

UAE non-conformance escalation - contractual letter pack

How to use this pack

Three letters carry a non-conformance from an ignored quality record to enforceable consequences: the Formal Warning, the Notice to Correct under Sub-Clause 15.1, and the Notification of Subsequent Action. Each template below is ready to issue on the project letterhead. Replace every bracketed placeholder, delete the guidance note before issue, and keep the attachments listed at the foot of each letter. Clause numbering is indicative: FIDIC 1999 and 2017 differ, and Particular Conditions amend both numbering and time periods. Verify every clause reference against the executed contract before sending anything.

1. The escalation ladder

Most non-conformances never reach a letter. Where one does, the ladder is deliberately short, dated and escalating. Each rung exists to create a record that the next rung needs. Skipping rungs weakens the record; repeating a rung without escalating it weakens the position just as much.

Table 1 - The escalation ladder and the trigger for each rung

Rung	Instrument	Issued by	Trigger	Time allowed	What it creates
1	Non-conformance report (quality record) plus a written instruction	Engineer / PMC	Confirmed non-conformance	As stated in the NCR	The factual record: what is wrong, where, against which requirement, and what must be done
2	Letter 1 - Formal Warning	Engineer / PMC	The NCR is not corrected or the closure evidence is not submitted by the agreed date	3 working days to act, with a final completion date	A recorded failure, a final date, and an express reservation of rights
3	Letter 2 - Notice to Correct under Sub-Clause 15.1	Engineer / PMC	Failure to respond to the warning, or a repeated failure of the same obligation	A reasonable time, commonly 14 days; shorter only where safety, structural stability or a statutory instrument is at risk	A contractual notice that opens the substantive remedies and is a precondition to further steps
4	Letter 3 - Notification of Subsequent Action	Employer, through the Engineer	Expiry of the Notice to Correct period without compliance	Immediate	The exercise of remedies: withholding, Employer's claim, delay damages, and a further reservation including termination

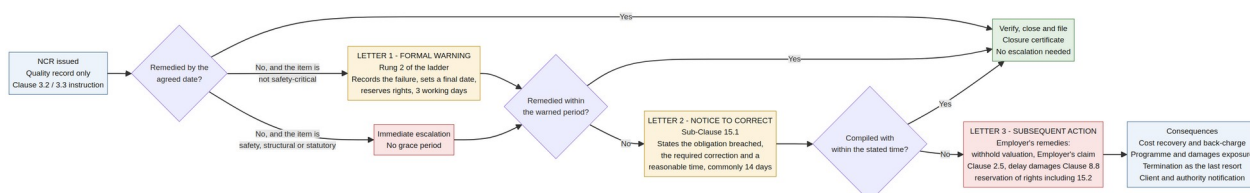


Figure 1 - From quality record to contractual remedy: the notice sequence and its decision points

2. Before any letter goes out: the four rules

1. The quality record comes first. A letter that escalates a non-conformance which was never properly recorded, priced and notified invites the answer that the Engineer had no basis for the instruction. The NCR must state the requirement breached, the exact location and element, the acceptance criterion, and the evidence that will prove closure.
2. Never escalate an item you have not verified as outstanding on the day of the letter. Re-inspect, photograph and date the evidence. A letter asserting a state of affairs that the contractor can disprove with a photograph taken that morning damages the Engineer's credibility for the rest of the project.
3. Keep the letter factual and short. State the obligation, the failure, the required action, the date, and the reservation of rights. Do not argue the merits, do not speculate about the contractor's motives, and do not threaten termination in the warning.
4. Serve it properly and prove service. Communications under the Contract are to be in writing and delivered to the address stated in the Contract, by the permitted methods. Record the method, the date and the recipient; retain the courier receipt, the transmission report or the portal acknowledgement. Where a notarised legal notice is used in parallel to interrupt a limitation period, keep the notary record.

The clause most often misused

Sub-Clause 15.1 is not a warning procedure and not a substitute for managing the works. It is the notice that requires the Contractor to make good a failure to carry out an obligation within a specified reasonable time. Two practical consequences follow. First, the obligation you identify must be a real obligation under the Contract, not a preference or a best practice. Second, the time you specify must be defensible as reasonable: a period that is too short will be attacked if the matter is later determined or arbitrated. For safety-critical, structural or authority-linked items the reasoning behind a short period should be stated in the letter itself.

