

INTRODUCTION

- [1] This decision determines an application filed by the Tenant with the Residential Tenancy Office (the "Rental Office") under the *Residential Tenancy Act*, cap. R-13.11 (the "Act").
- [2] The Tenant seeks double the security deposit, the return of the security deposit and the accrued interest, in the amount of \$1,005.21.

DISPOSITION

- [3] The Landlord must pay the Tenant double the security deposit, including interest, in the amount of \$1,005.21 by the timeline below.

BACKGROUND

- [4] The Unit is a three-bedroom, one-bathroom building owned by the Landlord.
- [5] In mid-July 2025, the Tenant emailed the Landlord regarding an advertisement for the Unit. The tenancy agreement was to be a written fixed-term from September 1, 2025 to August 30, 2026. Rent in the amount of \$1,400.00 was due on the first day of the month and a \$1,000.00 security deposit was required.
- [6] On July 18, 2025 the Landlord requested that the Tenant pay half of the security deposit, in the amount of \$500.00. The Tenant paid the Landlord \$500.00 by e-Transfer.
- [7] The Landlord did not provide a tenancy agreement to the Tenant, and rented the Unit to another tenant. The Tenant did not move into the Unit.
- [8] On August 22, 2025 the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* (the "Application") seeking the return of the security deposit.
- [9] On September 24, 2025 the Tenant amended the Application.
- [10] On November 3, 2025 the Rental Office emailed the parties notice of a telephone hearing scheduled for December 11, 2025, along with a copy of the amended Application.
- [11] On December 1, 2025 the Rental Office emailed the parties a 14-page PDF evidence package.
- [12] On December 11, 2025 the Tenant joined the telephone hearing for determination of the amended Application. The Landlord did not join the hearing. I called the Landlord twice and emailed the Landlord the telephone hearing details. The hearing proceeded 13 minutes after the scheduled time in the Landlord's absence. The Tenant confirmed that all evidence submitted to the Rental Office was included in the evidence package.

ISSUE

- A. Must the Landlord return the security deposit and pay the Tenant double the security deposit?

ANALYSIS & FINDINGS

Summary of the Evidence

- [13] The Tenant provided undisputed evidence that she emailed the Landlord about the advertisement for the Unit in July 2025. After a few conversations through email and telephone the parties agreed that the Tenant would rent the Unit starting September 1, 2025. The parties agreed on the rent amount, which included utilities, except internet. The Landlord requested that she pay half the security deposit. The Tenant paid the \$500.00 amount via e-Transfer on July 18, 2025.
- [14] The Tenant stated that she asked the Landlord for the tenancy agreement to sign and if he could provide rent receipts. The Tenant stated that she is required to provide the tenancy agreement and receipts for her rent assistance program. The Tenant stated that the Landlord refused to provide the tenancy agreement and re-rented the Unit to another tenant.
- [15] The Tenant stated that she never moved into the Unit and requested the Landlord return the security deposit. The Tenant's evidence that the Landlord stated he was not going to return the \$500.00.

Determination

- [16] For the reasons below, I find that the Landlord must return the Tenant's security deposit and pay double the security deposit in accordance with subsection 40(4) of the *Act* by the timeline below.
- [17] I note that in Orders LR24-42 and LR25-10 the Island Regulatory and Appeals Commission (the "Commission") found that a tenancy agreement must be in writing and that the rights and obligations of a tenancy take effect from the date the tenancy agreement is entered into.
- [18] In both of these Orders the Commission found that the landlords had to return the security deposit, but did not award the tenants double the security deposit. Particularly in LR25-10 the Commission found that because there was no written tenancy agreement there were no rights or obligations under the *Act* for the parties. This resulted in the tenant not receiving double the security deposit award and the landlord not receiving their compensation claim.
- [19] I find that in this case the facts are distinguishable from the previous Commission Orders. I find that in the previous Commission Orders, it was the tenants who decided to not move into the rental units. However, in this case, the Landlord did not allow the Tenant to move into the Unit and it was the Landlord's responsibility to provide the Tenant with a written tenancy agreement.
- [20] The Commission considered the landlords' failures in providing the tenants with a written tenancy agreement. As a result, the Commission found that no rights or obligations under the *Act* were triggered, and the landlords were required to return the security deposits.
- [21] Subsection 1(w) of the *Act* defines tenancy agreement as follows:
- "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.*
- [22] Subsection 11(1) of the *Act* requires the Landlord to prepare a written tenancy agreement, which states:

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.

[23] Section 13 of the *Act* states:

The rights and obligations of a landlord and tenant under a tenancy agreement take effect from the date the tenancy agreement is entered into, whether or not the tenancy occupies the rental unit.

[24] I find that the Tenant's undisputed evidence establishes that the parties agreed to a fixed-term tenancy agreement, which was to begin September 1, 2025. The parties also agreed on the rent amount, services and facilities included and the security deposit amount.

[25] I find that the *Act* allows for tenancy agreements to be written, oral, expressed or implied between landlords and tenants.

[26] Put another way, a tenancy agreement is not invalid solely because it is unwritten. Subsection 11(1) requires a landlord to provide a written tenancy agreement to their tenant. If a landlord fails to comply with subsection (1), then a tenant may make an application to the Director requiring the landlord to provide a written tenancy agreement (see subsection 11(4) of the *Act*).

[27] Further, I find that section 13 of the *Act* states that the rights and obligations of the parties begins once the parties *enter* into a tenancy agreement. The language used in section 13 is consistent with the language used in the definition of *tenancy agreement*. That is to say, section 13 does not use language like *signed*. The parties could orally enter into a tenancy agreement, and then it would be incumbent upon the landlord to provide a written tenancy agreement within 10 days after the parties entered into the tenancy (see subsection 11(3) of the *Act*).

[28] I find that the Tenant and the Landlord entered into a tenancy agreement on July 18, 2025 when the Tenant paid the Landlord half of the agreed upon security deposit. The Landlord breached the tenancy agreement by renting the Unit to another tenant and failed to return the Tenant's security deposit or file an application with the Rental Office seeking to keep the Tenant's security deposit.

[29] 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.*

- [30] I find that the Landlord breached the tenancy agreement when the Unit was re-rented to another tenant. I find that the tenancy ended on September 1, 2025 when the new tenant moved into the Unit.
- [31] Subsection 40(1) of the *Act* requires a landlord to issue payment of the security deposit to the tenant or file an application with the Rental Office within 15 days after the tenancy is assigned or ends. If a landlord fails to do either one of the options under subsection (1) and is not exempted under subsections (2) or (3), then a landlord must pay the tenant double the security deposit and make no claim against the security deposit under subsection (4).
- [32] The exemptions under section 40 do not apply in this case. Therefore, I find that the Landlord did not comply with section 40 of the *Act*. Therefore, by operation of law, the Landlord must pay the Tenant double the security deposit, plus interest on the original amount paid, calculated as follows:

Item	Amount
Security Deposit	\$500.00
Interest on Security Deposit (18 JUL 25 – 17 DEC 25)	\$5.21
Double the Security Deposit	\$500.00
Total	\$1,005.21

- [33] The Application is allowed.
- [34] The Landlord must pay the Tenant \$1,005.21 by the timeline below.

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenant \$1,005.21 by January 16, 2026.

DATED at Charlottetown, Prince Edward Island, this 17th day of December, 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.