

INTRODUCTION

- [1] The tenancy agreement between the Landlord and the Tenant started when the *Rental of Residential Property Act* (the “*Former Act*”) was in force.
- [2] This decision determines an application filed with the Residential Tenancy Office (the “Rental Office”) after the *Residential Tenancy Act* (the “*Act*”) came into force on April 8, 2023.
- [3] The Tenant’s application seeks an order requiring the Landlord to pay double the security deposit balance plus interest, which amounts to \$651.60.
- [4] The Tenant also seeks an order requiring the Landlord to pay \$1,200.00 regarding a heat pump that the Tenant paid to have installed in the Unit.
- [5] The Landlord submitted evidence to the Rental Office regarding financial claims against the Tenant.

DISPOSITION

- [6] I find that the Landlord must pay the Tenant double the security deposit balance plus interest, in the amount of \$651.60.
- [7] I also find that the Landlord must pay the Tenant \$1,200.00 for the heat pump installed in the Unit.
- [8] The Landlord did not file an application with the Rental Office within six months of the end of the tenancy. I am unable to consider the Landlord’s financial claims against the Tenant.

BACKGROUND

- [9] The Unit is a four-bedroom, two-bathroom house that the Landlord has owned since about 2021.
- [10] The parties entered into an oral, one-year fixed-term tenancy agreement for the Unit that started on September 13, 2022 (the “Tenancy Agreement”). At the end of the fixed term the tenancy continued on a month-to-month basis. On September 13, 2022 the Tenant transferred 12,000 Chinese Yuan (CN¥) to the Landlord for the security deposit.
- [11] Originally rent of \$2,300.00 was due on the tenth day of the month.
- [12] The Tenant’s grandmother lived in the Unit with the Tenant.
- [13] Around May or June of 2023 the rent was reduced to \$2,000.00 when the Landlord, the Landlord’s representative (the “Representative”), and the Representative’s mother also moved into the Unit. The Landlord, the Representative and the Representative’s mother moved out after about five or six months.
- [14] The Tenant also later sublet part of the Unit to a subtenant (the “Subtenant”).
- [15] Around September 27, 2024 the Landlord and the Representative moved back into the Unit.
- [16] On October 21, 2024 the Tenant, the Tenant’s grandmother and the Subtenant had all vacated the Unit.
- [17] On November 3, 2024 the Landlord returned security deposit funds in the amount of CN¥10,000 to the Tenant.

- [18] On December 30, 2024 the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* (the "Application") with the Rental Office. The same day the Tenant emailed the Landlord a copy of the Application, which was received by the Landlord.
- [19] On March 21, 2025 the Rental Office emailed the parties notice of a teleconference hearing scheduled for May 1, 2025.
- [20] On April 23, 2025 the Rental Office emailed the parties a 41-page evidence package ("EP").
- [21] On May 1, 2025 the Tenant, the Landlord and the Representative joined the teleconference hearing for determination of the Application. The parties confirmed that all evidence that they submitted to the Rental Office was included in the evidence package.
- [22] The parties provided the Rental Office with additional evidence after the hearing.

ISSUES

- A. Must the Landlord pay double the security deposit balance plus interest to the Tenant?
- B. Must the Landlord compensate the Tenant \$1,200.00 for the heat pump installed in the Unit?
- C. Can I consider the financial claims raised in the Landlord's evidence?

ANALYSIS

- A. Must the Landlord pay double the security deposit balance plus interest to the Tenant?**

Security Deposit Funds

- [23] On September 13, 2022 the Tenant transferred CN¥12,000 to the Landlord for the security deposit.
- [24] On September 14, 2022 the Landlord converted the CN¥12,000 to \$2,220.00 CAD.
- [25] I find that the Landlord essentially received \$2,220.00 CAD from the Tenant on September 13, 2022. The Landlord's conversion of the funds to Canadian dollars is consistent with the Landlord's obligations for holding the security deposit funds under subsection 10(2) of the *Former Act*.
- [26] On November 3, 2024 the Landlord returned CN¥10,000 to the Tenant. The Representative stated that this amounted to \$1,945.00 CAD based upon the exchange rate at this time. The Representative stated that these funds were returned because the Landlord and the Representative were being harassed by the Tenant and the Tenant's family.
- [27] The Tenant stated that she was expecting to receive from the Landlord security deposit funds in the amount of CN¥12,000.
- [28] I find that the Landlord returned \$1,945.00 CAD to the Tenant on November 3, 2024 by sending CN¥10,000 to the Tenant.
- [29] The Representative stated that the Landlord kept security deposit funds of \$275.00 CAD because of the Tenant's outstanding water costs, cleaning costs and damage. The Representative stated that the Tenant's dog left hairs everywhere and the Tenant did not remove cooking grease from the Unit's ceiling.
- [30] I find that the Landlord essentially kept \$275.00 CAD of the Tenant's original security deposit funds.

