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Buying a Houseboat: A Legal Guide



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The idyllic charm of British waters and the freedom associated with houseboats make them an exciting alternative to traditional brick-and-mortar properties. Whether you choose a cruising narrow boat, a converted Dutch barge or a static liveaboard, there are plenty of advantages to living on a houseboat, not least from an economical perspective amidst soaring property prices. However, there are far more considerations and potential pitfalls to life afloat than may first meet the eye.

Buying a houseboat is not the same as buying a house. However, it is as important to seek legal assistance when buying a houseboat as it is a property, not least due to the substantial amount of money being invested. So, before you dive into the deep end with your houseboat purchase, let us provide a whistlestop tour of houseboat transactions and the key things to consider when purchasing a houseboat.

Considerations

Costs

The majority of houseboats are exempt from stamp duty land tax and may also be exempt from VAT if they meet certain criteria, but you should seek advice on these areas. Residential moorings carry the lowest band of council tax. However, these savings can be outweighed by mooring licence fees, cruising licences, maintenance charges, insurance and other associated costs.

Maintenance and safety

Whatever you choose, each type of boat has its own technical and regulatory nuances and, of course, must be sea or river-worthy. It is always a good idea to speak to a marine surveyor in respect of any proposed purchase and you should ensure that the relevant safety certificates are in place, such as the Boat Safety Scheme Certificate for boats on inland waterways. As with all boats, you should be prepared to carry out ongoing in-water maintenance on the boat and to haul it out of the water regularly to check the condition of its hull. This can be a significant undertaking, both in terms of cost and practicality.

Moorings

Unless you plan to live a nomadic lifestyle, you will also need to source a mooring. Whilst boats are plentiful, good moorings can be scarce. Some boats will come with their own residential mooring at a premium. Many moorings are short-term with no guarantee of an extension or permit “pied a terre” living only, i.e. you may only stay on the boat for a certain number of nights a week. You should carefully check the terms of any mooring licence or agreement to ensure it fits your purpose. The alternative is to be continuously cruising, which means you need to move moorings every 14 days. However, there are navigational requirements for a continuous cruiser to meet, and these should be looked into further.

Finance

Houseboats can be subject to marine mortgages in a similar way to houses. If you want to get a loan to help with your purchase, it is important to think about this from the outset to ensure any marine lender is on board with the purchase and has a say in terms of any specific requirements they may have, such as surveys and valuation.

Communal ownership

Boats are generally sold in shares of sixty-four. If you are buying with another individual or a group of people, the shareholding in a boat can be apportioned in accordance with factors such as financial contributions. If arrangements are complex, it can be a good idea to put in place an ownership agreement setting out the basis of each party’s interest in the boat, just in case things go pear-shaped down the line.

Licences and regulations

Waterways have different bodies responsible for their upkeep and regulation. Depending on which body oversees the waterway, you may be required to obtain different licences, for example, a cruising licence or a business licence if you are renting the vessel, or comply with different regulations, for example, obtaining a Boat Safety Scheme Certificate. This can become confusing when navigating between waterways controlled by different bodies.

The purchase transaction

Typically, the key stages of a transaction and how your solicitors can support you are as follows:

- **Due diligence:** it is advisable to perform full due diligence on the houseboat and its mooring, raising enquiries as you would with any house purchase. Your solicitor will investigate all the matters mentioned above, along with other key considerations which may be bespoke to your purchase.
- **Contract:** you would be ill-advised to pay a deposit without a clear contract in place, which provides circumstances in which you can claim your deposit back if things don’t go as planned, for example, if the survey doesn’t meet your satisfaction. Your solicitor will draft a contract which protects your interests and addresses any requirements of your individual transaction.

- **Deposit:** it is usual for a buyer to secure their interest in the boat at an early stage by putting down a deposit. Your solicitor will be able to hold the deposit in escrow while the parties prepare for completion, providing reassurance that your money is safe.
- **Survey:** the principle of “buyer beware” applies, which means it is for a buyer to ascertain information about the houseboat. It is wise to commission a comprehensive survey from a reputable marine surveyor to determine the state and condition of the boat. Be sure to specify any particular areas of interest or concern. If the survey flags up any defects or necessary remedial works, you may want to negotiate with the seller to reduce the price or for the defects to be repaired prior to completion. Your solicitors will ensure that your contract provides for this, and the contract can be amended as necessary following the survey.
- **Mooring:** depending on the type of mooring you are getting, your solicitors will review and draft legal assignments of licences or mooring agreements and ensure that the paperwork is coordinated so that the mooring is transferred to you simultaneously with the purchase of the boat.
- **Completion:** once your solicitors have ensured that all the legal documentation is in place, you are ready to complete the purchase. Your solicitors will effect the transfer of the boat and the mooring into your name and release the purchase price. You will receive a bill of sale, signed by the seller, which transfers title over to you. Keep this safe to evidence your ownership when you come to sell the boat.

Now you can sit back and enjoy your new boat and home!

As the writer of this article can testify, living on a houseboat can certainly be an exciting and rewarding experience, but the process of purchasing one can be tricky to navigate. It is worthwhile investing a little time and money upfront to ensure peace of mind.

The LA Marine team has extensive experience of houseboat sale and purchase all over the UK (and beyond) and will be happy to guide you through your transaction. Please contact us at online.enquiries@LA-law.com.