

INTRODUCTION

- [1] The Landlord seeks to keep one of the Tenants' ("T1") half of the security deposit. The Landlord also requested that T1 return the Unit's keys.
- [2] The Landlord seeks to have a new tenancy agreement solely with T2.

DISPOSITION

- [3] I find that the tenancy between the Landlord and the Tenants (T1 and T2) ended effective December 19, 2024.
- [4] T1 owes the Landlord rent for this period, in the amount of \$473.47. The Landlord is also credited \$40.00 for the keys that T1 did not return to the Landlord. The Landlord will keep \$513.47 of T1's portion of the security deposit and return to T1 the \$269.64 balance.
- [5] I find that on December 20, 2024 a new tenancy agreement commenced between solely T2 and the Landlord. There are additional security deposit funds of \$243.42 owing by T2 to the Landlord for the new tenancy agreement's \$1,500.00 security deposit.

BACKGROUND

- [6] The Unit is a two-bedroom, one-bathroom rental unit located in a four-unit building (the "Residential Property") that the Landlord has owned since 2009.
- [7] The Landlord and the Tenants entered into a single written, month-to-month tenancy agreement for the Unit that commenced on May 1, 2023 (the "Tenancy Agreement"). A \$1,500.00 security deposit was paid at the beginning of the tenancy. In 2024 rent in the amount of \$1,545.00 was due on the first day of the month. On January 1, 2025 the Unit's monthly rent increased to \$1,580.00.
- [8] On October 9, 2024 the Landlord served solely T1 with a *Form 4(A) Eviction Notice* (the "Notice") for repeatedly late utility payments and for behaviour significantly interfering or unreasonably disturbing others.
- [9] On October 29, 2024 the parties participated in an earlier Rental Office hearing regarding the end of the tenancy.
- [10] On October 30, 2024 Order LD24-364 was issued, which ordered as follows:
- "The tenancy agreement will continue and [T1] can continue to live in the Unit."*
- [11] On November 30, 2024 T1 advised the Landlord that she had moved out of the Unit. T1 requested that the Landlord return half of the security deposit.
- [12] On December 6, 2024 the Landlord filed with the Residential Tenancy Office (the "Rental Office") and served T1 by email a *Form 2(B) Landlord Application to Determine Dispute* (the "Application") seeking rent owing for December 2024 and retention of the security deposit. The Landlord and T2 also seek to have T2 be the Landlord's sole tenant, creating a new tenancy agreement.
- [13] The Landlord requested that T1 return the Unit's keys in the December 6, 2024 email to T1 with the Application. The Landlord also referred to smoke detectors in T1's bedroom area but the Landlord later clarified that she is not claiming against T1 regarding the smoke detectors.
- [14] On December 31, 2024 the Rental Office mailed and emailed the parties notice of a teleconference hearing scheduled for January 31, 2025.

- [15] On January 22, 2025 the Rental Office sent the parties an evidence package through TitanFile.
- [16] On January 30, 2025 the hearing was adjourned because the Rental Office was delayed from opening due to a winter storm.
- [17] On January 31, 2025 the Landlord and the Tenants participated in a Rental Office hearing for determination of the Application.

ISSUES

- A. What date did the Tenancy Agreement end? Does T1 owe rent to the Landlord?
- B. Must T1 return the Unit's keys or compensate the Landlord for the Unit's keys?
- C. Does T2 owe the Landlord additional security deposit funds for the new tenancy agreement?

ANALYSIS**A. What date did the Tenancy Agreement end? Does T1 owe rent to the Landlord?**

