



Construction Payment Dispute Checklist

A practical document-and-deadline checklist for contractors, subcontractors, developers and consultants dealing with unpaid or disputed construction payments.

Payment disputes are often decided by dates, notices and documents before anyone reaches the underlying valuation. Reconstruct the payment cycle first.

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Need help with a live dispute? 01403 800 246 | 07843 580 112 | reception@hqlaw.co.uk

Law and procedure stated as at 8 September 2026. This guide is general information, not legal advice. Construction contracts and adjudication timetables vary; urgent advice may be required.

Start with the payment cycle, not the argument

Under the Construction Act payment regime, the identity of the payment notice, the notified sum, the final date for payment and any valid Pay Less Notice can be decisive. The contract should be checked first; where it does not contain compliant payment machinery, the Scheme for Construction Contracts may supply terms.

Do this before sending another demand

Build one payment-cycle sheet showing the due date, payment-notice deadline, notice actually served, final date for payment, pay-less deadline, pay-less notice actually served and amount actually paid.

1. Contract and parties

☐	Identify the exact contracting parties and legal entities.
☐	Locate the executed contract/subcontract/order and all amendments.
☐	Identify the payment clause and any schedule of amendments.
☐	Confirm whether the contract is a construction contract within the statutory payment regime.
☐	Check whether the Scheme for Construction Contracts may apply because the contractual payment terms are absent or non-compliant.
☐	Identify all relevant notice and service provisions, including permitted email addresses or portals.
☐	Check whether the dispute concerns an interim payment, final account, retention, variation, compensation event or another sum.

2. Reconstruct the dates

Question	What to check
Valuation / assessment date	What date was the work, account or entitlement assessed to?
Due date	What date did the relevant sum become due under the contract or Scheme?

Payment notice deadline	Who was required to issue the notice, and when? Under the statutory framework a compliant notice must identify the sum considered due and the basis of calculation.
Default notice / payee notice	If the payer failed to serve the required notice, did the payee have or use a contractual/statutory route to establish the notified sum?
Final date for payment	What is the actual final date for payment for this cycle?
Pay Less Notice deadline	What prescribed period applies before the final date for payment? Do not assume it is always the same across contracts.
Payment made	When was payment actually made, and how much was paid?

3. Payment application

☐	Was an application for payment required?
☐	Was it submitted by the contractual deadline?
☐	Was it sent to the correct person/address/portal?
☐	Does it clearly identify the payment cycle and amount claimed?
☐	Does it explain the basis of the calculation?
☐	Is there proof of service or receipt?
☐	Was it intended to operate as a contractual notice or potential default notice if the payer failed to issue its own notice?
☐	Are the supporting valuation, variation and measured-work records available?

4. Payment Notice

☐	Was a Payment Notice served?
☐	Who served it - payer, payee or specified person?
☐	Was it served within the required period?

☐	Does it state the sum considered due?
☐	Does it state the basis on which that sum was calculated?
☐	Does it clearly relate to the correct application/payment cycle?
☐	Is the notice consistent with the contract and service provisions?
☐	What sum therefore became the notified sum?

5. Pay Less Notice

☐	Was a Pay Less Notice actually served?
☐	Was it served no later than the contractual/statutory deadline before the final date for payment?
☐	Does it clearly relate to the correct notified sum/payment cycle?
☐	Does it state the sum the payer considers due at the date of the notice?
☐	Does it explain the basis of that calculation?
☐	Are deductions, contra-charges, damages or set-offs clearly identified?
☐	Was service valid under the contract?
☐	Is there proof of service?

Do not rely on labels alone

Whether a document works as a Payment Notice or Pay Less Notice depends on its timing, content, context and the contract. A spreadsheet, certificate or email should not simply be assumed to be an effective statutory notice because it contains a number.

6. Work out the notified sum

The payment dispute should distinguish between two separate questions: (1) what amount is presently payable under the notice regime, and (2) what is the true valuation of the work or account. Those questions can produce different answers and different adjudication strategies.