Letter 1 - Formal Warning

Guidance note, to be deleted before issue. This letter is issued by the Engineer and is the first written escalation. It does not need to be called a notice and it should not cite Sub-Clause 15.1; citing 15.1 here spends the notice before it is needed. Its purpose is to create a dated record of a failure, to give one final opportunity with a short, specific deadline, and to reserve rights. Attach the NCR, the acknowledgement, the inspection or test record, the dated photographs and the schedule of outstanding evidence.

Template - Letter 1

[Engineer's letterhead]

[Reference] | [Date]

To: [Contractor's legal name] | [Address for communications under the Contract]

Attention: [Project Manager / Contracts Manager]

Copy: [Employer] | [Engineer's Representative]

Subject: Formal warning - outstanding non-conformance [NCR No. and revision] - [building, level, zone and element] - action required by [date]

Dear Sirs,

1. We refer to the Contract dated [date] between [Employer] and [Contractor] (the Contract), to the Engineer's instructions issued under Sub-Clause [3.2 / 3.3], to [the Specification, drawings and code reference applying to the works], and to the following documents: Non-Conformance Report [NCR No.] dated [date]; the Contractor's acknowledgement dated [date]; our inspection report [ref] dated [date]; and our letter [ref] dated [date].

2. The non-conformance concerns [describe the works and the defect or non-compliance in one sentence]. The requirement breached is [clause, specification section, drawing number and revision, or code reference], and the acceptance criterion is [state the objective criterion]. The correction required is [state the works required], to be verified by [inspection / test / third-party test / authority inspection / designer confirmation]. The correction was required to be completed by [date] in accordance with [the NCR / the Engineer's instruction / the accepted programme].

3. As at the date of this letter, [the non-conformance has not been corrected / the correction has been partially carried out but the following remains outstanding: ...]. In addition, the following evidence required for closure of the non-conformance has not been submitted: [list the missing items]. The root cause analysis and corrective and preventive action submission required by [date] has not been received.

4. The Contractor has therefore failed to carry out its obligations under Sub-Clauses [4.1 (execution in accordance with the Specification), 4.9 (quality management and compliance verification), 7.5 and 7.6 (rejection and remedial work), and 3.2 / 3.3 (compliance with instructions)] and under clause [] of the Particular Conditions and the Project Quality Plan.

5. This letter is a formal warning. The Contractor is required, within three (3) working days of receipt, to [commence the correction and submit the method statement / submit the outstanding method statement, root cause analysis and corrective and preventive action plan] and to complete the correction and submit the full closure evidence no later than [date and time].

6. The Contractor is reminded that [delete the sentences that do not apply] no further works in the affected

area may be covered up or progressed while the item remains open; the affected work will not be certified or included in any payment certificate until the non-conformance is closed; the works cannot be presented to [authority] and the taking-over requirements cannot be satisfied in respect of the affected area; and the Contractor bears the cost of re-inspection, re-testing and any additional supervision reasonably required.

7. Should the Contractor fail to take the action required by paragraph 5 by the date stated, the Engineer will give a notice under Sub-Clause 15.1 of the Contract and the Employer will exercise the remedies available to it under the Contract, including its rights under Sub-Clauses 2.5, 8.8 and 14.6, without further notice.

8. All rights and remedies of the Employer and the Engineer under the Contract and at law are expressly reserved. This letter is not a waiver of any such right, nor an acceptance of the works, nor a variation of the Contract.

9. Please acknowledge receipt and confirm by return the name of the person who will lead the correction and the date on which the correction will start.

Yours faithfully,

[Name] | [Position] | For and on behalf of [Engineer]

Attachments: NCR []; Contractor's acknowledgement; inspection or test record; dated photographs; schedule of outstanding closure evidence; extract of the Programme and of the Quality Plan.

Letter 2 - Notice to Correct under Sub-Clause 15.1

Guidance note, to be deleted before issue. This is the contractual notice. It must identify obligations that exist under the Contract, the failure, the correction required, and a specified reasonable time. It is issued by the Engineer, not by the Employer. Do not issue it for a matter that is not the Contractor's obligation, and do not attach conditions that the Contract does not impose. If the item is safety-critical, structural, or blocks a statutory instrument, say so in the letter: that is what justifies a period shorter than fourteen days.