- [18] For the reasons below I find that the Tenancy Agreement ended on December 19, 2024 and T1 is responsible for pro-rated rent from December 1 to 19, 2024.
- [19] The previous Rental Office decision between the parties, Order LD24-364, was based upon an eviction notice served by the Landlord seeking solely to evict T1.
- [20] The eviction notice was determined to be invalid and the Tenancy Agreement was ordered to continue. As a result, the single Tenancy Agreement between the Landlord, T1 and T2 was not severed.
- [21] The parties agree that no rent was paid by T1 for December 2024 and half of the monthly rent at that time was \$772.50.
- [22] T1 stated that she found a new rental unit around November 29, 2024. T1 text messaged the Landlord on November 30, 2024 advising that she had moved out of the Unit. T1 did not return the Unit's keys.
- [23] T1 argues that the Landlord's rent owing claim should be denied because the Landlord wanted her out of the Unit and T2 had a person ready to move in. T1 submitted into evidence a recording of the previous Rental Office hearing.
- [24] I have reviewed the evidence of the parties, including the October 29, 2024 recording of the earlier Rental Office hearing.
- [25] Although T2 had a person interested in renting part of the Unit near the beginning of November 2024, this does not mean that T2 had a person that still wanted to move into the Unit at the beginning of December 2024 with one days' notice.
- [26] Order LD24-364 permitted T1 to continue living in the Unit. Therefore, T1 remained responsible for rent until the Tenancy Agreement ended. Order LD24-364 did not authorize the T1 to end the tenancy with one days' notice and without returning the Unit's keys.
- [27] The procedure for ending a month-to-month tenancy by notice is stated in subsection 55(2) of the *Residential Tenancy Act* (or the "Act"):

A tenant may end a month-to-month or other periodic tenancy by giving the landlord a notice of termination effective on a date that

(a) is not earlier than one month after the date the landlord receives the notice; and

(b) is the day before the day that rent is payable under the tenancy agreement.

- [28] Normally, written notice would be provided on behalf of all tenants in a rental unit. In this case only T1, one of the Tenants, decided to move out of the unit.
- [29] If both Tenants had provided written notice on November 30, 2024, then the Tenancy Agreement would not have been terminated until at least December 31, 2024.
- [30] Therefore, T1's written notice to the Landlord on November 30, 2024 would not end the Tenancy Agreement before December 31, 2024. T1 remained responsible for paying December 2024 rent.
- [31] However, on December 20, 2024 T2 sublet part of the Unit with the Landlord's permission. T2 collected part of December 2024's rent from the subtenant and a security deposit for the subletting agreement.
- [32] I find that the Tenancy Agreement ended on December 19, 2024, through the commencement of a subletting agreement on December 20, 2024 between T2 and a subtenant with the Landlord's permission.
- [33] T1 is responsible for rent from December 1 to 19, 2024, in the amount of \$473.47 (19 days divided by 31 days multiplied by \$772.50). The Landlord will keep this amount from T1's portion of the security deposit.

B. Must T1 return the Unit's keys or compensate the Landlord for the Unit's keys?

- [34] During the hearing the parties provided evidence regarding T1's keys for the Unit.
- [35] T1 stated that she did not return the Unit's keys to T2 or the Landlord. T1 stated that she disposed of the keys and they would now be in a landfill. T1 stated that the keys do not have identifying features and therefore would not be linked to the Unit if discovered.
- [36] The Landlord and T2 stated that they did not receive T1's keys. T2 stated that she believed someone had accessed the Unit after T1 moved out. T2 stated that she wants T1 to return the Unit's keys.
- [37] At the hearing the Landlord and T2 learned that T1 had disposed of the Unit's keys.
- [38] Subsection 20(2) of the *Act* states in part:

A landlord may charge a fee for

(a) the actual cost of replacing keys or other access devices;

- [39] Subsection 39(2) of the *Act* states:

When a tenant vacates a rental unit, the tenant shall

(a) leave the rental unit reasonably clean and undamaged, except for reasonable wear and tear; and

(b) give the landlord all the keys or other means of access that are in the possession or control of the tenant and that allow access to and within the residential property.

- [40] T1 was required to return the Unit's keys to T2 or the Landlord.

- [41] The Landlord argued that the Unit's locks would need to be replaced because T1 did not return the keys.
- [42] However, I find that T1 is not responsible for the cost of replacing the Unit's locks. I am not satisfied that the keys disposed of by T1 are likely to be found by another person. Further, if the keys are found, I am not satisfied that the keys would be able to be linked to the Unit.
- [43] I find that a nominal amount of \$40.00 is appropriate for the out-of-pocket cost of making replacement keys and the time associated with this work.

