

[Date]

[Customer Name]
[Customer Address]
[City, State, Zip Code]

Subject: NOTICE OF RETURNED PAYMENT AND REVOCATION OF CREDIT TERMS

Dear [Contact Name],

This letter is to inform you that your recent payment for [Invoice Number(s)], in the amount of \$[Amount], has been returned by our bank due to [Reason, e.g., Insufficient Funds].

As a result of this returned payment, your account is now past due. Furthermore, please be advised that we are **immediately revoking your Net [Number] Day credit terms**. Effective immediately, your account has been placed on "Cash on Delivery" (COD) or "Prepayment" status for all future orders.

To restore your account to good standing and avoid further collection action, we require the following within [Number] business days:

- A replacement payment for the original balance of \$[Amount].
- A returned check/processing fee of \$[Fee Amount].

Please make this payment via [Accepted Payment Method, e.g., Certified Check or Wire Transfer].

Once your balance is cleared, we may review your account for the future reinstatement of credit terms after [Number] months of consistent on-time prepayments.

Sincerely,

[Your Name]
[Your Title]
[Your Company Name]
[Your Phone Number]