

INTRODUCTION

- [1] This decision addresses two applications filed by the Tenants and the Landlord with the Residential Tenancy Office (the "Rental Office") pursuant to the *Residential Tenancy Act*, cap. R-13.11 (the "Act").
- [2] The Tenants seek compensation for double the security deposit and dispute the Landlord's claims.
- [3] The Landlord seeks to keep the security deposit and additional compensation, in the total amount of \$4,191.02.

DISPOSITION

- [4] The Tenants have established valid claims for the return of the security deposit, plus interest and compensation for double the security deposit, in the amount of \$4,547.84.
- [5] The Landlord has established valid claims for pro-rated rent owing, lost rental income, unpaid utilities and property management fees, in the amount of \$2,145.38.
- [6] These claims setoff and the Landlord will pay the Tenants the remaining balance, in the amount of \$2,402.46, in accordance with the timeline below.

BACKGROUND

- [7] On June 30, 2025, the parties signed a written fixed-term tenancy agreement beginning July 1, 2025 and ending June 30, 2026. Rent in the amount of \$2,250.00 was payable on the first day of the month. The excluded services and facilities clause stated: "*Heat, Electricity, Snow Removal for Parking Lot & Walkways, Grass Cutting.*" The Tenants paid the Landlord a \$2,250.00 security deposit.
- [8] On July 1, 2025, the Tenants moved into the Unit.
- [9] On September 3, 2025, the Tenants gave the Landlord notice of termination for October 31, 2025.
- [10] On October 31, 2025, the Tenants vacated the Unit.
- [11] On November 6, 2025, the Landlord's representative (the "Representative") found new tenants and signed a new tenancy agreement.
- [12] On November 26, 2025, the Tenants e-mailed the Landlord and the Rental Office a *Form 2(A) Tenant Application to Determine Dispute* (the "Tenant Application") seeking the return of the security deposit, and compensation for double the security deposit. The Tenant Application was considered filed on November 27, 2025.
- [13] On November 29, 2025, the Landlord e-mailed the Tenants and the Rental Office a *Form 2(B) Landlord Application to Determine Dispute* seeking to keep the Tenants' security deposit and additional compensation, in the amount of \$4,191.02. The application was considered filed on December 1, 2025.
- [14] On February 9, 2026 and February 20, 2026, the Landlord amended the *Form 2(B) Landlord Application to Determine Dispute* (the "Landlord Application"). The Landlord e-mailed the Landlord Application to the Tenants on February 9, 2026 and February 20, 2026.
- [15] On March 6, 2026, the Rental Office sent the parties notice of a teleconference hearing scheduled for April 21, 2026.

- [16] On April 9, 2026, the Rental Office sent the parties an 88-page PDF and 1-video-recording evidence package.
- [17] On April 21, 2026, the Representative and three of the Tenants participated in the hearing. The fourth tenant was represented by the other three tenants. The parties confirmed receipt of the evidence package and confirmed that all evidence submitted to the Rental Office was included.

ISSUES

- A. Must the Landlord compensate the Tenants double the security deposit?
- B. Must the Tenants compensate the Landlord for professional fees, cleaning, painting, unpaid utilities, pro-rated rent and lost rental income?

ANALYSIS & FINDINGS

- [18] When a party makes an application to the Rental Office, the onus is on that party to support their application with convincing evidence. In this case, both parties have the onus to prove each of their claims on the civil standard of a balance of probabilities.

Issue A. double the security deposit

- [19] Section 40 of the *Act* addresses the retention and return of a security deposit, stating in part:
- (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] The evidence establishes that the parties entered into a fixed-term tenancy agreement set to expire on June 30, 2026. The Tenants gave notice to the Landlord on September 3, 2025, and vacated the Unit on October 31, 2025. In response, the Landlord took reasonable steps to mitigate losses by advertising the Unit.
- [21] The evidence further establishes that the Representative secured a new tenant on November 6, 2025, and the new tenant took possession of the Unit on November 7, 2025. By entering into a tenancy agreement, the Landlord brought the Tenants' tenancy to an end.

