

INTRODUCTION

- [1] This decision determines an application filed with the Residential Tenancy Office (the "Rental Office") under the *Residential Tenancy Act* (the "Act").
- [2] The Tenant seeks compensation of one month's rent and moving expenses under section 72 of the *Act*, in the amount of \$1,675.49, related to an eviction notice served for the Purchaser Landlord's occupation of the Unit.
- [3] The Tenant also seeks security deposit interest, which amounts to \$19.32.

DISPOSITION

- [4] The Tenant's claims for one-month's rent compensation and moving expenses, in the amount of \$1,675.49, are established against the Former Landlords.
- [5] The Tenant's claim for security deposit interest, in the amount of \$19.32, is established against the Purchaser Landlord.

BACKGROUND

- [6] The Unit is a one-bedroom, one-bathroom basement unit located in a building (the "Building") that two of the Former Landlords purchased about five years ago.
- [7] The three Former Landlords and the Tenant entered into a written, fixed-term tenancy agreement for the Unit from September 27, 2024 to April 27, 2025. The Tenant paid a \$700.00 security deposit to the Former Landlords on June 10, 2024. Rent in the amount of \$1,400.00 was due on the first day of the month.
- [8] On February 16, 2025 the Former Landlords text messaged the Tenant stating that the Tenant would likely need to move out of the Unit by March 23, 2025 because the Building was in the process of being sold.
- [9] On February 19, 2025 the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* with the Rental Office against the Former Landlords disputing that the February 16, 2025 text message was a valid eviction notice.
- [10] On February 28, 2025 the Former Landlords served the Tenant a *Form 4(B) Eviction Notice* with a vacate date of April 28, 2025 because a buyer wanted possession of the Unit (the "Notice"). I note that the correct vacate date would have been April 30, 2025 under subsection 63(4) of the *Act*.
- [11] On March 4, 2025 the Tenant withdrew the application against the Former Landlords disputing the February 16, 2025 text message.
- [12] On March 25, 2025 the Purchaser Landlord purchased the Building from two of the Former Landlords.
- [13] On April 26, 2025 the Tenant moved out of the Unit.
- [14] On May 20, 2025 the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* with the Rental Office claiming against the Former Landlords and the Purchaser Landlord (the "Application").
- [15] On June 12, 2025 the Rental Office sent the parties notice of a teleconference hearing scheduled for August 5, 2025 along with a copy of the Application.

- [16] On July 30, 2025 the Rental Office emailed the parties a 64-page evidence package.
- [17] On August 5, 2025 the Tenant, one of the Former Landlords and the Purchaser Landlord joined the teleconference hearing. The parties confirmed receipt of the evidence package and the parties confirmed that all documents submitted to the Rental Office were included.

ISSUES

- A. Must the Former Landlords pay the Tenant compensation of one month's rent plus moving expenses?
- B. Must the Purchaser Landlord pay the Tenant security deposit interest?

ANALYSIS

A. **Must the Former Landlords pay the Tenant compensation of one month's rent plus moving expenses?**

- [18] Sections 72 and 73 of the *Act* require a landlord to pay compensation to a tenant who receives an eviction notice for purchaser's occupation of a rental unit.
- [19] These sections state as follows:

A landlord shall compensate a tenant who receives a notice of termination of a tenancy under section 62 or 63 in an amount equal to one month's rent plus reasonable moving expenses in accordance with the regulations or offer the tenant another rental unit acceptable to the tenant.

Where the landlord is required to compensate a tenant under section 70, 71 or 72, the landlord shall compensate the tenant no later than the termination date specified in the notice of termination of the tenancy given by the landlord.

- [20] Subsection 6(1) of the *Residential Tenancy Regulations* states:

For the purposes of subsections 70(1) and (2) and sections 71 and 72 of the Act, reasonable moving expenses are the lesser of the actual expenses of the move or one month's rent.

