

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 compensation of double the amount of the security deposit, including interest.

DISPOSITION

- [3] The Landlords must pay the Tenant \$412.61 by the timeline below.

BACKGROUND

- [4] The Unit is a room and shared common facilities in a building (the “Residential Property”) that the Landlords own.
- [5] On July 27, 2024, the Tenant and the Landlords entered into a written “yearly” tenancy agreement for the Unit. Rent was \$400.00 monthly. On July 22, 2024, the Tenant paid a \$400.00 security deposit.
- [6] On March 4, 2025, the Tenant and the Landlords entered into a new written monthly tenancy agreement for the Unit.
- [7] On September 29, 2025, the Tenant moved out of the Unit, and the tenancy ended by mutual agreement.
- [8] On November 13, 2025, the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* (the “Application”) with the Rental Office seeking a return of double the security deposit, including interest. The Application was emailed to the Landlords on November 13, 2025.
- [9] On November 15, 2025, the Landlords returned the \$400.00 security deposit to the Tenant.
- [10] On February 18, 2026, the Rental Office sent the parties notice of a teleconference hearing scheduled for March 26, 2026.
- [11] On March 10, 2026, the Rental Office sent the parties a 64-page PDF evidence package.
- [12] On March 26, 2026, the Tenant and one of the Landlords (the “Landlord”) representing both Landlords, participated in a teleconference hearing. The parties confirmed receipt of the evidence package and confirmed that all evidence submitted to the Rental Office was included.

ISSUE

- A. Must the Tenant be compensated double the security deposit, including interest?

ANALYSIS

- [13] The Tenant stated that he moved out of the Unit on September 29, 2025, which was a date mutually agreed upon by him and the Landlord. The Tenant stated he asked for the security deposit to be returned, but it was not returned to him at that time.
- [14] The Tenant stated that on November 7, 2025, he sent the Landlord another message requesting the return of the security deposit. The Tenant stated that on November 8, 2025, the Landlord arrived at his workplace with a cheque for \$275.00. The Tenant stated he refused to accept the cheque because he believed he was owed a full return of the \$400.00 security deposit.

- [15] The Tenant stated that on November 15, 2025, the Landlord returned the \$400.00 security deposit by e-Transfer. The Tenant stated that the Landlord failed to pay interest on the security deposit. The Tenant stated that he is also seeking double the security deposit because it was not returned within the timeframe set by the Act.
- [16] The Landlord stated that the last day of the tenancy was scheduled for September 27, 2025, but the Tenant was allowed to remain in the Unit until September 29, 2025. The Landlord stated that after the Tenant moved out, the Landlord was busy with her business. The Landlord stated she did not have time to calculate the amount the Tenant owed for cleaning the shared common spaces in the Residential Property.
- [17] The Landlord stated that there were still other tenants in the Residential Property using the shared common spaces, so she calculated that the Tenant should be responsible for \$125.00 in cleaning costs. The Landlord stated that on November 8, 2025, she tried to give the Tenant a cheque for \$275.00, but the Tenant refused to accept it. The Landlord stated that on November 15, 2025, after speaking with the Rental Office, she returned the \$400.00 security deposit to the Tenant.
- [18] The Landlord stated that all of the tenants moved out of the Residential Property in February 2026. She stated that it cost her \$2,500.00 to have the Residential Property professionally cleaned. The Landlord stated that she should not have to compensate the Tenant double the security deposit.
- [19] 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.*
- [20] I find that the Tenant has established a claim for double the security deposit, including interest.
- [21] The evidence presented establishes that the tenancy ended on September 29, 2025, by mutual agreement. After the tenancy ended on September 29, 2025, the Landlords 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. However, the Landlords did neither.
- [22] No earlier Rental Office decisions authorize the Landlords to retain the security deposit. At the end of the tenancy, the parties did not enter a written agreement permitting the Landlords to keep the security deposit.

- [23] I find that the Landlords did not comply with the section 40 requirements regarding the retention of a security deposit. Therefore, by operation of law, the Landlords must compensate the Tenant double the security deposit plus interest, under subsection 40(4).
- [24] Regarding the interest calculation for the security deposit, the evidence establishes that on November 8, 2025, the Landlord attempted to return \$275.00 of the security deposit to the Tenant. However, the Tenant refused to accept this partial payment of the security deposit at that time.
- [25] I find that, despite the Landlords' failure to comply with the section 40 requirements for retaining the security deposit, the Landlords are not responsible for paying interest on the entire \$400.00 security deposit up to November 15, 2025. I note that the Tenant could have accepted the partial \$275.00 return of the security deposit and still sought the remaining balance through the Rental Office.
- [26] Therefore, I find that the interest on the security deposit is calculated as follows:

Security deposit	Interest
\$400.00 (July 22/24 – Nov. 8/25)	\$12.56
\$125.00 (Nov. 9/25 – Nov. 15/25)	\$0.05
Total	\$12.61

TENANCY AGREEMENT

- [27] 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 Landlords 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

- [28] I find that the Tenant has established a claim for double the security deposit, including interest, calculated as follows:

Item	Amount
Security deposit	\$400.00
Interest	\$12.61
Security deposit returned	(\$400.00)
Double security deposit	\$400.00
Total	\$412.61

IT IS THEREFORE ORDERED THAT

- The Landlords must pay the Tenant \$412.61 by May 11, 2026.

DATED at Charlottetown, Prince Edward Island, this 9th day of April, 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.