

Mutual Exchange Policy

Policy Reference	
Approved by	Ocean Housing Board
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Responsible Board	Customer Services Committee
Responsible Executive	Executive Director of Homes & Communities

References and Engagement

Related Policies and Procedures	Allocations and Lettings Policy.pdf Reasonable Behaviour Policy 2024.pdf Tenant Alterations and Adaptations Policy 2025 Approved.pdf
Who this policy applies to	Ocean Housing tenants and staff
Customer Engagement	Together With Ocean / Have Your Say
Equality Impact Assessment Date (if applicable)	18/05/2026
Legislation/Regulation Referenced	Housing Act 1985 Section 92 Housing Act 1985 Schedule 3 Localism Act 2011 Section 158 Localism Act 2011 Schedule 14
Performance Monitoring	☐ Tenant Satisfaction Measures (TSM) ☐ OHL Performance Bulletin ☐ SLT Performance Bulletin ☒ Internal Monitoring/Compliance ☐ Other (please specify) Other:

Location and Version Control

Document Location	Ocean Housing Intranet & Website
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1.0 Purpose

- 1.1 This policy explains Ocean Housing Ltd.'s (OHL) approach to mutual exchanges so that we use exchanges to match the right home to the right customer whilst supporting making best use of our stock and ensuring we meet our legal and regulatory obligations.
- 1.2 It sets out how we determine who is eligible for an exchange, how exchanges take place and the grounds we use for refusing an exchange.
- 1.3 This policy applies to tenants of Ocean Housing Ltd.

2.0 Responsibilities

- 2.1 The **Senior Neighbourhood Services Manager** has overall responsibility for this policy including responsibility for the preparation of this policy, oversight of its implementation, and maintenance of supporting risk management and internal control systems and processes.
- 2.2 The **Neighbourhood Services Manager** is responsible for the day-to-day operation of the policy and ensuring it is adhered to.
- 2.3 The **Property Services Coordinator** is responsible for completing the property inspection to check the safety and integrity of the building and identify any repairs or unauthorised alterations.
- 2.4 All relevant **colleagues** are responsible for acting in line with the principles of this policy and associated methodology, tools and systems.

3.0 What is a Mutual Exchange?

- 3.1 Mutual Exchange is the mechanism by which two or more customers can swap their homes with the consent of their respective landlords' properties with one another. A Mutual exchange can be between any tenant of a Local Authority or Registered Provider of Social Housing across the United Kingdom.

A Mutual Exchange may take place via an assignment as defined below:

- **Assignment:** This is the legal term to describe the process of passing on (assigning) of a tenancy from one person(s) to another. A Deed of Assignment is signed rather than a new tenancy agreement. This means the tenants will also 'step into each other's shoes' resulting in each party exchanging the same type of tenancy and terms and conditions as the tenant with whom they are exchanging. They would also take on responsibility for any notices attached to the property.

4.0 Mutual Exchange Overarching Principles

- 4.1 OHL will not unreasonably withhold consent and will rely on the grounds in the Housing Act 1985 and Localism Act 2011 to reach a decision to consent or not. See appendix 1.
- 4.2 It is the responsibility of the tenant to identify their own mutual exchange. OHL will support this process by subscribing to the Homeswapper digital scheme, which OHL tenants have free access to.
- 4.3 Each party to the exchange should make an application to their landlord for the exchange to take place.
- 4.4 A request will be considered to have been received by OHL, once a fully completed set of applications, from all parties to the exchange has been received.
- 4.5 An inspection of the OHL properties involved in a mutual exchange will be carried out by the Property Service Coordinator as part of the application process. Any repairs or issues identified during the inspection that are deemed to be the tenant's responsibility will be documented.

Where these issues are considered minor (for example, missing fixtures, removal of rubbish, or minor cosmetic repairs), the tenant will be required to complete the necessary works within a specified timescale. Failure to do so may result in the exchange being delayed or refused.

Where major issues are identified (including but not limited to unauthorised alterations such as kitchen or bathroom installations, structural works, or any other breach of tenancy conditions) the mutual exchange application will be refused.

- 4.6 Parties to the exchange may choose to gift items such as carpets or furniture to one another as part of the exchange and will be required to sign a Gifted Items Disclaimer.

4.7 Where an assessment of under occupation is completed, this will be done in accordance with OHL's [Allocation & Lettings Policy](#).

