[On Company Letterhead of PARTY 1]

[PARTY 2]

[Address Line 1]

[Date]

**Dispute of liquidated damages claim**

Dear [ADDRESSEE],

We are writing in response to your correspondence dated [DATE], in which you assert a claim for liquidated damages in the amount of [AMOUNT], purportedly arising from [DESCRIPTION OF ALLEGED BREACH]. After reviewing the matter, we dispute the basis and validity of this claim.

Our position is as follows:

1. No Breach of Contract:

[Explain briefly, e.g., “We have fulfilled our obligations under the Agreement dated [DATE] (the ‘Agreement’) in accordance with its terms and conditions. The alleged breach you cite is unfounded.”]

1. Unenforceable Liquidated Damages Provision:

[If applicable] The liquidated damages clause in Section [NUMBER] of the Agreement is unenforceable because [explain, e.g., “it does not represent a reasonable pre-estimate of actual damages,” or “it constitutes a penalty under applicable law.”]

1. Failure to Mitigate Damages:

[If applicable] Your claim fails to account for your obligation to mitigate damages under [APPLICABLE LAW OR CONTRACT TERMS].

1. Insufficient Evidence:

The claim lacks sufficient documentation to substantiate the alleged breach or quantify the claimed damages.

Based on the above, we cannot accept liability for the liquidated damages claimed. However, we remain willing to discuss this matter further to reach an amicable resolution.

Please direct any additional evidence or correspondence regarding this matter to [NAME], [TITLE], at [EMAIL ADDRESS/PHONE NUMBER].

This letter is issued without prejudice to any of our rights, remedies, or defenses, all of which are expressly reserved.

Yours faithfully,

……………………………………………………….

**Name:** [NAME]

**Title:** [TITLE]