

BUYING A MULTIHULL?

Then here are some tips. By Mark Mount

THE BROKER

Buying a boat is probably going to be in the top three most expensive things you are likely to do along with the house and the car. So here are a few pointers to avoid problems. Unless you are buying a brand new boat straight from the manufacturers there is very little comeback on the seller if things go wrong. It is in most cases 'buyer beware'.

The main areas of difficulty are:

1. Recreational Craft Directive (RCD)
2. VAT
3. Proof of ownership and clear title

Recreational Craft Directive (RCD)

You only need worry about the RCD and CE Marking if the boat was built in Europe or imported into Europe after June 16th, 1998. It applies virtually to all boats over 2.5m unless you have built it yourself and it is for your own use. Be careful though if you then sell it on or charter it because it could then come under the rules. Boats coming under the RCD rules will need a certificate of conformity and if passed they then need to be CE Marked. A most useful source of information can be found on this British Marine Federation website link www.boatingadvice.com/buying-a-boat.html or phone them on 01784 473377. The RYA also publishes a booklet on buying new and second hand yachts.

VAT

VAT will have to be paid on any yacht bought outside the EU and then imported regardless of age or previous tax history. It may also be liable to import duty unless it is more than 12m or built in the EU. It is also worth noting that a yacht can lose its VAT paid status. For example if it goes outside the EU and is then bought and imported back into the EU; VAT will become due for a second time! New owners should also be aware that if the boat is VAT unpaid and goes outside the EU; it would immediately become liable to VAT as soon as it enters a EU port...even for one day! Note that The Channel Islands are outside the EU.

If you want to buy a boat in the EU and then take it outside the EU for over 12 months, Customs & Excise operate a 'sailaway boat scheme' that exempts you from paying VAT on the purchase. There are other VAT rules and reference to these can be made at the HM Customs and Excise Website: www.hmrc.gov.uk/ (just enter your question into the search box).

Clear title

How can you protect yourself from buying a stolen boat or one that money is still owed on? What you need is evidence of 'clear title'. Most brokers and dealers should be members of the Association Of Brokers & Yacht Agents or the British Marine Industries Federation and therefore have a strict code of practice that would normally ensure that the boat in question has 'clear title'. They would also carry insurance cover against a bad title. If buying privately then all the title checks are down to you. The RYA provides free of charge an 'Agreement for the Sale of A Secondhand Yacht'.

To check the title there are three main registers of boats in the UK. If the boat is 'Part 1' registered, as a British ship, ask to see the registration certificate and the (original) bill of sale to the current owner, to check that they match. For a fee of £12 you can obtain a 'transcript of entries' from the Registry of Shipping & Seamen (www.mcga.gov.uk), which should show up any outstanding mortgage. Now that registration needs renewing every five years, you also need to check that it is still in date.

If the boat is on the Boatmark security register, with the requisite Hull Identification Number (HIN), a call to operators Equifax should establish the authenticity of the seller's title. The HIN will be the same number as that required for boats with a CE-mark.

The inexpensive Boatmark scheme should become a useful tool against fraud if more and more owners used it. For details go to the following link: www.police999.com/crimeprev/boatmark.html. It is not advisable to use The Small Ships Register to check title. Other information about service history, repairs and insurance should give clues as to the authenticity.

Ensure when you take delivery of your boat that you also receive all the appropriate documentation: its registration certificate, bills of sale, builder's certificate and a VAT invoice or proof of exemption. If you want to Part 1 register the boat yourself, you will need original bills of sale going back five years or to the boats launch date, whichever is the shorter period.

Finally, check also that all the equipment that you understood was to be included in the sale is still on board.

Shared ownership

One method of reducing the cost of buying and running a boat is shared ownership. It can work very well, or it can be disastrous. Serious difficulties most often occur when the relationship between co-owners breaks down. There have been cases where one partner has tried to get out of a syndicate, and been unable to do so without losing his or her share of the boat.

A recommended approach is that co-owners should sign the standard form 'Agreement For The Syndicate Ownership Of A Yacht' which the RYA produces for their members. The purpose of this is not so much to regulate the day-to-day running of the boat, but to give owners a satisfactory system for dismantling a syndicate.

If you are looking at buying a multihull a good place to start is Multihull World based at Thornham Marina.

Mike Davis is a director and says he has 250 multihulls on his list with 35 to 40 on show at Thornham. From the Spring 2006 they will be offering the chance to 'try before you buy'. For this purpose they will be commissioning a Broadblue 385 catamaran and providing a skippered charter for potential purchasers to really get to know all about multihull sailing. He can be contacted on 01243 377333 or email: sales@multihullworld.co.uk

THE INSURER

It is commonly said that getting insurance for multihulls is difficult. That may be so but knowing the right people is the key to the problem and recognising that underwriters will not insure a pile of rubbish!

WH insurance has been insuring multihulls for over 15 years from 40 footers to dinghies. The two partners of the business are Tim Dieu de Bellefontaine and David Lloyd. "We get a lot of boat owners coming to us saying that they can't get insurance with a certain underwriter. Commonly we make the call to right department or person and are successful," says David.

"We have access to the best underwriters for the multihull market, but that doesn't guarantee cover if the boat in question doesn't fit the bill."

"There are three important hurdles to overcome in order to obtain insurance cover; one is the owner's insurance record, two is the survey, and, most commonly today, the third is the location for keeping the vessel."

David says that certain locations around the UK do have a known record of loss. For example he says that it would be difficult to get insurance at West Kirby due to its exposure. Portland Harbour too is high risk and not a spot favoured by the insurers. Above all, says David, it is the survey that is the most important factor. Boats under £5000 generally won't need a survey, but over that it is highly likely that you will not get insurance without a survey. "It is no good using the previous owner's survey either," says David. The insurer would probably require another unless it was