5.0 Who is eligible to request a Mutual Exchange

5.1 **Secure tenants** – have a statutory right to swap tenancies with another qualifying tenant under Section 92 of the Housing Act 1985. OHL must give consent unless a valid ground for refusal applies. Grounds for refusal are limited and set out in Schedule 3 of the Act – appendix 1.

5.2 **Assured tenants** – do not have a statutory right to exchange, however, they do usually have the right to assign by way of exchange as a contractual right in their tenancy agreement. The terms of the tenancy agreement require both tenants to have written consent from their respective landlords and the tenants to be either secure or assured tenants whose landlords are either a local authority or housing association.

5.3 The following occupiers do not have the right to exchange:

- Tenants with a starter tenancy, including extension periods
- Demoted Tenancies
- Temporary (decant) tenancies (although tenants may have the right to exchange at their permanent address)
- Licenses
- Leaseholders
- Shared Owners
- Freeholders

5.4 By law, OHL must approve or deny an application for a Mutual Exchange in no more than 42 days from the date that all application forms from all parties to the exchange have been received., OHL does not treat the 42 days as its target and aims to make a decision as quickly as it can once all the necessary information is available.

6.0 Making a Decision on the Mutual Exchange

6.1 OHL must share their decision in writing within 42 days of receiving applications from all parties to the exchange. If OHL has not given the tenant a decision in writing to decline the request using one of the grounds set out below in appendix 1, then the request is considered to be approved.

6.2 We will not unreasonably withhold consent to an application for a mutual exchange. There are three different sets of grounds on which we may refuse an

application. The set of grounds that will apply depends on the type of tenancy and whether the potential exchange is protected under the Localism Act.

6.3 The applicable grounds for refusal are set out in following section and appendix 1:

- [Schedule 3 of the Housing Act 1985](#)
- [Schedule 14 of the Localism Act 2011](#)
- Ocean Housing's Policy

7.0 Schedule 3 of the Housing Act 1985

7.1 These grounds apply to:

- Secure tenants
- Assured tenants where the tenancy agreements states that we will only refuse permission on Schedule 3 grounds

7.2 We will apply section 92 of Schedule 3 of the Act which allows landlords to give conditional approval when rent lawfully due has not been paid or another obligation of the tenancy agreement has been broken or not adhered to. Additionally, we may make it a condition of our approval that any arrears are cleared by a specific date before the exchange takes place.

7.3 However, we cannot refuse an applicant on the ground of rent arrears unless one of the following applies:

- we have obtained an Outright Possession Order (OPO)
- we have obtained a Suspended Possession Order (SPO)
- we have started legal proceedings
- we have served a valid Notice of Seeking Possession for rent lawfully due that has not been paid

7.4 A full list of Schedule 3 grounds on which we may refuse an application are set out in Appendix 1 of this policy.

8.0 Schedule 14 of the Localism Act 2011

8.1 These grounds only apply where the Localism Act 2011 applies to a mutual exchange (an assured or secure tenancy that started before 1 April 2012 exchanging with a fixed term social rent tenant). Only the grounds in Schedule 14 of the Act can be used as a reason to refuse an application.

8.2 A full list of Schedule 14 grounds are detailed in Appendix 1 of this policy.

9.0 Ocean Housing's Policy Grounds for refusing an application

9.1 These grounds apply to:

- Assured tenants – where the tenancy agreement contains the right to mutual exchange but there is no specific reference to Schedule 3 of the Housing Act 1985 and
- Fixed term tenants – where there is no reference in the tenancy agreement to grounds for refusal and only to complying with reasonable conditions attached with the Group's consent.

9.2 A summary of the key areas of refusal are:

- Under Occupation assessment – OHL will determine whether a tenant will be under occupying a property in accordance with our Allocations and Lettings Policy criteria. OHL reserves the right to refuse a Mutual Exchange where the incoming household does not have the required bedroom need.
- Affordability Assessment – OHL will complete a credit check and carry out an income and expenditure assessment to help tenants decide if the property is affordable for them. The assessment will take account of the level of rent the incoming tenant is paying on their current home.
- Section 106 Assessment – Some OHL properties have a Section 106 planning condition restriction, which requires applicants to meet local connection criteria to be considered for the Mutual Exchange. Each Section 106 is unique to the development. Properties with a S106 requirement must be advertised through Homeswapper clearly stating the S106 requirements. Further guidance is set out at Appendix 2.

