

## INTRODUCTION

- [1] This decision determines three applications that the Tenant and the Landlord filed with the Residential Tenancy Office (the "Rental Office") under the *Residential Tenancy Act*, cap. R-13.11 (the "Act").
- [2] The Tenant is seeking the return of their security deposit.
- [3] The Landlord is seeking to keep the Tenant's security deposit, plus additional compensation for lost rental income.

## DISPOSITION

- [4] I find that there is no tenancy agreement and therefore the funds the Tenant paid to the Landlord must be returned with interest.
- [5] The Landlord must pay the Tenant \$697.07 by the timeline below.
- [6] The Landlord's claims for compensation are denied.

## BACKGROUND

- [7] The Unit is a single-bedroom in a five-bedroom, two-bathroom dwelling owned by the Landlord.
- [8] On October 26, 2025 the Tenant and the Landlord's spouse viewed the Unit.
- [9] The Tenant paid the Landlord's spouse (the "Spouse") \$690.00. The amount was broken down to include \$345.00 towards the security deposit and \$345.00 towards November 2025's rent. The Tenant's and the Spouse's signatures were on the receipt.
- [10] The Landlord provided the Tenant a written, fixed-term "*room lease contract*" from October 31, 2025 to April 30, 2026. Rent in the amount of \$690.00 was due on the first day of the month. A \$690.00 security deposit was required (the "Tenancy Agreement"). The Tenancy Agreement was signed by the Landlord but was not signed by the Tenant.
- [11] The Tenancy Agreement included a \$10.00 nightly surcharge if an occupant stayed over-night in the Unit (the "Provision").
- [12] On October 27, 2025 the Tenant responded to the Landlord disagreeing with the Provision, stating: "*No, thank you, I'll find another room.*" The Landlord removed the Provision from the Tenancy Agreement and sent an updated version of the Tenancy Agreement.
- [13] On October 28, 2025 the Tenant responded to the Landlord stating, in part: "*Hello, I am responding to you now because I had to first discuss with my partner and we agreed that I would no longer take the room. There are a lot of things that we don't like in the contract and also because of the visits.*" The Tenant did not sign the updated Tenancy Agreement or move into the Unit.
- [14] On October 30, 2025 the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* (the "Tenant Application") with the Rental Office seeking the return of the funds paid to the Landlord. The Tenant Application was emailed to the Landlord.
- [15] On October 31, 2025 at 7:20 p.m. the Landlord emailed the Tenant and the Rental Office two *Form 2(B) Landlord Applications to Determine Disputes* (the "First Landlord Application" and the "Second Landlord Application") seeking to keep the security deposit and additional compensation for lost rental income.

- [16] The First Landlord Application and the Second Landlord Application were considered filed with the Rental Office on November 4, 2025. On November 13, 2025 the Landlord amended the First Landlord Application.
- [17] On December 11, 2025 the Rental Office emailed the parties notice of a teleconference hearing scheduled for January 27, 2026.
- [18] On January 7, 2026 the Rental Office emailed the parties a 92-page PDF evidence package.
- [19] On January 27, 2026 the teleconference hearing was postponed to January 28, 2026 in accordance with the notice of hearing because of a winter storm closure.
- [20] On January 28, 2026 the Tenant and the Landlord joined the teleconference hearing. The parties confirmed receipt of the evidence package. The parties confirmed that all evidence submitted to the Rental Office was included.
- [21] During the hearing the Landlord asked to submit a copy of his oral submissions, at the end of the hearing. The Landlord was permitted to send a copy to the Rental Office and to the Tenant.
- [22] After the hearing concluded, the Landlord emailed the Rental Office a 4-page PDF written submission. The written submission was forwarded to the Tenant. The Tenant emailed the Rental Office and the Landlord's interpreter attachments and comments. The attachments and the comments were not accepted and not included as part of the evidentiary record because they were already included and/or argued in the evidentiary record.

## **ISSUE**

- A. Is there a tenancy agreement between the parties and how should the funds be dispersed?

