual interest	8 per cent above base rate from 2 April 2026 to 4 August 2026 (124 days)	£7,118.42
Statutory compensation	Late Payment of Commercial Debts (Interest) Act 1998, £100 per unpaid invoice × 11	£1,100.00
Reasonable recovery costs	Credit control and correspondence costs incurred since 12 May 2026	£1,850.00
Total claimed as at 4 August 2026		**£204,972.42**

Contractual interest continues to accrue at £43.28 per day until payment in full. The figure above is calculated to the date of this letter; a further statement will be provided on request. We reserve the right to claim any additional loss, interest and costs that arise after that date.

WHAT WE REQUIRE, AND BY WHEN

Respond in full by 18 August 2026 (14 days from the date of this letter).

Pay the total sum of £204,972.42 in cleared funds, or set out in writing which items you dispute and why, enclosing the documents you rely on. A response acknowledging receipt is not sufficient; we require payment or a substantive reply by the date stated.

Payment details: Ashgrove Textiles Ltd., Northbank Commercial Bank, sort code 40-11-06, account 84117229. Please quote reference ATL/CC/2026-0447 so that payment is correctly allocated.

IF WE DO NOT HEAR FROM YOU

1. We will issue proceedings in the County Court or High Court, as appropriate to the value of the claim, without further notice to you.
2. We will claim the full sum set out above, together with contractual interest continuing to accrue at £43.28 per day, court fees and our legal costs of the proceedings.
3. We will draw this letter and your response, or absence of response, to the attention of the court when the question of costs is decided.
4. We will suspend all further supply under the Agreement with immediate effect in accordance with clause 11.2, and reserve the right to terminate it for material breach.
5. We will consider whether the circumstances justify a statutory demand and any consequent insolvency process, and reserve our position on that entirely.

We would prefer to resolve this matter without proceedings and remain willing to discuss a reasonable payment schedule if you tell us promptly that one is needed. That willingness is not an extension of the deadline set out above. If your position is that some or all of the sums are not due, please say so in writing by the same date, identifying each disputed item and the reason, and enclosing any document you rely on.

Yours sincerely,

D. Cleary

Deborah Cleary

Head of Commercial, Ashgrove Textiles Ltd.

This letter is written without prejudice save as to costs and is sent in accordance with the Practice Direction on Pre-Action Conduct and Protocols. A copy will be placed before the court on the question of costs if proceedings become necessary. Nothing in this letter is a waiver of any right or remedy available to Ashgrove Textiles Ltd., all of which are expressly reserved. This is a fictional example document supplied as a template sample and is not legal advice.