

**INTRODUCTION**

- [1] This decision determines two applications filed with the Residential Tenancy Office (the “Rental Office”) under the *Residential Tenancy Act* (the “Act”).
- [2] The Tenant seeks the return of double the security deposit balance and interest. The Tenant seeks compensation of one month’s rent and moving expenses under section 72 of the *Act*, related to an eviction notice served for the Landlords’ occupation of the Unit.
- [3] The Landlords claim against the Tenant for rent owing, utilities, cleaning and damage. The Landlords seek to keep the Tenant’s security deposit plus additional compensation.

**DISPOSITION**

- [4] The Tenant has established a claim for double the security deposit balance plus interest, in the net amount of \$773.56. The Tenant has also established a claim for one-month’s rent compensation and moving expenses, in the amount of \$675.00.
- [5] The Landlords have established a claim for utilities in the amount of \$223.56. This amount is already factored into the Tenant’s established security deposit claim. The Landlords’ other claims are denied.
- [6] The Landlords must pay the Tenant the net amount of \$1,448.56 by the timeline below.

**BACKGROUND**

- [7] The Unit is one-bedroom with shared services and facilities located in a three-bedroom, two-bathroom half-duplex (the “Residential Property”) that the Landlords have owned since November of 2023. The Landlords also live in the Residential Property.
- [8] The Landlords and the Tenant entered into an oral, month-to-month tenancy agreement for the Unit that started around January 1, 2024. The Tenant paid a \$600.00 security deposit to the Landlords near the beginning of the tenancy. Rent in the amount of \$600.00 was due on the first day of the month.
- [9] On March 21, 2025 the Landlords text-messed the Tenant a *Form 4(B) Eviction Notice* with a vacate date of July 21, 2025 for the Landlords’ possession of the Unit (the “First Notice”). I note that the correct vacate date would have been July 31, 2025 to comply with the minimum notice period in subsection 62(2) of the *Act*. The date is automatically corrected under section 54.
- [10] On March 27, 2025 the Landlords served the Tenant with an additional document titled “*Eviction Notice*” (the “Second Notice”).
- [11] On March 31, 2025 the Tenant finished moving out of the Unit.
- [12] On April 25, 2025 the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* with the Rental Office claiming for double the security deposit balance.
- [13] On June 2, 2025 the Tenant filed an amended *Form 2(A) Tenant Application to Determine Dispute* with the Rental Office claiming against the Landlords for double the security deposit balance (the “Tenant Application”).
- [14] On June 20, 2025 the Rental Office sent the parties notice of a teleconference hearing scheduled for August 12, 2025 along with a copy of the Tenant Application.

- [15] On June 23, 2025 the Landlords filed a *Form 2(B) Landlord Application to Determine Dispute* with the Rental Office claiming against the Tenant for rent owing (the "Landlord Application").
- [16] On June 27, 2025 the Rental Office sent the parties notice of an updated teleconference hearing scheduled for August 12, 2025 along with a copy of the Tenant Application and the Landlord Application.
- [17] On August 6, 2025 the Rental Office emailed the parties a 68-page evidence package.
- [18] On August 12, 2025 the Tenant and one of the Landlords, representing the Landlords, participated in a teleconference hearing. The parties confirmed receipt of the evidence package and the parties confirmed that all documents submitted to the Rental Office were included. During the hearing the Tenant Application was amended to add a claim for section 72 compensation under clause 80(3)(f) of the *Act*.
- [19] The parties were provided an opportunity to submit additional evidence after the hearing.

### ISSUES

- A. What date did the Tenancy Agreement end? Does the Tenant owe rent to the Landlords?
- B. Have the Landlords established claims against the security deposit for utilities, cleaning and damage?
- C. Must the Landlords pay the Tenant double the security deposit balance and interest?
- D. Must the Landlords pay the Tenant section 72 compensation of one month's rent and moving expenses?

### ANALYSIS

**A. What date did the Tenancy Agreement end? Does the Tenant owe rent to the Landlords?**

- [20] On March 27, 2025 the Landlords served the Tenant with the Second Notice, which states in part:

*"I have never signed an agreement with you. In this case we call it **verbal** month to month lease.*

*Please empty the room in next 30 days – That's how it works when you do not sign tenant agreement – If tenant wants to leave have to inform the owner 1 month before leaving and vice versa. And we had the same verbal wording with each other, when you came to see the room..."*

- [21] I note that the definition of "*tenancy agreement*" in the *Act* includes oral (word of mouth) tenancies. Subsection 1(w) states:

*"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 provision of services and facilities;*

- [22] Therefore, even though the parties had an oral agreement, it was still a tenancy agreement governed by the *Act*.

- [23] In the Second Notice the Landlords misrepresented the Tenant's right to security of tenure.