☐	Identify the document that established the notified sum.
☐	Check whether a valid Pay Less Notice changed the amount to be paid.
☐	Compare the notified sum with the amount actually paid.
☐	Calculate the unpaid balance.
☐	Identify any VAT, interest or contractual interest issues separately.
☐	Do not confuse a notified-sum claim with a final determination of the underlying valuation.

7. Build the quantum file

☐	Applications and payment certificates/notices for the relevant cycle.
☐	Previous payment history and ledger.
☐	Variation/change register and supporting instructions.
☐	Measured work, valuations and quantity-surveying records.
☐	Daywork sheets and signed records.
☐	Relevant programme or delay records if payment depends on time-related entitlement.
☐	Contra-charge notices and supporting evidence.
☐	Defects or withholding evidence relied upon by the payer.
☐	Final account submissions and responses where relevant.



Chronology of the payment dispute and correspondence showing when the dispute crystallised.

8. Decide the route

Possible route	When it may be considered
Commercial discussion	Appropriate where the contractual position is clear enough and the relationship remains workable.
Solicitor letter	Useful where a focused legal analysis and payment demand may resolve the issue without formal proceedings.
Adjudication	Often appropriate for construction payment disputes because of the rapid statutory process, but scope, evidence, jurisdiction and economics should be assessed first.
Suspension	The Construction Act contains a statutory suspension right for qualifying non-payment, but the preconditions and notice requirements should be checked carefully before action is taken.
Court / enforcement	May be relevant for debt, declaratory relief, adjudication enforcement or wider disputes, depending on the facts and value.
Settlement	A settlement can be commercially preferable even where one party has a strong notice-based argument; document any agreement precisely.

9. Ten questions to answer before instructing a solicitor



How much is unpaid?



What is the exact payment cycle?



What are the due date and final date for payment?



What Payment Notice was served, if any?



What Pay Less Notice was served, if any?

☐	What is the notified sum?
☐	What is the payer's substantive reason for refusing payment?
☐	What contract form and amendments apply?
☐	What is the commercial objective - immediate cash, final-account resolution, negotiation or adjudication?
☐	Is there any immediate contractual, adjudication, limitation or insolvency deadline?

Payment dispute one-page worksheet

Field	Your information
Client / company	
Other party	
Project	
Contract form / date	
Application number / cycle	
Amount applied for	£
Due date	
Payment notice deadline	
Payment Notice sum	£
Default/payee notice sum	£
Final date for payment	
Pay Less Notice deadline	
Pay Less Notice sum	£
Amount actually paid	£

Unpaid balance	£
Immediate deadline / next step	

When to seek specialist advice

Consider obtaining advice promptly if the amount is commercially significant, the notice timetable is disputed, there is uncertainty over whether an application or notice was valid, the contract is amended, the payer is threatening insolvency/set-off, adjudication is being considered, or the relationship is moving toward termination or suspension.

HQ Law payment / Pay Less Notice review - £495 + VAT
Review of the contract, payment cycle, notices and agreed core documents, with advice on the legal position and proportionate next step. Wider Construction Dispute Assessment - £795 + VAT.
Subject to conflict clearance and agreed scope/document limits.

Key legal sources

Housing Grants, Construction and Regeneration Act 1996 - payment framework:

<https://www.legislation.gov.uk/ukpga/1996/53/part/II/crossheading/payment>

Local Democracy, Economic Development and Construction Act 2009 - amendments to payment regime:

<https://www.legislation.gov.uk/ukpga/2009/20/part/8>

Scheme for Construction Contracts (England and Wales) Regulations 1998, as amended:

<https://www.legislation.gov.uk/uksi/1998/649/contents>

About Christopher Hough

Christopher Hough MSc, CEng, FICE, FCI Arb, Solicitor

Christopher qualified as a solicitor in 1990 after first qualifying as a Chartered Engineer. He has specialised in construction law for more than three decades, with experience of litigation, arbitration and adjudication in the UK and internationally. He has given adjudicator decisions in disputes valued at more than £10 million and combines legal analysis with an engineer's understanding of construction projects.

Speak to HQ Law

A live construction dispute is usually easier to manage before the timetable gets away from you.

For an initial discussion: 01403 800 246 | reception@hqlaw.co.uk | www.hqlaw.co.uk

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