Tenancy Agreement End Date

- [31] The Tenant stated that the Landlord agreed to the Tenancy Agreement ending early based upon WeChat correspondence between the parties on October 11, 2024 (EP12). The Tenant argued that the Tenancy Agreement ended on October 21, 2024 when the Tenant and all of the Tenant's occupants had vacated the Unit.
- [32] The Representative disputed that there was an agreement to end the Tenancy Agreement early. The Representative argued that the Tenancy Agreement ended October 31, 2024 and the Tenant owes rent. The Representative argued that the Tenant did not provide the Landlord with proper notice.
- [33] Upon review of the parties' evidence, particularly the message correspondence between the Landlord and the Tenant on October 11, 2024, I find that the parties agreed to end the Tenancy Agreement early, which is permitted by subsection 51(3) of the *Act*. I am satisfied that the Tenancy Agreement ended October 21, 2024 when the Tenant and all occupants had vacated the Unit.

Non-Compliance with Section 40

- [34] Based upon the evidence presented, I find that the Landlord has not fully complied with section 40 of the *Act*.
- [35] As a result, the Landlord must pay the Tenant double the security deposit balance that the Landlord kept. The Landlord must also pay the Tenant security deposit interest.
- [36] 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.*
- [37] I have determined, above, that the Tenancy Agreement ended on October 21, 2024. The 15-day timeline in subsection 40(1) for the Landlord to return the security deposit to the Tenant or file an application with the Rental Office was November 5, 2024.
- [38] The Landlord partially complied with subsection 40(1) by returning \$1,945.00 CAD to the Tenant on November 3, 2024.

- [39] The Landlord did not comply with subsection 40(1) with regard to the \$275.00 CAD retained because the Landlord did not file an application with the Rental Office.
- [40] Even if I accepted the Landlord's position that the Tenancy Agreement ended October 31, 2024, the Landlord still did not file an application with the Rental Office by November 15, 2024.
- [41] There are no earlier Rental Office decisions authorizing the Landlord to keep the security deposit under subsection 40(2).
- [42] There is insufficient evidence that the Tenant agreed in writing that the Landlord could keep part of the security deposit and there are no Rental Office orders under subsection 40(3).
- [43] As a result, the Landlord must pay the Tenant double the \$275.00 security deposit balance withheld in accordance with subsection 40(4) plus interest on the security deposit. This calculation is shown in the conclusion section of this decision.

B. Must the Landlord compensate the Tenant \$1,200.00 for the heat pump installed in the Unit?

Tenant's Evidence

- [44] The Tenant's evidence is summarized as follows.
- [45] Around the time the Tenant moved into the Unit, the Tenant and the Landlord entered into an agreement for a heat pump to be installed in the Unit's living room.
- [46] The Landlord told the Tenant that the Landlord could get a \$2,400.00 government rebate and the Tenant would pay for the balance remaining after the rebate. The parties agreed that the Landlord would keep the heat pump.
- [47] The Tenant paid the Landlord a total of \$3,202.00 for the heat pump, which was part of the funds contained in two e-Transfers from the Tenant to the Landlord on November 14, 2022 and December 6, 2022.
- [48] The heat pump was installed and the Landlord received the first \$1,200.00 rebate, which was applied to the balance of the heat pump's \$4,202.02 cost.
- [49] The Landlord told the Tenant that for the remaining \$1,200.00 rebate the Landlord would need to file their taxes and apply for these funds.
- [50] After two years the Tenant had not heard from the Landlord regarding their tax filing or rebate. After the Tenant told the Landlord that she would be moving out of the Unit the Tenant asked about the remaining \$1,200.00. The Tenant stated that the Landlord told her that the Landlord could not file taxes and they received no further rebate.
- [51] The Tenant disputes the Landlord's evidence, below, that there was an agreement for a rent reduction to compensate the Tenant for the heat pump.
- [52] The Tenant stated that the reduced rent of \$2,000.00 continued after the Landlord, the Representative and the Representative's mother moved out of the Unit around December of 2023 because the Landlord stopped paying for Wi-Fi internet, grass cutting and snow removal, which had previously been included services.
- [53] The Landlord also left personal property at the Unit.
- [54] The Tenant also paid for pest control services due to problems caused by the Landlord.