- [22] For the reasons below, I find that the Landlord must compensate the Tenants double the security deposit. Section 40 requires landlords to either return a security deposit in full or file an application with the Rental Office within fifteen days after the date the tenancy ends.
- [23] Subsection 55(3) outlines the Tenants' notice requirements when in a fixed-term tenancy. I find that the evidence establishes that the Tenants did not follow the notice requirements under the *Act*.
- [24] I further find that there is insufficient evidence to establish that the Landlord waived the Tenants' notice requirements under subsection 55(3).
- [25] Despite the Tenants' insufficient notice, I find that the tenancy ended on November 6, 2025, because the Landlord entered into a new tenancy agreement with a new tenant. This means the Landlord had until November 21, 2025 to return the full amount of the Tenants' security deposit or file an application with the Rental Office. I find that the Landlord did neither in this case.
- [26] Section 40 outlines the permitted exceptions to the fifteen-day deadline. In this case, there is no outstanding monetary order from the Rental Office against the Tenants, and there was no written agreement between the parties allowing the Landlord to keep all or a portion of the Tenants' security deposit.
- [27] I find that the Landlord did not comply with the section 40 requirements. Therefore, by operation of law, the Landlord has no claim against the Tenants' security deposit and must compensate the Tenants double the security deposit, under subsection 40(4).
- [28] The Tenants' claim is established, in the total amount of \$4,547.84, calculated below.

Item	Amount
Security deposit	\$2,250.00
Accrued interest (30 Jun 25 - 24 Apr 26)	\$47.84
Double the security deposit	\$2,250.00
Total	\$4,547.84

Issue B. fees, cleaning, painting, utilities, pro-rated rent and lost rental income

- [29] The Landlord is seeking \$4,191.02 for professional fees, cleaning, painting, unpaid utilities, pro-rated rent for November 2025 and lost rental income until the end of the fixed-term tenancy.

Professional / property management fees (\$200.00)

- [30] The Representative stated that she is the Landlord's property manager.
- [31] The Representative stated that because the Tenants vacated the Unit before the end of the fixed-term, the Unit needed to be advertised and shown to prospective tenants.
- [32] The Representative stated that she charged the Landlord a \$200.00 service fee for the work.
- [33] The Landlord's evidence included a screenshot of the e-Transfer amount of \$200.00 to the Representative dated October 31, 2025.
- [34] The Tenants disputed this \$200.00 fee.
- [35] The Tenants stated that the property management service fee should not be their responsibility. The Tenants stated that the Landlord chose to hire a property manager and such duties and responsibilities would fall under a property manager's normal everyday duty.

- [36] I have reviewed the evidence and I find that, in this case, the \$200.00 service fee is a reasonable expense against the Tenants.
- [37] The Landlord was required to pay an additional amount of money to the Representative in order to take meaningful mitigating efforts, as a result of the Tenants' insufficient notice. The Representative's direct evidence establishes the steps and efforts taken such as advertisements and walk-throughs of the Unit with prospective tenants. In these circumstances, I find that this claim is allowed and the amount requested is reasonable considering the time and travel required.

Cleaning (\$200.00) / Painting (\$1,746.64)

- [38] The Representative stated that the Tenants left the Unit unclean and hired a cleaner for \$200.00.
- [39] The Representative stated that \$200.00 was e-Transferred on November 6, 2025. The cleaning was primarily to the appliances and floors. There was also excessive garbage placed onto or near the neighbouring properties.
- [40] The Representative stated that the Unit also required painting in the kitchen and living room. The Representative stated that on November 6, 2025, the Landlord paid a painter \$1,746.64. A screenshot of an e-Transfer was included in the evidence.
- [41] The Representative stated that the Unit was painted in localized areas prior to the Tenants moving into the Unit.
- [42] The Tenants disputed the Landlord's claims.
- [43] The Tenants stated that they cleaned the Unit and removed the garbage before they vacated. The Tenants stated that they left the Unit's keys with the neighbour, as requested by the Landlord.
- [44] The Tenants stated that they did not damage the walls. The Tenants stated that they were aware of fire damage to the walls during the previous tenancy, which the previous tenants informed them before the tenancy started.
- [45] The Tenants stated that the Landlord did not complete a move-in or move-out inspection report.
- [46] For the reasons below, I find that the Landlord has provided insufficient evidence to establish the cleaning and painting claims against the Tenants.
- [47] Clause 39(2)(a) of the *Act* provides the cleanliness and damage standard at the end of the tenancy, stating as follows:
- When a tenant vacates a rental unit, the tenant shall*
(a) *leave the rental unit reasonably clean and undamaged, except for reasonable wear and tear...*
- [48] The Landlord has the onus to prove each of her claims on a balance of probabilities. I find that the Landlord's evidence does not prove that the Unit's condition was below a standard of reasonably clean standard or that the Tenants caused undue damage to the Unit.
- [49] I further find that the Landlord did not complete a move-in or move-out inspection report. These inspection reports are mandatory under the *Act* and the *Form 5 – Landlord Condition Inspection Report* can be found on the Rental Office's website (see: <https://peirentaloffice.ca/forms/>).
- [50] When a landlord does not complete a move-in or move-out inspection report, it raises the evidentiary threshold for the landlord to establish their claims against a tenant.