9.3 A full list of our policy grounds for refusing an application are detailed in Appendix 1 of this policy.

9.4 Once a decision of the mutual exchange has been made, OHL will notify the tenant in writing, clearly setting out any conditions attached to the consent (note the limitations on condition attached to consent above). If the decision is to refuse consent, the reason for this will be clearly set out.

10.0 Verification Checks

10.1 OHL will complete the following checks prior to any exchange going ahead.

10.2 Tenant Checks:

- Credit checks on incoming customers
- Income and Expenditure / Affordability checks
- Right to Rent legislative checks
- References from landlords and any relevant support agencies

10.3 Current Property Checks (Ocean Tenants):

- Property inspection to identify any damage and general property condition of the property that may result in the exchange being refused under Tenancy Breach grounds
- Gas and electric checks safety checks
- Ensuring the property has a valid Energy Performance Certificate (EPC)

11.0 Ocean Housing Repairs & Responsibilities and gifted items

11.1 During the mutual exchange process, we will carry out a property inspection for any OHL properties involved in the exchange to identify any outstanding repairs. Where repairs are identified as a tenant's responsibility these repairs will need to be completed to a satisfactory standard by the tenant before a date can be agreed for the exchange to proceed

11.2 Where repairs or outstanding work(s) are identified which are OHL's responsibility, we will let the incoming tenant know when these works will be completed and confirm the repairs are OHL's responsibility. The incoming tenant will not have to accept responsibility for any OHL repairs.

11.3 The outgoing and incoming tenants may request gift items from each other during the exchange such as decking, sheds etc. providing The Property Services Coordinator is satisfied there are no health and safety concerns, an agreement will be made to allow for the incoming customer to sign for and accept all future responsibility for gifted items.

12.0 Alterations

12.1 If a customer has made alterations to their home, OHL will need to check that permission was given for the alterations, and the tenant followed our Tenant Improvement process.

12.2 If a tenant has made alterations to their home and has not requested permission, the tenant will be required to request retrospective permission. If the alterations are

then refused, the tenant will need to carry out work to put the property back to the required standard before the exchange can proceed.

13.0 Unauthorised Mutual Exchanges

- 13.1 If a customer does not obtain OHL's written consent, the exchange will be unlawful, and all parties risk having lost their security of tenure because they are no longer occupying their original home as their only or main principal. In such instances a Tenancy Breach Case will be opened, and we will decide on the course of action to be taken.

14.0 Appeals

- 14.1 A tenant and/or their exchange partner may appeal against our decision not to give consent to their mutual exchange application, if they feel we have not considered all relevant information or have made the decision unfairly.
- 14.2 Appeals must be made in writing within 10 working days from the date of notification of decision not to consent to their Mutual Exchange. If the appeal is successful, we will continue with the application and reopen the account on Homeswapper. The Senior Neighbourhood Services Manager or another more senior manager not involved in the original decision will consider any appeals.
- 14.3 Customers will be notified of the appeal decision within 10 working days.

15.0 Equality, Diversity and Inclusion

- 15.1 Everyone has a right to be treated with dignity, fairness and respect. We will ensure that Mutual Exchange applications are decided carefully and thoroughly.
- 15.2 Reasonable Adjustments, under the Equality Act 2010, will be considered on a case-by-case basis.
- 15.3 We are committed to addressing any communication or language barriers by providing translation services for face-to-face contact and written communication when needed. We will also produce information in alternative formats such as audio or large print where required.

Appendix 1

***Schedule of the Housing Act 1985 grounds apply to:**

- Secure Tenants
- Assured tenants where tenancy agreements state we will only refuse permission on Schedule 3 grounds.

****Schedule 14 of the Localism Act grounds apply when:**

- A secured or assured (non-shorthold) tenant whose tenancy started before 01 April 2021 exchanges with a social rent fixed term tenant.

