

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 to keep the Subtenant's security deposit for rent owing, in the amount of \$875.00.

DISPOSITION

- [3] The Tenant has established her claim against the Subtenant. The Tenant will keep the Subtenant's security deposit, in the amount of \$875.00.

BACKGROUND

- [4] The Unit is a single-room with shared common areas and facilities in a three-bedroom, two-bathroom single-family dwelling (the "Residential Property"), owned by the landlord.
- [5] On July 13, 2025 the Tenant, another tenant and the landlord entered into a written, fixed-term tenancy agreement for the Residential Property from August 1, 2025 to July 31, 2026. Rent in the amount of \$2,400.00 was due on the first day of the month. A \$2,400.00 security deposit was paid.
- [6] On August 13, 2025 the Tenant and the Subtenant entered into a written, fixed-term subletting agreement from September 1, 2025 to December 31, 2025 for the Unit. Rent in the amount of \$875.00 was due on the first day of the month. A \$875.00 security deposit was paid on August 21, 2025.
- [7] On September 30, 2025 the Subtenant vacated the Unit.
- [8] On October 2, 2025 the Tenant filed a *Form 2(B) Landlord Application to Determine Dispute* (the "Application") seeking to keep the Subtenant's security deposit.
- [9] On October 3, 2025 the Tenant served the Subtenant the Application by email.
- [10] On December 1, 2025 the Rental Office emailed the parties notice of a teleconference hearing scheduled for January 27, 2026.
- [11] On December 9, 2025 the Rental Office emailed the parties a new notice of a teleconference hearing scheduled for February 24, 2026.
- [12] On February 9, 2026 the Rental Office the emailed the parties an updated notice of a teleconference hearing scheduled for February 24, 2026.
- [13] On February 11, 2026 the Rental Office emailed the parties a 103-page PDF evidence package.
- [14] On February 24, 2026 the teleconference hearing was postponed to the following day due to inclement weather closing the Rental Office.
- [15] On February 25, 2026 the Tenant joined the teleconference hearing for determination of the Application. The Subtenant did not join the teleconference hearing. I telephoned and emailed the Subtenant but did not receive a response. The hearing proceeded in the Subtenant's absence ten-minutes after the scheduled time. The Tenant confirmed that all evidence submitted to the Rental Office was included in the evidence package.

ISSUE

- A. Has the Tenant established a claim against the Subtenant to justify keeping the security deposit?

ANALYSIS

[16] The Tenant has the onus to prove her claim against the Subtenant on a balance of probabilities. This means that there must be sufficiently clear and convincing evidence to find that the claim is more likely correct than not.

[17] For the reasons below, I find that the Tenant can keep the Subtenant's security deposit for rent owing, in the total amount of \$875.00.

[18] The Tenant's evidence is that the Subtenant signed a fixed-term subletting agreement, which was to end on December 31, 2025. However, the Subtenant emailed the Tenant on September 17, 2025 stating in part:

"I am writing to formally notify you that I will be terminating my lease due to the living conditions of the house..."

[19] The Subtenant's email continues to describe some of his issues regarding cleanliness, the overall poor condition of the Unit and poor internet service.

[20] The Tenant responded to the Subtenant's email addressing the Subtenant's concerns and reminding the Subtenant of his notice obligations under a fixed-term agreement. The Tenant's email stated in part:

*"To be clear: I will not agree to early termination unless either:
You pay the rent for October, or
A qualified replacement tenant is found to begin occupancy on October 1st."*

[21] The Tenant stated that the Subtenant gave notice on September 17, 2025 that he intended to vacate the Unit, however, the Subtenant did not state which date he intended to vacate the Unit. The Tenant stated that on September 30, 2025 the Subtenant text messaged her a photograph of the Residential Property's key on a counter and a message that the Subtenant had vacated the Unit.

[22] The Tenant stated that the Subtenant provided insufficient notice. The Tenant stated that she advertised the Unit on September 17, 2025 to attempt to find a new subtenant. The Tenant stated that she was unable to find a replacement and had to cover the Subtenant's share of the rent for October 2025 and November 2025.

[23] The Tenant stated, however, that she is only seeking to keep the Subtenant's security deposit for October's rent and is not seeking any rent owing or compensation exceeding the security deposit.

Determination

[24] I find the evidence provided establishes that the Subtenant gave insufficient notice to end a fixed-term agreement, as required under subsection 55(3) of the Act.

[25] I further find that the Tenant had fulfilled her responsibility to try to reduce (mitigate) rental income losses, under section 46 of the Act. I find that the Tenant has established that the Subtenant owes the Tenant rent for October 2025, in the amount of \$875.00.

[26] I find that the Subtenant's evidence stated numerous issues that he had with the Residential Property. Despite the Subtenant's concerns, I find that these concerns did not permit the Subtenant from ending the fixed-term agreement early.

- [27] I further find that the Island Regulatory and Appeals Commission in Order LR24-72 stated that a tenant who continues to occupy the rental unit with the subtenant(s), the original tenant is not considered a “landlord” of the subtenant per the definition of the *Act*.
- [28] As a result, the Tenant was not required to deposit the security deposit into an interest-bearing account as required by a landlord under subsection 14(7).
- [29] The Application is allowed. The Tenant will keep the Subtenant’s security deposit for October 2025 rent owing, in the amount of \$875.00.

IT IS THEREFORE ORDERED THAT

1. The Tenant will keep the Subtenant’s security deposit, in the total amount of \$875.00.

DATED at Charlottetown, Prince Edward Island, this 26th day of February, 2026.

(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.