Template - Letter 2

[Engineer's letterhead]

[Reference] | [Date]

To: [Contractor's legal name] | [Address for communications under the Contract]

Attention: [Project Manager / Contracts Manager]

Copy: [Employer]

Subject: Notice to Correct under Sub-Clause 15.1 - non-conformance [NCR No. and revision] - [building, level, zone and element] - correction required by [date]

Dear Sirs,

1. We refer to the Contract dated [date] between [Employer] and [Contractor] (the Contract); to Non-Conformance Report [NCR No.] dated [date]; to our formal warning [ref] dated [date]; and to our inspection [ref] dated [date]. Capitalised terms have the meanings given in the Contract.

2. Sub-Clause 15.1 provides that if the Contractor fails to carry out any obligation under the Contract, the Engineer may by notice require the Contractor to make good the failure and to remedy it within a specified reasonable time. This letter is such a notice.

3. The Contractor has failed to carry out the following obligations under the Contract:

- (a) to execute the works in accordance with the Specification, the drawings and the applicable codes, as required by Sub-Clause [4.1];
- (b) to establish and maintain the quality management system and compliance verification required by Sub-Clause [4.9], in that the inspection and test plan and its hold points were not implemented for [element], and the records required by the Quality Plan have not been produced;
- (c) to comply with the Engineer's instructions [ref] issued under Sub-Clause [3.2 / 3.3]; and
- (d) to remedy the non-conformance and to submit the evidence required for its closure, as required by Sub-Clauses [7.5 and 7.6] and clause [] of the Particular Conditions.

The particulars of the failure are set out in the NCR and in the schedule attached to this notice.

4. The correction required is [set out precisely what must be done, element by element]. The correction must be completed and the full closure evidence submitted to the Engineer no later than [time] on [date]. We confirm that this period is a reasonable time for the purposes of Sub-Clause 15.1, having regard to [the scope of the correction / the containment already in place / the availability of the materials and access / the fact that the item affects structural safety or the issue of [authority instrument], which cannot be obtained while the item remains open].

5. Within three (3) working days the Contractor shall submit: (a) a programme for the correction, showing the sequence, resources and completion date; (b) a method statement for the correction; (c) the root cause analysis and the corrective and preventive action plan with named owners, dates and monitoring; (d) the

inspection and test plan with hold points and the proposed verification criterion; and (e) the proposed closure evidence pack, indexed against the requirements of the NCR.

6. The Contractor shall not cover up, conceal or progress any works that would prevent inspection or verification of the correction. Any such works may be required to be opened up, at the Contractor's cost, under Sub-Clause [7.5 / the applicable clause].

7. The Employer's rights and remedies are expressly reserved, including its rights under Sub-Clause 2.5 (Employer's Claims), Sub-Clause 8.8 (delay damages, if completion or taking-over is or becomes delayed by reason of the failure), Sub-Clause 14.6 (withholding from interim payments the value of works that do not comply), Sub-Clause 11 (defects) and Sub-Clause 15.2 (termination for the Contractor's default).

8. Please acknowledge receipt of this notice in writing and confirm the identity of the person responsible for compliance and the date on which the correction will commence.

Yours faithfully,

[Name] | [Position] | For and on behalf of [Engineer]

Attachments: NCR []; schedule of the failure and the evidence outstanding; formal warning [ref]; inspection and test records; dated photographs; relevant drawings and specification extracts.

Letter 3 - Notification of Subsequent Action

Guidance note, to be deleted before issue. This letter exercises the remedies and is properly issued by the Employer, through the Engineer, because the substantive money and termination rights belong to the Employer and not to the Engineer. State only remedies that the Contract and the applicable law actually give the Employer, quantify what can be quantified, and reserve what cannot. Do not announce a termination; announce the intention to consider the notices available in the Contract, and diarise the separate procedural steps that termination itself requires.

Template - Letter 3

[Employer's letterhead]

[Reference] | [Date]

To: [Contractor's legal name] | [Address for communications under the Contract]

Attention: [General Manager / Contracts Director]

Copy: [Engineer] | [Employer's lender / project monitor, if required]

Subject: Notification of subsequent action - failure to comply with the Notice to Correct under Sub-Clause 15.1 - non-conformance [NCR No.] - [element]

Dear Sirs,

1. We refer to the Contract dated [date] between [Employer] and [Contractor] (the Contract); to Non-Conformance Report [NCR No.] dated [date]; to the Engineer's formal warning [ref] dated [date]; and to the Engineer's Notice to Correct under Sub-Clause 15.1 dated [date] (the Notice), which required the correction of the non-conformance and the submission of the closure evidence by [date].