	**Schedule 14 Localism Act 2011	Grounds
-	Ground 1	When any rent from a tenant under one of the existing tenancies has not been paid.
-	Ground 2	When an obligation under one of the existing tenancies has been broken or not performed.
Ground 1	Ground 3	A court order for possession or a suspended possession order has been made for either party.
Ground 2	Ground 4 & 5	A notice seeking possession is in force against the tenant or the proposed assignee under Grounds 1-6 of Schedule 2 of the 1985 Act (and similar or/and equivalent grounds under Schedule 2 of the Housing Act 1988) or possession proceedings have begun against either party on one or more of those grounds.
Ground 3	Ground 7	The property is substantially larger than is reasonably needed by the proposed exchange partner.
Ground 4	Ground 8	The property is not reasonably suitable to the needs of the proposed exchange partner and their household.
Ground 5	Ground 9	The property is part of or close to a building that is held for non-housing purposes, or it is situated in a cemetery and was let in connection with employment with the Landlord or with a Local Authority, a new town corporation, housing action trust, an urban development corporation, or the governors of a grant-aided school.
Ground 6	Ground 10	The Landlord is a charity, and the proposed exchange partner's occupation of the property would conflict with the objects of the charity.
Ground 7	Ground 11	The property has been substantially adapted for occupation by a physically disabled person, and if the exchange went ahead a physically disabled person would not be living there.
Ground 8	Ground 12	The Landlord lets properties to people in difficult circumstances (other than merely financial circumstances) and the proposed exchange partner does not meet this criteria.

Ground 9	Ground 13	The property is let to people with special needs and there is a social service or special facility nearby to the properties to assist people with those special needs, and if the exchange were to go ahead no person with those special needs would be living there.
Ground 10	Ground 14	The dwelling is the subject of a management agreement where the manager is a housing association of which at least half the members are tenants subject to the agreement, and at least half of the tenants of the dwellings are members of the association, and also that the proposed exchange partner is not such a member nor is willing to become one.
Ground 2a Additional Ground (Housing Act 2004)	Ground 6	Any of the following are in force, or an application is pending, against our tenant, the proposed exchange partner of a member of either of their households: • an injunction order under section 153 of the Housing Act 1996 • an Anti-Social behaviour order • a demotion order • a possession order under Ground 2 for secure tenancies or Ground 14 for assured tenancies

Appendix 2

Mutual Exchange Guidance – Section 106 Properties

1. An RP tenant living on a s.106 development must ensure that any advert they place seeking a mutual exchange clearly sets out the local connection requirements.
2. The advert seeking a mutual exchange must appear on House Exchange or Home Swapper.
3. During a period of 90 days from the date the advert appears on House Exchange or Home Swapper the tenant can apply to their RP to exchange with a household that has a Primary or Secondary area connection, as set out in the s.106 agreement.
4. If after 90 days from the date the advert appears on House Exchange or Home Swapper the tenant has been unable to find an eligible household the tenant can apply to their RP to exchange with a household that has a County area connection as set out in the s.106 agreement.
5. If the RP is satisfied that the local connection for the incoming household is evidenced the exchange can be approved, provided there is no other ground for refusal.
6. Mutual exchanges with households with a Cornwall area connection as set out in the s.106 agreement, but within 90 days from the date the advert appears on Home Exchange or Home Swapper. Will only be approved by the RP if one or more of the following criteria applies to one/both households, and is satisfactorily evidenced: (unless otherwise agreed with the Council in exceptional circumstances)
 - Moving for employment reasons
 - Moving for specific educational reasons
 - Moving to receive medical treatment that cannot be obtained within reasonable travelling distance of their current home.
 - Physical Disability – the exchange would provide a member of one of the households with a home that would demonstrably and materially better meet their mobility needs.
7. 91 days after the advert appears on House Exchange or Home Swapper the tenant can apply to their RP to exchange with a household that **does not** have an area local connection (Primary, Secondary, County) as set out in the s.106 agreement.
8. Mutual exchanges with households **without** an area local connection (Primary, Secondary, County) as set out in the s.106 agreement will only be approved by the RP if one or more of the following criteria apply to one/both households, and is satisfactorily proved: (unless otherwise agreed with the Council in exceptional circumstances)
 - Moving for employment reasons
 - Moving for specific educational reasons

- Moving to receive medical treatment that cannot be obtained within reasonable travelling distance of their current home.
 - Physical Disability – the mutual exchange would provide a member of one of the households with a home that would demonstrably and materially better meet their mobility needs.
9. The RP must keep accurate and detailed records of all mutual exchanges approved on s.106 developments, including the evidence provided.
 10. The details of all mutual exchanges will be made available to the Council for inspection within 10 working days of a request to see them.
 11. On annual basis the RP will provide the Council, in a format to be agreed, with a summary of all mutual exchanges on s.106 sites.