## **ANALYSIS**

- [23] For the reasons below, I find that there was no tenancy agreement between the parties. As a result, the Landlord must return the funds to the Tenant, including interest by the timeline below.
- [24] The evidence presented establishes that on October 26, 2025 the Tenant and the Spouse completed a walkthrough of the Unit. At the end of the walkthrough the Tenant paid the Spouse \$690.00. The amount was broken down to include \$345.00 towards the security deposit and \$345.00 towards November 2025's rent. The Tenant's and the Spouse's signature were on the receipt.
- [25] The Landlord forwarded the Tenancy Agreement to the Tenant to sign. However, the Tenant responded to the Landlord with concern over the Provision. The Landlord amended the Tenancy Agreement and re-sent it to the Tenant. The Tenant responded again to the Landlord with confirmation that she would not move into the Unit and refused to sign the Tenancy Agreement.
- [26] The Landlord argued that a tenancy was formed once the money receipt was signed on October 26, 2025. The Landlord stated that the receipt stipulates that the remaining half of the security deposit and the remaining half of the November rent were to be paid on the Tenant's move-in date, which was agreed to be on October 30, 2025.
- [27] The Landlord further stated that the receipt identifies the parties, the rental unit, the amount paid, and the purpose of the payment, which establishes a binding tenancy agreement.
- [28] The Tenant argued that the receipt is only an acknowledgment of payment and was not intended to substitute a tenancy agreement. The Tenant stated that the parties did not agree on all of the terms in the Tenancy Agreement.

- [29] The Tenant further stated that she did not sign the Tenancy Agreement and did not move into the Unit. The Tenant stated that she found alternate rental accommodations, which better accommodated two occupants.
- [30] In Orders LR24-47, LR25-10 and LR25-26 the Island Regulatory and Appeals Commission (the "Commission") found on similar sets of facts that a landlord had to return a security deposit because the parties did not have a signed tenancy agreement and the tenants never moved into the rental unit.
- [31] Particularly, in LR25-26 the Commission commented that despite the definition of *tenancy agreement* under subsection 1(w) of the *Act*, subsections 11(1) and (2) are mandatory and require a landlord to prepare a written tenancy agreement that complies with the *Act* and includes the agreed terms.
- [32] I find that the Tenancy Agreement in this case was missing some required details – i.e., the amount of rent that was charged, and the services and facilities that were provided, to the previous tenant of the rental unit (see clause 11(2)(g) of the *Act*).
- [33] I do not agree with the Landlord's submission that the signed money receipt acted as a binding tenancy agreement. Despite the money receipt having some details, which are typically found in a tenancy agreement, I agree with the Tenant's submission, that is, the money receipt's intent was only to acknowledge payment.
- [34] There is no evidence to establish that the money receipt was intended to replace or act as a tenancy agreement.
- [35] In this case, I find that the evidence establishes that the parties did not agree on all the terms of the tenancy agreement. This is established based upon the parties' communication with one another and that the Tenant did not sign the Tenancy Agreement or its amended version.
- [36] Accordingly, I find that there was no tenancy agreement and the funds paid by the Tenant to the Landlord must be returned to the Tenant, together with interest, calculated as follows:
- Funds paid: \$690.00 + interest accrued: \$7.07 (Oct 26/25 to Mar 16/26) = \$697.07.
- [37] The Tenant Application is allowed. The Landlord must pay the Tenant \$697.07 by the timeline below.
- [38] The First Landlord Application is denied.

**Lost rental income**

- [39] I find that the Landlord's lost rental income claim is denied. This type of claim is normally based upon a breach of the tenancy agreement by the tenant, which the landlord has made proper mitigating efforts to reduce financial loss.
- [40] In this case, there is no tenancy agreement between the parties. Therefore, the notice requirements under the *Act* to end a tenancy did not apply to the Tenant.
- [41] Accordingly, the Second Landlord Application is denied.

**IT IS THEREFORE ORDERED THAT**

1. The Landlord must pay the Tenant \$697.07 by April 16, 2026.

**DATED** at Charlottetown, Prince Edward Island, this 16th day of March, 2026.

(sgd.) Cody Burke

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**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.