- [21] In the case *Marineland of Canada Inc. v. Olsen*, 2011 ONSC 6522, the Ontario Supreme Court determined a residential landlord and tenant appeal from the Landlord and Tenant Board ("LTB"). A landlord had served a termination notice for conversion to a non-residential use. However, the landlord later served an eviction notice for non-payment of rent and obtained a LTB eviction order due to non-payment of rent.

- [22] At paragraphs [10] and [11] of the decision the Ontario Supreme Court stated as follows:

"The landlord also argued that the Board erred in ordering payment of compensation to the tenants, since their tenancy was terminated for non-payment of rent and not because of the landlord's planned conversion.

It was reasonable for the Board to conclude that the Act creates an immediate legal obligation on the landlord to compensate a tenant once the landlord has given notice to terminate for purposes of conversion (see, for example, Darragh, above at para. 24). It is clear that the purpose of the required payment is to compensate the tenant for the bother and expense of locating and moving into alternate premises. Therefore, the subsequent

termination of the Olsens' tenancy for non-payment of rent did not release the landlord from its obligation to compensate them."

- [23] Similarly, the Former Landlords' service of the Notice to the Tenant for the Purchaser Landlord's occupation of the Unit created an immediate legal obligation for the Former Landlords to pay the Tenant compensation in accordance with sections 72 and 73 of the *Act*.
- [24] It does not matter whether or not the Tenant had pre-existing plans to move out of the Unit.
- [25] By serving the Notice the Former Landlords gained a right to seek the end of the Tenancy Agreement through the Notice. This right existed independently from any other right to seek the end of the Tenancy Agreement.
- [26] However, this right was accompanied by the obligation to pay compensation of one-month's rent and moving expenses to the Tenant under sections 72 and 73. The Former Landlords have not fulfilled these compensation obligations.
- [27] I also note that this obligation to pay section 72 compensation to the Tenant was not transferred from the Former Landlords to the Purchaser Landlord.
- [28] The obligation to pay section 72 moving expenses crystallized on February 28, 2025, the date that the Former Landlords served the Notice. I note that the February 16, 2025 text message could have also triggered responsibility for this compensation, however, this text message was essentially replaced by the Notice.
- [29] Unlike the security deposit, the *Act* does not transfer the section 72 obligation from the Former Landlords to the Purchaser Landlord.
- [30] Section 104 of the *Act* transfers the obligations regarding the security deposit from the Former Landlords to the Purchaser Landlord (see the determination below). There is no equivalent provision regarding section 72 compensation.
- [31] I find that the Former Landlords must pay the Tenant one-month's rent compensation, in the amount of \$1,400.00.
- [32] I have reviewed the evidence presented and I am also satisfied that the Tenant incurred \$275.49 in moving expenses.
- [33] I find that the Tenant has established a section 72 compensation claim against the Former Landlords in the amount of \$1,675.49. The timeline for this payment is provided below.

B. Must the Purchaser Landlord pay the Tenant security deposit interest?

- [34] Section 104 of the *Act* states:

The obligations of a landlord under this Act with respect to a security deposit pass to a person who acquires the interest of the landlord in the rental unit.

- [35] The Purchaser Landlord was responsible for returning the entire security deposit, including interest, to the Tenant. However, the Purchaser Landlord only returned \$700.00.
- [36] I note that the Former Landlords paid the Purchaser Landlord the original \$700.00 security deposit, plus interest in the amount of \$12.89, through a credit that is shown in the vendor's statement of adjustments.

[37] The Purchaser Landlord is responsible to pay the Tenant interest from the original payment date of June 10, 2024, to the date of this decision, in the amount of \$19.32. The timeline for this payment is provided below.

IT IS THEREFORE ORDERED THAT

1. The Former Landlords must pay the Tenant one-month's rent and moving expenses compensation in the total amount of \$1,675.49 by September 8, 2025.
2. The Purchaser Landlord must pay the Tenant security deposit interest in the amount of \$19.32 by September 8, 2025.

DATED at Charlottetown, Prince Edward Island, this 7th day of August, 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.