Dear (name),

Thank you for taking the time to speak to us about the position, (job title).  
We regret to inform you that (organization) will not be pursuing your candidacy for this position. Though your qualifications are impressive, the selection process was highly competitive and we have decided to move forward with a candidate whose qualifications better meet our needs at this time. We thank you for your interest in (organization) and wish you all the best in your future endeavors.

Regards,   
Name  
Title