Summary Regarding T1's Portion of the Security Deposit

- [44] T1's portion of the security deposit is \$750.00 plus interest of \$33.11, for a total of \$783.11.
- [45] The Landlord has established a claim for pro-rated December 2024 rent (\$473.47) and key replacement (\$40.00) in the total amount of \$513.47.
- [46] The Landlord will pay T1 her security deposit balance of \$269.64 by the timeline below, calculated as follows:

Item	Amount
Security deposit	\$750.00
Interest	\$33.11
Pro-rated December 2024 rent	-\$473.47
Replacements keys	-\$40.00
Balance	\$269.64

C. Does T2 owe the Landlord additional security deposit funds for the new tenancy agreement?**December 2024 Rent**

- [47] I have determined above that T1's security deposit is deducted by \$473.47 for rent due from December 1 to 19, 2024.
- [48] T2 made a first \$772.50 payment for half of December 2024's rent. T2 also made a second \$772.50 payment to the Landlord in December 2024.
- [49] T2 was the Landlord's sole tenant of the Unit as of December 20, 2024. T2 was required to pay the Landlord additional pro-rated rent from December 20 to 31, 2024, in the amount of \$299.03 (12 days divided by 31 multiplied by \$772.50).
- [50] I find that T2's second \$772.50 payment to the Landlord in December 2024 is deducted by \$299.03 for T2's additional rent owed from December 20 to 31, 2024.
- [51] Therefore, the \$1,545.00 rent owed to the Landlord for December 2024 has been paid in full as follows:

Item	Amount
December 2024 rent	\$1,545.00
T1 portion of security deposit	-\$473.47
T2 first December 2024 payment	-\$772.50
T2 portion of second December 2024 payment	-\$299.03
Balance	\$0.00

New Tenancy Agreement

- [52] As determined above, a new tenancy agreement has been created between the Landlord and solely T2 effective December 20, 2024. The security deposit required for the new tenancy agreement is \$1,500.00.
- [53] T2's \$750.00 security deposit plus interest from the Tenancy Agreement totals \$783.11, which is credited to the \$1,500.00 security deposit for the new tenancy agreement.
- [54] The \$473.47 balance of T2's second \$772.50 December 2024 payment to the Landlord is also credited to the new security deposit (\$772.50 minus \$299.03).
- [55] As a result, T2 has paid \$1,256.58 of the \$1,500.00 security deposit for the new tenancy agreement. A balance of \$243.42 remains outstanding, calculated as follows:

Item	Amount
Security deposit for new tenancy agreement	\$1,500.00
T2 security deposit from first Tenancy Agreement	-\$783.11
T2 portion of second December 2024 payment	-\$473.47
Balance	\$243.42

- [56] T2 will pay the Landlord additional security deposit funds of \$243.42 by the timeline below. Once this payment is made, the Landlord will hold a total \$1,500.00 security deposit solely for T2.
- [57] I also note that under section 11 of the *Act* the Landlord is required to prepare a written tenancy agreement for T2 to sign. The Rental Office's *Form 1 – Standard Form of Tenancy Agreement* is available online.
- [58] Section 18 also requires that the Landlord and T2 complete a *Form 5 – Landlord Condition Inspection Report*.

IT IS THEREFORE ORDERED THAT

1. The Landlord will keep \$513.47 of T1's security deposit.
2. The Landlord will return T1's security deposit balance of \$269.64 to T1 by April 15, 2025.
3. The Landlord and T2's new tenancy agreement commenced effective December 20, 2024 with T2 being the Landlord's sole tenant of the Unit.
4. T2 will pay the Landlord additional security deposit funds of \$243.42 by April 15, 2025.

DATED at Charlottetown, Prince Edward Island, this 12th day of March, 2025.

(sgd.) Andrew Cudmore

Andrew Cudmore
Residential Tenancy Officer

NOTICE

Right to Appeal

This Order can be appealed to the Island Regulatory and Appeals Commission (the “Commission”) by serving a Notice of Appeal with the Commission and every party to this Order within **20 days of this Order**. If a document is sent electronically after 5:00 p.m., it is considered received the next day that is not a holiday. If a document is sent by mail, it is considered served on the third day after mailing.

Filing with the Court

If no appeal has been made within the noted timelines, this Order can be filed with the Supreme Court of Prince Edward Island and enforced as if it were an order of the Court.