- [51] In Order LR26-11, the Island Regulatory and Appeals Commission commented in detail the importance of and the requirement for a landlord to complete move-in and move-out inspection reports, stating in part:

“The Commission notes that all tenancy agreements commencing on or after April 8, 2023 require a pre-tenancy and post- tenancy inspection report to be completed. This is set out in sections 18 and 38 of the Act. However, the Representative confirmed that such reports were not completed.”¹

...

The absence of inspection reports significantly limits or undermines the ability to determine the baseline condition of the Rental Unit at move-in and to demonstrate any material change at the end of the tenancy.”²

...

The Commission also reiterates its prior findings that a landlord’s failure to comply with statutory inspection requirements raises the evidentiary threshold. The Commission places significant weight on the statutory requirements under section 18 and 38 of the Act, which mandate the completion of both pre-tenancy and post-tenancy inspection reports. These provisions are not merely procedural; they are safeguards intended to create an objective record of the condition of a rental unit at both the beginning and the end of a tenancy.”³

- [52] The Landlord did not submit into evidence photographs of the Unit showing the condition of the Unit and the alleged damage to the Unit. Therefore, I find that the Landlord has failed to meet the evidentiary burden required to support her claims for cleaning and damage. The absence of mandatory move-in and move-out inspection reports, combined with the insufficient evidence prevents the Landlord from being successful in their claims.

Utility bill and transfer fee (\$95.38)

- [53] The Landlord is seeking \$95.38 for an unpaid electricity bill and transfer fees related to removing the Tenants from the electric account.
- [54] The Representative stated that the electricity costs were the Tenants’ responsibility during the tenancy. After the Tenants vacated the Unit, the Landlord needed to remove the Tenants from the electric account.
- [55] The Landlord submitted into evidence a copy of the tenancy agreement and two Maritime Electric bills. One bill is the consumption period from October 31 to November 3, 2025 and the other bill is the consumption period from November 3 to November 7, 2025.
- [56] The Tenants disputed the utility bill and transfer fee.
- [57] The Tenants stated that any fees after October 31, 2025, should not be their responsibility because they moved out of the Unit.
- [58] I find that the evidence establishes that electricity was the Tenants’ responsibility during the tenancy. I also find that the tenancy ended on November 6, 2025. Therefore, I find that the Tenants are responsible for the electricity costs and the transfer fee until this date.
- [59] The Landlord’s claim is allowed, in the amount of \$95.38 (\$68.46 in consumption plus \$26.92 in service charges).

¹ Para 32.

² Para 34.

³ Para 38.

Pro-rated November 2025 rent (\$550.00) and lost rental income (\$1,400.00)

