



Outstanding Cash Retentions

Cash retentions are an outdated practice and contractors are encouraged to resist the withholding of retentions using the guidance provided by the Fair Payment Campaign.

However, if you do have retention withheld on a project, the following steps are designed to help you secure the release of your cash. Don't forget, it is your money and you are entitled to it – do not give up!

1. Give advance notice to your client

A month before your retention is due, send the **'Retention Reminder'** letter to your client as a reminder that it will shortly be due for payment. You should also make sure you notify your client in writing that you have achieved Practical Completion if your contract requires you to do so.

2. Chase payment

If you have not received your retention by the date that it is due, send the **'Outstanding Retention'** letter to your client requesting its immediate release.

If there is no agreed release date for your retention in your contract and you don't know for certain when it is due, chasing it is slightly more difficult but it is still worth writing to your client in the first instance.

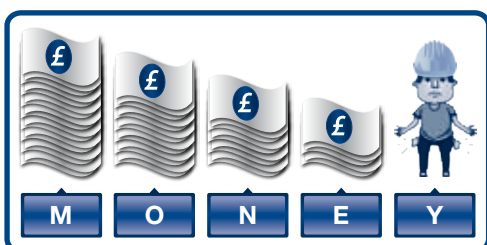
3. Contact the project client

Depending on the response from your client, you may wish to contact the project client or his contract administrator (e.g. architect or quantity surveyor) to find out if the Certificate of Making Good Defects has been issued and the retention released to your client. Don't confuse the Certificate of Making Good Defects with the Final Certificate; the Final Certificate is a completely different document and you do not need to wait for it to be issued in order to have your retention released.

4. Make a nuisance of yourself

If you do not get a response from your client or payment of your retention is not forthcoming, write formally to the project client to tell him that you haven't been paid your retention.

Continue to write to your client every month, claiming interest on the outstanding sum you believe is overdue. Remember, it is the squeaky wheel that gets the grease!



5. Consider using adjudication

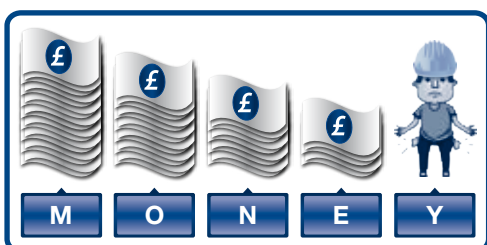
If your client doesn't reply or refuses to pay the outstanding sum, it is likely you have a 'dispute' which can be referred to adjudication. In order to embark upon adjudication, the dispute must have 'crystallised' which means you have failed to reach agreement on one or more of the following:

- The date, or event, upon which retention is to be paid to you
- Whether that event has occurred
- Whether you have made good the defects under the sub-contract
- Whether your client is adequately progressing the making good of his own defects
- Whether, in circumstances where your client is in dispute with his client that there are defects in your client's works, your client is actively pursuing his rights to have that dispute decided.

If your contract does not name an adjudicator or Adjudicator Nominating Body (ANB), you can approach AICA, a named ANB in the JCT contracts. For further information, call 0844 249 5353 or visit www.aica-adjudication.co.uk.

Don't forget...

If you cannot strike out the cash retention clause in a contract, it is essential to secure the release of your cash by writing a calendar date into the contract.



Retention Reminder Letter

[Click here to
download letter](#)

Insert address of your client

Insert date

Dear *insert name of your client*

Release of Retention – *Insert name of project*

As agreed in our contract dated *insert date of contract* for the above project, the retention held against our works to the sum of *insert amount of retention* is due for release on *insert date agreed in contract*.

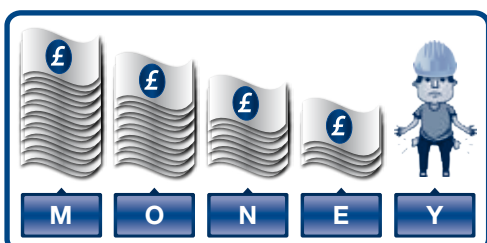
We would be grateful if you could arrange for payment of our retention to be made on this date.

If you have any queries regarding our retention, please do not hesitate to contact us, otherwise we will look forward to receiving payment on *insert date agreed in contract*.

Yours sincerely

Insert signature

Insert name



Outstanding Retention Letter

[Click here to
download letter](#)

Insert address of your client

Insert date

Dear *insert name of your client*

Outstanding Retention – *Insert name of project*

Our retention on the above project amounting to *insert amount of retention* was due for release in accordance with our contract dated *insert date of contract* on *insert date agreed in contract*; however, we note from our records that payment remains outstanding.

We would be grateful if you could confirm that payment of *insert amount of retention* will be made by return.

Should we not receive payment within 7 days of the date of this letter, we reserve the right to take appropriate action to recover the debt without further reference to you.

If you have any queries regarding this matter, please do not hesitate to contact us.

Yours sincerely

Insert signature

Insert name