- [24] The Landlords represented that they could end the Tenancy Agreement with one month's notice because the Tenancy Agreement was oral.
- [25] This assertion by the Landlords was untrue. The Landlords could only end the Tenancy Agreement if they had a lawful reason to do so.
- [26] Although the *Act* permits tenants to end tenancy agreements by providing written notice without any reason (section 55), there is no comparable section allowing landlords to end tenancy agreements without a reason.
- [27] I note that the Landlords made this misrepresentation in the context of another breach of the *Act*. The Landlords failed to prepare a written tenancy agreement which would have informed the Tenant of many rights and obligations.
- [28] Since April 8, 2023 landlords on Prince Edward Island have been required to prepare a written tenancy agreement containing specific information.
- [29] Subsections 11(1) and (2) of the *Act* state:
- (1) *A landlord shall prepare a written tenancy agreement in respect of a tenancy that is entered into on or after the date this Act comes into force.*
  - (2) *The landlord shall ensure that the tenancy agreement complies with the requirements of this Act and the regulations and includes*
    - (a) the provisions set out in Division 4;*
    - (b) the correct legal names of the landlord and tenant;*
    - (c) the address of the rental unit;*
    - (d) the date the tenancy agreement is entered into;*
    - (e) the address for service and telephone number of the landlord, or the landlord's agent, and the tenant;*
    - (f) the services and facilities included in the rent;*
    - (g) the amount of rent that was charged, and the services and facilities that were provided, to the previous tenant of the rental unit, unless there was no previous tenant;*
    - (h) the name and contact information of any person the tenant is to contact for emergency repairs; and*
    - (i) the agreed terms in respect of*
      - (i) the date on which the tenancy starts,*
      - (ii) if the tenancy is a periodic tenancy, whether it is on a weekly, monthly or other periodic basis,*
      - (iii) if the tenancy is a fixed-term tenancy, the date on which the term ends,*
      - (iv) the amount of rent payable for a specified period,*
      - (v) the day on which the rent is due and the frequency of payment,*
      - and*
      - (vi) the amount of any security deposit and the date the security deposit was or is required to be paid.*
- [30] The Tenant finished moving out of the Unit on March 31, 2025.
- [31] I find that the Landlords can only claim rent up to this date because of the Landlords' misrepresentation in the Second Notice that they had a lawful basis to end the Tenancy Agreement by providing one month's notice.
- [32] The parties agree that the monthly rent of \$600.00 was paid up to March 31, 2025.

- [33] The Landlords' rent owing claims for April and May 2025 rent are denied.
- [34] The Landlords must comply with all requirements in the *Act* and prepare written tenancy agreements which includes all mandatory information. The standard form tenancy agreement (*Form 1 – Standard Form of Tenancy Agreement*) is available on the Rental Office's website.

**B. Have the Landlords established claims against the security deposit for utilities, cleaning and damage?**

**Utilities**

- [35] At the hearing the parties agreed that the Tenant owes the Landlords the following utilities:
- Bell Aliant internet services – \$34.12
  - Maritime Electric electricity services - \$92.19 and \$32.04
- [36] The evidence presented establishes that the Tenant is also responsible for part of a Charlottetown Water/Sewer services bill, in the amount of \$50.91.
- [37] After the hearing, the Landlords submitted an additional water/sewer bill. I find that the Tenant is also responsible for a pro-rated amount of this bill up to March 31, 2025 in the amount of \$14.30.
- [38] These amounts total \$223.56, which is a valid deduction from the security deposit, which is factored into the security deposit calculations below.

**Cleaning and Damage**

- [39] Clause 39(2)(a) 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...*

- [40] The Landlords claim against the Tenant for about two or three hours of cleaning work, in the amount of \$250.00. The Landlords claim that the Tenant damaged the Unit.
- [41] I find that the Landlords' cleaning and damage claims are denied.
- [42] I note that the Landlords restricted the Tenant's access to the Unit while at the same time the Landlords have claimed against the Tenant for April and May 2025 rent. In particular, the Landlords provided the following notice to the Tenant:

*"To [Tenant],*

*Please come and pick your rest of the stuff (bed, mirror, blue bag from the kitchen and letters) from the garage on 31<sup>st</sup> March, between 6:30 p, to 7:00 pm.*

*DO NO DISTURB.*

*Thanks."*

- [43] The Landlords restricted access to the Unit and also did not complete a move-out inspection.
- [44] Sections 18 and 38 require inspections at the beginning and end of the tenancy.