- [60] The Landlord is seeking \$1,950.00 in compensation for pro-rated November 2025 rent and lost rental income until the end of the fixed-term.
- [61] The Representative stated that the Tenants vacated the Unit on October 31, 2025, which breached the fixed-term agreement. In the efforts of finding a new tenant, the monthly rent was reduced by \$200.00.
- [62] The Representative stated that the new tenant paid \$1,700.00 for November 2025 rent. The Representative stated that the Landlord is seeking \$550.00 to cover the shortfall from November's rent (\$2,250.00 minus \$1,700.00).
- [63] The Representative stated that the Landlord is also seeking \$1,400.00 (\$200.00 multiplied by 7 months) in lost rental income. The Representative stated that because the Tenants breached the fixed-term agreement, the Landlord had to find a new tenant quickly. The Representative stated that the Unit's rent was reduced during these efforts because the Tenants breached the fixed-term.
- [64] The Representative denied the Tenants' submissions (see below).
- [65] The Landlord is seeking the \$200.00 shortfall each month until the fixed-term end date (June 30, 2026).
- [66] The Tenants disputed the Landlord's rent and lost rental income claims.
- [67] The Tenants stated that they should not be responsible for any rent after October 31, 2025. The Tenants stated that in an oral conversation with the Representative, it was agreed that the Tenants only needed to give one-month notice throughout the tenancy.
- [68] I have already determined that the tenancy ended on November 6, 2025 due to the Landlord's mitigation efforts, and that the Tenants did not provide sufficient notice under the *Act*.
- [69] Part of the Landlord's efforts included reducing the monthly rent by \$200.00.
- [70] I find that when the Tenants vacated the Unit, there was eight months outstanding on the fixed-term agreement (November 1, 2025 to June 30, 2026).
- [71] This means that the Tenants owed \$18,000.00 in rent during the duration of the tenancy.
- [72] In this case, I find that the Tenants owe pro-rated November rent in the amount of \$450.00 (6 days divided by 30 days multiplied by \$2,250.00). This is based upon my finding that the tenancy ended on November 6, 2025.
- [73] I further find that the Tenants are responsible to pay the Landlord lost rental income because the Tenants breached the fixed-term agreement by not providing sufficient notice under the *Act*. The Tenants did not provide sufficient evidence to establish that the Landlord waived the Tenants' notice requirements under the *Act*. The Landlord also took reasonable mitigating steps to re-rent the Unit and one of these steps was reducing the rent.
- [74] As a result, the Tenants are responsible for \$1,400.00 in lost rental income (\$200.00 multiplied by seven months December 2025 to June 2026). This amount equals 7.7% of the total amount of rent the Tenants would have owed over the duration of the tenancy.
- [75] The Landlord's rent owing and lost income claims are \$1,850.00 (\$450.00 plus \$1,400.00).
- [76] The Landlord's total compensation claim is \$2,145.38, calculated below.

Item	Amount
Property management fees	\$200.00
Utility bill and transfer fee	\$95.38
Pro-rated November 2025 rent & lost income	\$1,850.00
Total	\$2,145.38

CONCLUSION

- [77] The Tenant Application is allowed. The Tenants have established valid claims for the return of the security deposit, plus interest and compensation for double the security deposit, in the amount of \$4,547.84.
- [78] The Landlord Application is allowed in part. The Landlord has established valid claims for property management fees, a utility bill, pro-rated November 2025 rent and lost rental income, in the amount of \$2,145.38.
- [79] These claims setoff and the Landlord will pay the Tenants the remaining balance, in the amount of \$2,402.46, in accordance with the timeline below.
- [80] My calculations are as followed:

Item	Amount
Tenants' claim	\$4,547.84
Landlord's claim	(\$2,145.38)
Total	\$2,402.46

Statutory requirements

- [81] Since April 8, 2023, landlords on Prince Edward Island have been required to prepare a written tenancy agreement containing specific information.
- [82] Subsections 11(1) and (2) set out these requirements, stating:
- (1) *A landlord shall prepare a written tenancy agreement in respect of a tenancy that is entered into on or after the date this Act comes into force.*
 - (2) *The landlord shall ensure that the tenancy agreement complies with the requirements of this Act and the regulations and includes*
 - (a) *the provisions set out in Division 4;*
 - (b) *the correct legal names of the landlord and tenant;*
 - (c) *the address of the rental unit;*
 - (d) *the date the tenancy agreement is entered into;*
 - (e) *the address for service and telephone number of the landlord, or the landlord's agent, and the tenant;*
 - (f) *the services and facilities included in the rent;*
 - (g) *the amount of rent that was charged, and the services and facilities that were provided, to the previous tenant of the rental unit, unless there was no previous tenant;*
 - (h) *the name and contact information of any person the tenant is to contact for emergency repairs; and*
 - (i) *the agreed terms in respect of*
 - (i) *the date on which the tenancy starts,*

- (ii) *if the tenancy is a periodic tenancy, whether it is on a weekly, monthly or other periodic basis,*
- (iii) *if the tenancy is a fixed-term tenancy, the date on which the term ends,*
- (iv) *the amount of rent payable for a specified period,*
- (v) *the day on which the rent is due and the frequency of payment, and*
- (vi) *the amount of any security deposit and the date the security deposit was or is required to be paid.*

[83] The Landlord used a tenancy agreement from Manitoba, which was missing some required details, such as the previously charged rent and services, which is mandatory under clause 11(2)(g).

[84] I further remind the Landlord that she must complete move-in and move-out inspection reports.

[85] The Landlord must ensure that she is complying with all requirements under the *Act*.

IT IS THEREFORE ORDERED THAT

1. The Landlord will pay the Tenants \$2,402.46 by May 25, 2026.

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