

## 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 a return of double the security deposit balance.

## DISPOSITION

- [3] The Landlord must pay the Tenant \$1,825.79 by the timeline below.

## BACKGROUND

- [4] The Unit is a two-bedroom, one-bathroom cottage.
- [5] On June 15, 2025, the parties entered into an oral monthly tenancy agreement for the Unit. Rent of \$1,800.00 was due on the first day of the month. A security deposit of \$1,800.00 was paid on May 16, 2025.
- [6] On September 30, 2025, the Tenant moved out of the Unit and the tenancy ended by mutual agreement.
- [7] On October 4, 2025, the Landlord returned \$900.00 of the security deposit to the Tenant.
- [8] On October 26, 2025, the Tenant emailed a *Form 2(A) Tenant Application to Determine Dispute* (the "Application") with the Rental Office seeking a return of double the security deposit balance. The Application was emailed to the Landlord on October 26, 2025.
- [9] On December 22, 2025, the Rental Office sent the parties notice of a teleconference hearing scheduled for February 5, 2026, at 9:00 am.
- [10] On January 16, 2026, the Rental Office spoke to the Landlord by telephone. The Landlord stated that she received a copy of the notice of hearing.
- [11] On January 20, 2026, the Rental Office sent the parties notice of an updated teleconference hearing scheduled for February 5, 2026, at 11:00 am, with updated call-in details.
- [12] On January 20, 2026, the Rental Office spoke to the Landlord by telephone. The Landlord stated that she had received a copy of the updated notice of hearing.
- [13] On January 23, 2026, the Rental Office sent the parties a 25-page PDF evidence package.
- [14] On February 5, 2026, the Tenant participated in a teleconference hearing. I telephoned the Landlord; however, there was no answer. I also emailed the Landlord a copy of the updated notice of hearing. I waited ten minutes, and the hearing proceeded in the Landlord's absence. The Tenant confirmed receipt of the evidence package and that all evidence he submitted to the Rental Office was included. The Landlord submitted no documents or evidence.

## ISSUE

- A. Must the Tenant be compensated double the security deposit balance?

**ANALYSIS**

- [15] The Tenant stated that he moved out of the Unit on September 30, 2025, a date mutually agreed upon by him and the Landlord. He stated that on October 4, 2025, the Landlord returned \$900.00 of the security deposit. He stated that the Landlord told him he had to get the remaining \$900.00 from her ex-spouse, as they were going through divorce proceedings, and that the Landlord was not allowed to contact him.
- [16] The Tenant stated that he had never dealt with the Landlord's ex-spouse and told the Landlord that, because he had paid her the security deposit, she must return it. The Tenant stated that the Landlord refused to return the \$900.00 security deposit balance and again told him to contact her ex-spouse. The Tenant stated that he has not spoken to the Landlord's ex-spouse regarding this matter.
- [17] Section 40 of the Act addresses the retention and return of a security deposit:
- (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.*
- [18] I find that the Tenant has established a claim for double the security deposit balance, including interest.
- [19] Section 14 of the Act states that a security deposit is not an asset of a landlord and requires a landlord to keep the security deposit in trust in an interest-bearing account.
- [20] I find that the Tenant is not responsible for contacting the Landlord's ex-spouse to receive the security deposit balance and that it is the Landlord's responsibility to either return the security deposit or apply to keep it under section 40 of the Act.
- [21] Therefore, under section 40, after the tenancy ended on September 30, 2025, the Landlord had 15 days to either return the entire security deposit to the Tenant or file an application with the Rental Office seeking to keep the security deposit. The Landlord returned \$900.00 of the security deposit; however, the Landlord did not file with the Rental Office to retain the balance.
- [22] No earlier Rental Office decisions authorize the Landlord to retain the security deposit balance. At the end of the tenancy, the parties did not enter a written agreement permitting the Landlord to keep the security deposit balance.

- [23] I find that the Landlord did not comply with the Section 40 requirements for retaining a security deposit. Therefore, by operation of law, the Landlord must compensate the Tenant double the security deposit balance plus interest, under subsection 40(4).

### TENANCY AGREEMENT

- [24] Since April 8, 2023, landlords on Prince Edward Island have been required to prepare a written tenancy agreement containing specific information under subsections 11(1) and (2) of the Act. The Landlord must ensure that all content in the tenancy agreement complies with the Act. The standard form tenancy agreement (*Form 1 – Standard Form of Tenancy Agreement*) is available on the Rental Office's website.

### CONCLUSION

- [25] I find that the Tenant has established a claim for double the security deposit balance, including interest, totalling \$1,825.79.
- [26] My calculations are as follows:

Item	Amount
Security deposit	\$1,800.00
Interest (May 16/25 – Oct. 4/25)	\$17.38
Security deposit returned	(\$900.00)
Interest on \$900.00 (Oct. 5/25 – Feb. 13/26)	\$8.41
Double security deposit balance	\$900.00
Total	\$1,825.79

### IT IS THEREFORE ORDERED THAT

- The Landlord must pay the Tenant \$1,825.79 by March 13, 2026.

**DATED** at Charlottetown, Prince Edward Island, this 13th day of February, 2026.

(sgd.) Mitch King

**Mitch King**  
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.