

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 Landlord seeks to keep the Tenants’ security deposit plus additional compensation for rent owing, cleaning and damage, in the total amount of \$2,200.00.

DISPOSITION

- [3] At the hearing the Tenants confirmed that they agreed to a \$400.00 security deposit deduction for cleaning and damage.
- [4] I find that the Landlord’s rent owing claim is denied. The Landlord must pay the Tenants the security deposit balance, including interest, in the amount of \$1,465.01 by the timeline below.

BACKGROUND

- [5] The Unit is a two-bedroom, two-bathroom unit in a 36-unit building (the “Residential Property”) that the Landlord has owned since it was built in August of 2020.
- [6] The Landlord and the Tenants signed a first written, fixed-term tenancy agreement from June 1, 2023 to the end of May 2024. A security deposit of \$1,750.00 was paid before the Tenants moved into the Unit.
- [7] The Landlord and the Tenants signed a second written, fixed-term tenancy agreement from June 1, 2024 to May 30, 2025 (the “Tenancy Agreement”). Rent in the amount of \$1,800.00 was due on the first day of the month.
- [8] The parties disagree whether the tenancy agreement’s term was fixed or monthly from June 1, 2025 onwards.
- [9] On August 20, 2025 the Tenants emailed the Landlord notice that they would vacate the Unit by September 30, 2025
- [10] The Tenants vacated the Unit on September 30, 2025.
- [11] On October 14, 2025 the Landlord filed a *Form 2(B) Landlord Application to Determine Dispute* (the “Application”) with the Rental Office seeking to keep the security deposit plus additional compensation.
- [12] On February 11, 2026 the Rental Office sent the parties notice of a teleconference hearing scheduled for March 12, 2026.
- [13] On February 27, 2026 the Rental Office issued a 66-page PDF and video recording evidence package.
- [14] On March 12, 2026 the Landlord’s representative, the Landlord’s witness and the Tenants joined the teleconference hearing for determination of the Application. The parties confirmed receipt of the evidence package and that all evidence submitted to the Rental Office was included. The parties provided additional evidence and responses after the hearing up to March 20, 2026.

ISSUE

- A. Do the Tenants owe the Landlord October 2025 rent?

ANALYSIS

- [15] At the hearing the Tenants confirmed that they agreed to the Landlord keeping \$400.00 of the security deposit funds. Upon review of the correspondence submitted, I find that the Tenants agreed to this deduction as of October 8, 2025.
- [16] The Tenants want the Landlord to return the security deposit balance of \$1,350.00 and security deposit interest.
- [17] The total security deposit balance, including interest, is \$1,465.01 calculated as follows:

Item	Amount
Security deposit balance	\$1,350.00
Interest on \$1,750.00 (31 MAY 2023 - 7 OCT 2025)	\$98.71
Interest on \$1,350.00 (8 OCT 2025 - 24 MAR 2026)	\$16.30
Total	\$1,465.01

Term

- [18] The parties dispute the Tenancy Agreement's term after May 2025. The Landlord argues that the Tenants agreed to an additional one-year-fixed-term starting June 1, 2025. The Tenants argue that the term became monthly starting June 2025.
- [19] For the reasons below, I find that the Tenancy Agreement had a monthly term from June 1, 2025 onwards.
- [20] I have reviewed the correspondence submitted. As of March 2025 the Tenants wanted to renew the Tenancy Agreement for June 1, 2025. Later on, near the end of May, the Tenants wanted a monthly agreement. The Landlord insisted that the Tenants sign a new fixed-term agreement.
- [21] The Tenants denied signing an additional tenancy agreement from June 1, 2025 onwards.
- [22] The Landlord was unable to locate a written fixed-term tenancy agreement for the period of June 1, 2025 onwards. The Landlord's evidence at the hearing was that the Landlord's normal practice is to sign fixed-term tenancy agreements annually. The Landlord's previous property manager ("HB") was involved regarding the renewal and HB no longer works for the Landlord. HB did not participate in the hearing.
- [23] Based upon the evidence presented, I find that the parties did not enter into an additional fixed-term tenancy agreement.
- [24] Section 52 of the *Act* states:

(1) Where a tenancy agreement ends on a specific date and does not include an option to renew, and the landlord has not terminated the agreement in accordance with Division 3 of this Part, the landlord and tenant are deemed to renew the tenancy agreement on that date as a monthly tenancy with the same rights and obligations as existed under the former tenancy agreement, subject to any rent increase that complies with this Act.

(2) Subsection (1) does not apply

(a) where the landlord and tenant have entered into a written agreement in accordance with subsection 51(3);

(b) where the tenancy has been terminated in accordance with this Act;

(c) to a rental unit provided by an employer to an employee as a benefit of employment;

(d) temporary accommodation under the Tourism Industry Act that is provided for a guest for a continuous period of two months or more; or
(e) to premises ordinarily occupied by the owner of the premises and vacated by the owner for a period not exceeding seven months during a calendar year.

