

The SpareRoom.co.uk step by step guide to taking in a lodger



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If you're thinking of taking in a lodger there are a few things you'll need to consider. Some of it's just plain common sense but there are a few things you might not have thought about so, starting with the basics, here's our guide to taking in a lodger.

What is a lodger?

A lodger is someone who rents a room in your home without having exclusive rights to any part of the property. Lodgers can have extra services (such as cleaning, laundry or meals) included by agreement but they're not compulsory

Who can take in a lodger?

Most homeowners and council tenants can take in a lodger but there are several factors to consider before you go ahead. You may need to inform your mortgage lender or local authority and you'll almost definitely need to alert your insurance provider. If you claim any benefits these will almost certainly be affected if you take in a lodger.

What will I need to provide?

In the simplest terms you'll provide a furnished room plus use of communal areas and facilities. Other benefits such as cleaning and meals are up to you.

How much can I charge?

That all depends on where you live and what your property is like. Have a look on www.SpareRoom.co.uk at other rooms available in your area to get an idea what the going rate is likely to be.

Can I evict someone if it doesn't work out or I need my room back?

Generally speaking it's easier to evict a lodger than a tenant but you will need to give 'reasonable notice' if you intend to evict. We strongly recommend a written agreement between you and your lodger(s) so the conditions are agreed upon in advance.

How can I find a lodger, is it difficult?

The advent of online flatshare listings has made finding a lodger easier than ever. With an online listing on sites such as www.SpareRoom.co.uk you can include photos and video of your room so prospective lodgers can see what's on offer. You can also check out who's looking for a room in your area.

Will I be taxed on my income and do I have to declare it?

Under the government's 'Rent a room' scheme you can earn up to £4,250 tax free by taking in a lodger and, provided you don't earn more than this, you won't need to declare it.

Do I need to comply with the new Tenancy Deposit laws?

So far the law only applies to Assured Shorthold tenancies so you can take a deposit without having to use the scheme.

Having decided to take in a lodger you'll need to plan ahead so here's our step by step guide to help you work your way through the process with minimal fuss and make sure you've got everything covered in advance. Points marked with an asterisk are absolutely essential; you shouldn't ignore any of these. Those with the 'recommended' symbol (👍) are points we'd strongly advise you to consider.

1. Check with your mortgage lender, landlord or local authority (if you're in a local authority owned property) to make sure you can legally take in a lodger. Unless you own your property and the freehold it's always best to check that you're OK to get a lodger to save any surprises later on.*
 - *If you own your property check with your mortgage lender*
 - *If you rent from a landlord check your tenancy agreement*
 - *If you're a local authority tenant check with your local authority*
2. Inform your insurance provider to make sure you're still covered and so you can let your lodger know if they'll need their own insurance*

3. Inform your local benefits agency if you receive any benefits. It's almost certain any benefits will be affected by your taking in a lodger so find out in advance what the result will be*
4. Let the council know if you're paying reduced council tax for single occupancy*
5. Get the room ready. Make sure you have all the furniture you need and everything is ready for a lodger. Remember, if you're going to use the Rent a Room scheme to earn tax free income you must provide a furnished room
6. Decide in advance what the terms and conditions will be. It may seem unnecessary at first but will avoid most nasty problems before they occur and give you a clear point of reference if you run into any difficulties 🏠
7. Get a Lodger Agreement in advance so you're both covered 🏠
8. Check local rents so you're setting a fair rent for what you're offering. There's no point in overpricing your room and struggling to find a lodger. Use www.SpareRoom.co.uk to see what other people are asking 🏠
9. Advertise your room. Go to www.SpareRoom.co.uk and place your listing. Don't forget to check the 'room wanted' ads and sign up for alerts so you'll be aware of anyone looking for a room in your area. For advice on effective advertising see the "Info & Advice" section on SpareRoom.co.uk 🏠
10. 10 Credit checks. Once you've found a prospective lodger you may want to use a credit checking facility to make sure they're OK. Not everyone does this with lodgers but there are plenty of services available should you wish to
11. Signing contracts and agreeing terms and conditions. Setting out the details of who is responsible for what in advance is highly advisable to avoid any later problems 🏠
12. Getting your lodger to set up a standing order for the rent. This takes the personal element out of collecting the rent and means you can both budget more effectively 🏠

13. Lodger moves in. It's a good idea to be available for your lodger on the day they move in, don't just give them a key and go out. They're bound to have questions on the first day so make it easier for them to move in and feel settled. Don't stand around and watch them unpack but make sure they know your door is open if they need you 🏠
14. Inform your tax office if you earn over £4,250 per year from your lodger. If you fill out a tax return anyway make sure you include the income *

Hope this was guide useful. For further information, please visit www.SpareRoom.co.uk or our specialist info website www.lodgers.com or alternatively email me at matt@spareroom.co.uk



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