2. The Contractor has failed to comply with the Notice [in whole / in the following respects]: as at the date of this letter, [state what remains outstanding and what evidence is missing]. The Engineer's inspection of [date], report [ref], records that [state the position].

3. The Contractor's obligations under the Contract in respect of the non-conformance, and the Engineer's Notice under Sub-Clause 15.1, remain in full force. The Employer hereby notifies the Contractor that the following action is taken and, where indicated, will be taken:

(a) Withholding. The Engineer will not certify, and the Employer will withhold from the [next / each] payment certificate, the value of the works affected by the non-conformance together with the value of any work that cannot be assessed because of it, in accordance with [Sub-Clause 14.6 / 14.3], until the non-conformance is closed to the Engineer's reasonable satisfaction.

(b) Employer's Claim. The Employer will recover, as an Employer's Claim under Sub-Clause 2.5, the costs and losses attributable to the failure, including [third-party testing and inspection costs / survey and monitoring costs / the cost of additional Engineer's staff engaged for re-inspection / the cost of remedial work carried out by others where the Contractor fails to remedy by [date] / the cost of the delay to the works]. The Employer's estimate of the sum claimed to date is [amount or nil], calculated on the basis set out in the schedule attached to this letter.

(c) Delay damages. The Employer reserves the right to apply delay damages under Sub-Clause 8.8 [8.7] from [date], on the basis that [the works or the relevant section cannot be taken over / the Employer cannot occupy and use the affected areas / the Employer cannot obtain the taking-over or occupancy instruments required] by reason of the failure.

(d) Set-off. The Employer reserves its rights of set-off and deduction in respect of the sums referred to in paragraphs (a) and (b) against any sum otherwise due to the Contractor, in accordance with the Contract and the applicable law.

(e) Further steps. If the Contractor fails to complete the correction and submit the closure evidence within a further [number] days, the Employer will consider and, if advised that it is entitled to do so, issue the notices available to it under Sub-Clause 15.2 in respect of the Contractor's default, and will take advice on its rights under clause [11] and at law, including the appointment of others to carry out the correction at the Contractor's cost.

(f) Notifications. The Employer reserves the right to notify [the relevant authority], the Employer's insurers and the Employer's lenders of the position, where the non-conformance or the failure to remedy affects a statutory instrument, an insurance requirement or the financing of the project.

4. The Contractor is required, within five (5) working days of receipt of this letter, to submit a recovery programme which demonstrates completion of the correction by [date], together with [the outstanding method statement / root cause analysis and corrective and preventive action plan] and the closure evidence pack. The Contractor's [Project Manager] is required to attend a meeting at [time] on [date] at [place] to present the recovery programme.

5. All rights and remedies of the Employer and the Engineer under the Contract and at law are expressly reserved and no right or remedy is waived by any delay or omission in exercising it. This letter is not a termination of the Contract, is not a determination of any matter, and does not vary the Contract in any respect.

Yours faithfully,
[Name] | [Position] | For and on behalf of [Employer]

Attachments: NCR []; Notice to Correct [ref]; Engineer's inspection report [ref]; schedule of costs claimed to date; programme extract showing the affected activities.

Annex A - Employer's Claim notice (Sub-Clause 2.5)

Use this short notice when the Employer has incurred or will incur cost because of the failure, whether or not Letter 3 has been issued. Under the 2017 edition the Engineer gives the notice and the Employer may set off; the notice should be given as soon as practicable. Attach the substantiation, and keep the position updated as the cost accrues.

Template - Annex A

[Employer's or Engineer's letterhead]

[Reference] | [Date]

To: [Contractor] | Copy: [Employer / Engineer]

Subject: Notice of an Employer's Claim under Sub-Clause 2.5 - non-conformance [NCR No.] - [describe the matter]

Dear Sirs,

1. We refer to the Contract dated [date] and to [the non-conformance / the failure to comply with the Engineer's instructions / the failure to comply with the Notice to Correct dated [date]] in respect of [element].
2. Under [Sub-Clause 2.5 / clause [] of the Particular Conditions] the Employer gives notice of a claim for the costs and losses which the Employer has incurred and will incur by reason of the matter, namely [describe the heads of cost].
3. The sum claimed to date is [amount], calculated as set out in the schedule attached. The Employer's claim is continuing and the Employer reserves the right to update it, to add further heads of cost and to set off the sums claimed against any amount otherwise due to the Contractor [under Sub-Clause 14.6 / 14.3 and under the applicable law].
4. Please provide your response and any substantiation of your own within [14] days of receipt.