Landlord's Evidence

- [55] The Landlord's evidence is summarized as follows.
- [56] On December 7 and 8, 2022 the Landlord paid a total of \$4,402.20 to the company that installed the heat pump.
- [57] The Representative stated that the CRA is very hard to deal with and there was no further \$1,200.00 refund.
- [58] The Representative stated that when the rent was reduced from \$2,300.00 to \$2,000.00 the Landlord also started paying for furnace oil and food. The Representative argued that this reduction offsets the Tenant's heat pump claim.
- [59] The Representative argued that the Tenant is responsible for damage to the heat pump and other parts of the Unit.
- [60] The Landlord told the Tenant that the Tenant could take one part off the heat pump but the Tenant needed to inform the Landlord or the Representative beforehand. Instead, the Tenant had the Subtenant remove the heat pump's fuse from the electrical box while the electricity was still on. This caused a "*dangerous accident*" at the Unit and the Landlord had to spend \$100.00 to fix the heat pump.

Determination

- [61] Based upon the evidence presented, I find that the Tenant has established a \$1,200.00 claim against the Landlord regarding the heat pump installed in 2022.
- [62] I am satisfied that the Landlord agreed to pay the Tenant \$1,200.00 for the heat pump installation cost by representing to the Tenant that the Landlord was eligible for a reimbursement. The heat pump was paid for in December of 2022 and the Landlord has had ample time to seek the reimbursement.
- [63] Due to the Landlord's representation to the Tenant that they were eligible for this additional \$1,200.00 reimbursement, I find that the Landlord was responsible for this \$1,200.00 payment whether or not the Landlord was in fact reimbursed.
- [64] Further, even in the absence of an agreement for the Landlord to pay the Tenant \$1,200.00 for the heat pump, I find that the Landlord was enriched to some degree due to the heat pump installation (see Island Regulatory and Appeals Commission Order LR23-68, paragraph 60).
- [65] I note that the heat pump installation would be part of the Landlord's responsibility to maintain the condition of the Unit under section 6 of the *Former Act*, section 28 of the *Act* and the *Public Health Rental Accommodation Regulations*. By making the \$3,202.00 heat pump payment the Tenant effectively took on part of the Landlord's responsibilities.
- [66] The Tenant is only seeking a portion of the Tenant's \$3,202.00 out-of-pocket payments.
- [67] The parties provided evidence regarding communications near the end of the Tenancy Agreement and afterwards. I find that these communications do not reduce or prevent the Tenant's heat pump claim.
- [68] For these reasons I am satisfied that the Landlord must pay the Tenant \$1,200.00 for the heat pump installation.

[69] The evidence does not establish that the Tenant agreed to a rent reduction as compensation for the Tenant's heat pump payments.

C. Can I consider the financial claims raised in the Landlord's evidence?

[70] The Landlord's evidence contained financial claims against the Tenant.

[71] I have determined, above, that the Tenancy Agreement ended on October 21, 2024.

[72] The Landlord had a limitation period of six months from the termination of the Tenancy Agreement to file a *Form 2(B) Landlord Application to Determine Dispute* with the Rental Office with claims against the Tenant under subsection 75(1) of the *Act*.

[73] This timeline expired on April 22, 2025, almost six months later, because April 21, 2025 was a holiday and the Rental Office was closed.

[74] Even if I accepted the Landlord's position that the Tenancy Agreement ended on October 31, 2024, the last day for the Landlord to file an application with the Rental Office would have been April 30, 2025 (see section 33 of the *Interpretation Act*).

[75] The Landlord did not file any application with the Rental Office against the Tenant within the timelines stated in the *Act*.

[76] Therefore, I cannot consider any of the financial claims against the Tenant raised in the Landlord's evidence.

CONCLUSION

[77] The Landlord must pay the total amount of \$1,851.60 CAD to the Tenant by the timeline below, calculated as follows:

Item	Amount
Security deposit balance	\$275.00
Interest on \$2,220.00 (13 SEP 2022 to 2 NOV 2024)	\$97.40
Interest on \$275.00 (3 NOV 2024 to 19 JUN 2025)	\$4.20
Double security deposit balance	\$275.00
Heat pump compensation	\$1,200.00
Total	\$1,851.60

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenant the amount of \$1,851.60 CAD by July 21, 2025.

DATED at Charlottetown, Prince Edward Island, this 19th day of June, 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.