- [45] I note that the Tenancy Agreement started around January 1, 2024, almost nine months after the *Act* came into force. Move-in and move-out inspection reports were obligatory.
- [46] Landlords must provide tenants with two reasonable opportunities to inspect rental units together. A written inspection report must be completed and signed. Both parties must receive a copy of the report.
- [47] Landlords are required to complete inspection reports and provide tenants with a copy even when the tenants do not participate in the inspections after having been provided two reasonable opportunities.
- [48] These inspections direct landlords' and tenants' minds to any uncleanliness or damage existing at the beginning and end of the tenancy.
- [49] Landlords are responsible for ensuring that the move-in and move-out inspections are completed.
- [50] When landlords follow this process they have better evidence to support their claims.
- [51] Unfortunately, what frequently occurs is that landlords do not follow the mandatory inspection process. Then, the landlords make cleaning and damage claims with insufficient evidence.
- [52] When landlords fail to follow the mandatory inspection process, they do so at their own financial peril.
- [53] If the Landlords had followed the mandatory inspection process and allowed the Tenant to access the Unit until March 31, 2025, then the Tenant could have addressed any uncleanliness below reasonably clean or damage beyond reasonable wear and tear. Instead, the Landlords did not properly complete a move-out inspection and restricted the Tenant's access to the Unit to a half-hour on March 31, 2025.
- [54] The Tenant also testified that the Landlords' photographs do not show the final condition of the Unit as they were taken partway through the Tenant's move-out.
- [55] For the reasons above, I find that the Landlords' cleaning and damage claims are denied.

**C. Must the Landlords pay the Tenant double the security deposit balance and interest?**

- [56] 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.*

- [57] Based upon the evidence presented, I find that the Landlords have not fully complied with section 40 of the *Act*. As a result, the Landlords must pay the Tenant double the security deposit balance.
- [58] The evidence presented establishes that the Landlords and the Tenant agreed to a security deposit deduction only for utilities. I note that the utilities owed by the Tenant totaled \$223.56.
- [59] The Landlords were required to comply with subsection 40(1) regarding the security deposit balance, which amounts to \$376.44 plus interest. The Landlords did not return the security deposit balance or file an application with the Rental Office to keep the security deposit by April 15, 2025. The Landlord Application was not filed until June 23, 2025, well past the 15-day timeline.
- [60] There are no earlier Rental Office decisions authorizing the Landlords to retain the security deposit under subsection 40(2).
- [61] As a result, the Landlords must pay the Tenant double the security deposit balance of \$376.44 plus interest on the original security deposit in accordance with subsection 40(4).
- [62] The Tenant has established a security deposit claim totaling \$773.56, calculated as follows:

Security Deposit Claim	
Item	Amount
Security deposit balance	\$376.44
Double of balance	\$376.44
Interest on \$600.00 (1 JAN 2024 to 31 MAR 2025)	\$17.20
Interest on \$376.44 (1 APR 2025 to 14 AUG 2025)	\$3.48
	<u>\$773.56</u>

**D. Must the Landlords pay the Tenant section 72 compensation of one month's rent and moving expenses?**

- [63] Sections 72 and 73 of the *Act* require landlords to pay compensation to tenants who receive eviction notices for landlords' occupation of rental units.
- [64] 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.*

- [65] 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.*

- [66] 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.
- [67] 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.”*
- [68] Similarly, the Landlords’ delivery of the First Notice to the Tenant for the Landlords’ occupation of the Unit created an immediate legal obligation for the Landlords to pay the Tenant compensation in accordance with sections 72 and 73 of the *Act*.
- [69] It does not matter whether or not there was another basis for ending the Tenancy Agreement.
- [70] By sending the First Notice the Landlords gained a right to seek the end of the Tenancy Agreement through the First Notice. This right existed independently from any other right to seek the end of the Tenancy Agreement.
- [71] 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 Landlords have not fulfilled these compensation obligations.
- [72] Further, with regard to ending the tenancy by mutual agreement, I note that this occurred around the time that the Landlords misrepresented having a lawful basis for ending the Tenancy Agreement based upon the agreement being oral.
- [73] I find that the Landlords must pay the Tenant one-month’s rent compensation, in the amount of \$600.00.
- [74] I am also satisfied that the Tenant incurred \$75.00 in moving expenses.
- [75] The evidence establishes that the Landlords must pay the Tenant section 72 compensation in the amount of \$675.00.

## CONCLUSION

- [76] The Landlords’ established claim of \$223.56 is offset in the security deposit claim calculation. The Landlords must pay the Tenant the amount of \$773.56 regarding the Tenant’s security deposit claim. The Tenant has also established a section 72 compensation claim of \$675.00.
- [77] These established claims total \$1,448.56, which the Landlords must pay to the Tenant by the timeline below.

[78] During the hearing the Tenant questioned whether the Landlords in fact served the First Notice for the stated purpose. The Landlords written evidence also raises concerns regarding the reason that the First Notice was served.

[79] The parties may want to further investigate their rights and obligations regarding this matter. The parties may contact an intake officer at the Rental Office.

**IT IS THEREFORE ORDERED THAT**

1. The Landlords must pay the Tenant \$1,448.56 by October 14, 2025.

**DATED** at Charlottetown, Prince Edward Island, this 14th day of August, 2025.

(sgd.) Andrew Cudmore

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**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.