Yours faithfully,

[Name] | [Position] | For and on behalf of [Employer]

Annex B - Notice of withholding with the payment certificate

Template - Annex B

[Engineer's letterhead]

[Reference] | [Date]

To: [Contractor] | Copy: [Employer]

Subject: Interim payment certificate [No.] - withholding in respect of non-conformance [NCR No.]

Dear Sirs,

1. We refer to Interim Payment Certificate [No.] dated [date].
2. In accordance with [Sub-Clause 14.6 / 14.3], the amount certified excludes the following: [list the activities or elements affected by the non-conformance, the value of the work that does not comply, and the value of any work that cannot be assessed because of it], totalling [amount] at the rates and prices in the Contract.
3. The withheld value will be certified in the first interim payment certificate issued after the non-conformance is closed to the Engineer's reasonable satisfaction on the evidence required by NCR [No.]. The withholding is without prejudice to the Employer's rights under Sub-Clause 2.5 and to any Employer's claim already notified.

Yours faithfully,

[Name] | [Position] | For and on behalf of [Engineer]

Issue checklist - run this before sending any letter

Table 2 - Pre-issue checklist

#	Check	Why it matters
1	The obligation quoted exists in the executed Contract, with the Particular Conditions applied	A notice that cites a clause the Contract does not contain, or that omits an amended period, is attackable on its face
2	The non-conformance is recorded in a register that is current, numbered and traceable	The letters depend on the quality record; a gap in the register is a gap in the chain of evidence
3	The outstanding state of the works was verified on or immediately before the date of the letter	Prevents the letter being answered with a photograph that contradicts it
4	The correction required and the acceptance criterion are stated objectively	The contractor must know exactly what compliance looks like; subjective language invites dispute
5	The time allowed is specified, dated and defensible as reasonable	Sub-Clause 15.1 requires a specified reasonable time; the reasoning should be visible where the period is short
6	The correct issuing party signs: Engineer for instructions and the 15.1 notice; Employer for claims, withholding and termination steps	The Engineer is not a party to the Contract and cannot exercise the Employer's money or termination rights
7	Rights are reserved in the closing paragraph, and nothing in the letter waives or varies the Contract	Protects the position where the item is later closed and a fresh failure occurs
8	A UAE context line is included where relevant: authority instrument blocked, statutory inspection pending, registration or permit consequence	Makes the consequence concrete and demonstrates why the item cannot simply be carried forward
9	The attachments exist and are the versions referenced in the letter	A reference to a revision that was never issued undermines the whole notice
10	Service is recorded: method, date, recipient, proof retained	Deemed receipt provisions and time bars run from service, not from drafting

UAE-specific tailoring notes

- Authority-linked items: where the non-conformance blocks a municipal or utility instrument (completion certificate, occupancy, Civil Defence approval, energisation, drainage connection, road opening, telecom acceptance), say so expressly in the letter and name the instrument and the authority. The consequence is financial and immediate, and it is usually the fastest route to compliance.
- Regulatory context: where the matter also touches a registration, classification or professional competency requirement under Dubai Law No. 7 of 2025 (contracting) or Dubai Law No. 14 of 2025 (engineering consultancy), the Employer's written record of the failure is relevant to the assessment of the contractor or consultancy later. Do not threaten to report the contractor; state the fact of the requirement and keep the record.
- Records: under the Dubai contracting regime project records must be retained for ten years from the completion certificate or termination. Retain the correspondence file, the service evidence and the closure

dossier on the same basis, in the project's electronic document management system, and keep a read-only copy.

- Contractors and consultants are separate addresses: on many UAE projects the Engineer's own obligation to verify is also engaged. If the non-conformance reveals a failure in the Engineer's verification or in the contractor's independent checking, escalate internally at the same time as issuing the letter.
- Two instruments, one item: the quality record and the contractual notice travel together. Where the Employer also has rights at law, for example in tort or for decennial defects, the letters should be drafted so that they do not convert a statutory claim into a purely contractual one with a shorter limitation position. Take advice before wording any settlement or waiver.

Standing caution

This pack is a drafting and process aid for project management and quality professionals. It is not legal advice and it is not a substitute for advice on the executed contract, the applicable Particular Conditions or the law of the seat of any dispute. Clause numbers, notice periods and the identity of the party entitled to exercise each right must be verified against the project documents before any letter is issued.