

INTRODUCTION

- [1] This decision determines an application filed with the Residential Tenancy Office (“Rental Office”) under the *Residential Tenancy Act* (“Act”).
- [2] The Tenant is seeking the return of the security deposit. This claim also includes the accrued interest and determination of compensation of double the security deposit.

DISPOSITION

- [3] The Landlord must return the security deposit, including interest and compensate the Tenant double the security deposit, in the total amount of \$1,019.06.

BACKGROUND

- [4] The Unit is a one-bedroom and one-bathroom apartment in a 17-unit building, owned by the Landlord.
- [5] On October 1, 2023 the parties entered into a written, fixed-term tenancy agreement for the period of October 1, 2023 to September 30, 2024. At the end of the fixed-term the tenancy continued on a monthly basis. Rent was \$825.00 due on the first day of the month. A \$500.00 security deposit was paid at the start of the tenancy.
- [6] On February 23, 2025 the Tenant gave the Landlord’s representative (“Representative”) notice that he was vacating the Unit at the end of February.
- [7] The Tenant vacated the Unit on February 26 or 27, 2025.
- [8] On March 24, 2025 the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* (“Application”) with the Rental Office seeking the return of the security deposit.
- [9] On April 17, 2025 the Rental Office mailed and emailed the parties notice of a teleconference hearing scheduled for May 15, 2025, along with a copy of the Application.
- [10] On May 7, 2025 the Rental Office emailed the parties a 10-page evidence package.
- [11] On May 15, 2025 the Tenant and the Representative joined the teleconference hearing for determination of the Application. The parties confirmed they received the evidence package and confirmed that all documents sent to the Rental Office were included.

ISSUE

- A. Must the Landlord return the security deposit, including interest and double the security deposit to the Tenant?

ANALYSIS & FINDINGS

- [12] For the reasons below, I find that the Landlord must return the security deposit, including interest and compensate the Tenant double the security deposit.
- [13] The parties’ evidence establishes that in February 2025, the tenancy agreement was on a monthly basis and that the Tenant gave the Landlord insufficient notice under subsection 55(2) of the *Act*. The Tenant gave five days’ notice before vacating the Unit. February’s rent was paid and the Unit’s condition was reasonably clean with no undue damage.

- [14] The Representative stated that he kept the security deposit for March's rent, due to the Tenant's insufficient notice.
- [15] The Representative stated that he advertised the Unit once he received the Tenant's notice. The Representative stated that he found a person to occupy the Unit starting early March. The person was another tenant's son ("New Tenant") who needed a place to live.
- [16] The Representative stated that there was no formal tenancy agreement signed with the New Tenant. However, the New Tenant continued to live in the Unit as of the hearing date. The New Tenant also pays rent to the Landlord for occupying the Unit.
- [17] The Representative stated that he did not file an application with the Rental Office. The Representative stated that he did not need the Tenant's permission to keep the security deposit. The Representative stated that the Tenant did not provide sufficient notice.
- [18] The Tenant stated that he understood it was difficult for the Representative to find another tenant with the short notice given. The Tenant stated that the Representative did find the New Tenant a few days after he vacated the Unit.
- [19] The Tenant stated that he did not give the Landlord permission to keep the security deposit. The Tenant stated that he asked the Representative to return the security deposit. The Tenant stated that he believed the New Tenant paid the Landlord March's rent. The Tenant stated that if the Landlord keeps the security deposit, then he is receiving two March rent payments.
- [20] I have reviewed the parties' evidence.
- [21] Section 40 of the Act addresses the retention and return of a security deposit, stating in part as follows:
- (1) *Except as provided in subsection (2) or (3), within 15 days after the date the tenancy ends or is assigned, the landlord shall either*
 - (a) *issue payment, as provided in subsection (5), of any security deposit to the tenant with interest calculated in accordance with the regulations; or*
 - (b) *make an application to the Director under section 75 claiming against the security deposit.*
 - (2) *A landlord may retain from a security deposit an amount that*
 - (a) *the Director has previously ordered the tenant to pay to the landlord; and*
 - (b) *remains unpaid at the end of the tenancy.*
 - (3) *A landlord may retain an amount from a security deposit if*
 - (a) *at the end of a tenancy, the tenant agrees in writing that the landlord may retain the amount to pay a liability or obligation of the tenant; or*
 - (b) *after the end of the tenancy, the Director orders that the landlord may retain the amount.*
 - (4) *Where a landlord does not comply with this section, the landlord*
 - (a) *shall not make a claim against the security deposit; and*
 - (b) *shall pay the tenant double the amount of the security deposit.*
- [22] I find that the tenancy ended once the Landlord had the New Tenant moved into the Unit and collected rent for March 2025. I note that despite the Landlord and the New Tenant not having a formal written tenancy agreement, subsection 1(w) of the Act states:

(w) ***“tenancy agreement”*** means an agreement, whether written or oral, express or implied, between a landlord and a tenant respecting possession of a rental unit, use of common areas and the provisions of services and facilities.

- [23] The creation of the new tenancy agreement between the Landlord and the New Tenant ended the tenancy agreement between the Landlord and the Tenant.
- [24] I find that the security deposit was not returned to the Tenant and the Landlord did not file an application to keep the security deposit with the Rental Office within fifteen days from the end of the tenancy. I note that as of the hearing date, the Landlord did not file an application with the Rental Office seeking monetary compensation.
- [25] Further, there are no earlier Rental Office decisions authorizing the Landlord to keep the Tenant's security deposit and there was no written agreement permitting the Landlord to keep the security deposit.
- [26] I find that the Landlord did not comply with the legislated section 40 requirements for keeping a security deposit. Therefore, by operation of law, the Landlord must return the security deposit, including interest and the Landlord must compensate the Tenant double the security deposit under subsection 40(4) of the Act.
- [27] I note that the Application states: *“All I want is my 500 security deposit back. Thank you.”*
- [28] However, I also note that the Tenant selected in the Application: *To request the return of the security deposit (RTA permits potential double the amount of the security deposit).*
- [29] I find that the Tenant is lawfully entitled to compensation of double the security deposit, including interest on the principal amount (see subsection 14(9)).
- [30] The Application is allowed, and the Landlord must compensate the Tenant \$1,019.16, calculated as followed:

Item	Amount
Security Deposit	\$500.00
Interest (01 OCT 2023 to 16 MAY 2025)	\$19.16
Security Deposit (Double Awarded)	\$500.00
Total	\$1,019.16

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenant \$1,019.16 by June 16, 2025.

DATED at Charlottetown, Prince Edward Island, this 16th day of May, 2025.

(sgd.) Cody Burke

Cody Burke
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.