[25] The Tenancy Agreement's Schedule "D" includes the following additional term:

"The lease will be terminated at the end of the lease. If tenants would like to continue renting, a new fixed-term lease must be signed."

[26] This clause is not an option to renew.

[27] The Tenants were not provided with a unilateral right to renew the Tenancy Agreement. The Tenants were not provided a timeline in which to exercise an option in order to renew the agreement. Instead, this clause essentially told the Tenants to move out or sign a new tenancy agreement.

[28] In the absence of a signed tenancy agreement in accordance with the Landlord's normal process that was mandatory according to Schedule "D" of the Tenancy Agreement, I find that the tenancy continued on a monthly basis from June 1, 2025 under subsection 52(1). The Tenancy Agreement did not have an option to renew and the other exceptions to a deemed monthly term did not apply.

[29] Therefore, the Tenants' Notice on August 20, 2025 was sufficient to end the tenancy effective September 30, 2025 in accordance with subsection 55(2), which states:

A tenant may end a month-to-month or other periodic tenancy by giving the landlord a notice of termination effective on a date that

(a) is not earlier than one month after the date the landlord receives the notice; and

(b) is the day before the day that rent is payable under the tenancy agreement.

Access

[30] The Landlord argues that the Tenants did not provide access to the Unit because the Tenants did not respond to the Landlord's communications. The Landlord argues that this lack of access prevented the Unit from being re-rented.

[31] Section 23 provides the relevant rules for a landlord accessing a rental unit.

[32] I note that the Landlord could access the rental unit with the Tenants' permission under subsection 23(a) of the Act.

[33] However, the Landlord had the right to show the Unit to prospective tenants without the Tenants' permission under subsection 23(h), which states:

A landlord shall not enter a rental unit that is subject to a tenancy agreement for any purpose unless one of the following applies:

(h) the landlord requires access to the rental unit to show the unit to a prospective tenant and

(i) the landlord has given written notice to the tenant at least 24 hours before the time of entry,

(ii) the landlord and tenant have agreed that the tenancy will end or one of them has given notice of termination to the other,

(iii) the entry is between the hours of 9 a.m. and 9 p.m., and

(iv) before entering, the landlord informs or makes a reasonable effort to inform the tenant of the intention to do so.

[34] The *Act* did not require that the Landlord receive permission in order to show the Unit to prospective tenants. Therefore, the Landlord's access argument is invalid and does not support a claim for October 2025 rent.

Condition of the Unit

[35] The Landlord essentially argues that the Unit's condition resulted in lost rental income.

[36] Based upon the evidence presented, I am not satisfied that the Unit's condition prevented it from being re-rented.

[37] Under the former residential rental legislation, the *Rental of Residential Property Act*, a landlord could not successfully claim for lost rental income after a tenancy agreement ended (see Orders LR95-11, LR05-09 and LR20-23 issued by the Island Regulatory & Appeals Commission (the "Commission")).

[38] On April 8, 2023 the *Rental of Residential Property Act* was repealed by the current legislation, the *Residential Tenancy Act*, which expanded the remedies that the Rental Office can award after hearing an application.

[39] On June 26, 2025 the Commission issued Order LR25-25. The Commission allowed a claim for lost rental income due to the condition of a rental unit at the end of the tenancy. Subsection 85(1)(d) of the *Act* states that after hearing an application a tenant may be ordered to compensate a landlord for loss suffered as a result of a contravention of the *Act* or the tenancy agreement.

[40] In Order LR25-25 the Commission found that the tenants were responsible for undue damage and cleaning in the amount of \$16,213.06. The landlords stated that they were unable to rent the unit for four months while the repairs were completed. The Commission allowed a lost rental income claim of one month's rent.

[41] The \$400.00 security deposit deduction that the Tenants agreed to is much lower than the claims established in Order LR25-25, which totaled \$16,213.06.

[42] In this case, the evidence establishes that the Tenancy Agreement ended on September 30, 2025 and the Tenants did not use or occupy the Unit after this date. The Tenants' videos show that the Unit was mostly in reasonably clean condition at the end of the tenancy. The Tenants were only required to leave the Unit in reasonably clean condition and it would be expected that the Landlord would need to complete some work before new tenants moved in to bring the Unit to move-in ready condition.

[43] On August 12, 2025 the Tenants notified the Landlord of cockroaches in the Unit. The Tenants' ability to maintain the Unit was complicated by a cockroach infestation and treatment in the last couple months of the tenancy.

[44] For these reasons, I find that a lost rental income claim is not supported.

[45] The Landlord must pay the Tenants the security deposit balance, including interest, in the amount of \$1,465.01 by the timeline below.

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenants the security deposit balance, including interest, in the amount of \$1,465.01 by April 24, 2026.

DATED at Charlottetown, Prince Edward Island, this 24th day of March, 2026.

(sgd.) Andrew Cudmore

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.