INTRODUCTION

[1] This decision addresses two applications filed with the Residential Tenancy Office (the "Rental Office") under the *Residential Tenancy Act* (the "Act").

[2] The Landlords seek compensation of $5,359.74 for rent owing, oil expenses, and repairs, and to keep the security deposit as part of their claims.

[3] The Tenants seek the return of the security deposit and compensation of double the security deposit.

DISPOSITION

[4] The Landlords must pay the Tenants $3,804.22 by the timeline below.

BACKGROUND

[5] The Unit is a house owned by the Landlords.

[6] On August 19, 2023, the parties entered into a written fixed-term tenancy agreement for the Unit, effective from September 1, 2023, to August 29, 2024. On September 29, 2024, the parties renewed the fixed-term tenancy agreement from September 1, 2024, to August 31, 2025. Rent of $2,800.00 was due on the first day of the month. A $2,800.00 security deposit was paid on August 19, 2023.

[7] On August 31, 2025, the Tenants moved out of the Unit.

[8] On November 12, 2025, the Tenants filed a *Form 2(A) Tenant Application to Determine Dispute* (the "Tenant Application") with the Rental Office seeking the return of the security deposit and compensation of double the security deposit.

[9] On November 21, 2025, the Landlords filed a *Form 2(B) Landlord Application to Determine Dispute* (the "Landlord Application") with the Rental Office seeking compensation for rent owing, oil expenses, and repairs. The Landlords are also seeking to keep the security deposit as part of their claims.

[10] On March 19, 2026, the Rental Office sent the parties notice of a tele-hearing scheduled for April 30, 2026.

[11] On April 21, 2026, the Rental Office shared seven videos and a 45-page PDF (the "Evidence Package") with the parties via TitanFile.

[12] On April 30, 2026, the Landlords and one Tenant, representing all five Tenants, joined the tele-hearing. The parties confirmed receipt of the Evidence Package and that all evidence submitted to the Rental Office was included.

ISSUES

A. Must the Tenants compensate the Landlords for rent owing, oil expenses, and repairs?

B. Must the Landlords return the security deposit and compensate the Tenants double the security deposit?

EVIDENCE

The Landlords' evidence and submissions

[13] The Landlords seek to keep the $2,800.00 security deposit for rent owing for September 2025. The Landlords also seek $2,559.74 in compensation for oil expenses and repairs. The Landlords are not seeking compensation for the window repairs submitted in evidence.

[14] The Tenants were the Unit's first tenants after the Landlords purchased the Unit in 2023. The Landlords did not complete a written move-in inspection report at that time. The Landlords agree that the Tenants' move-in video in evidence depicts the Unit's condition at move-in. The Landlords and Tenants completed a move-out inspection together on September 1, 2025, but no written move-out inspection report was completed.

[15] The Landlords did not file the Landlord Application until November 21, 2025, because the Landlords needed to determine their repair costs. The Landlords remained in communication with the Tenants during this time.

[16] The Tenants provided the Landlords with notice on August 29, 2025, that they would be moving out on August 31, 2025. The Landlords seek to keep the security deposit for rent owing for September 2025, due to the Tenants' improper notice.

[17] The Landlords tried to sell the Unit after the Tenants moved out, but it did not sell. The Landlords did not advertise the Unit for re-rent after the Tenants moved out until January 2026, and the Unit was rented for February 2026.

[18] The Unit's oil tank was full before the Tenants moved in. It cost the Landlords $1,155.50 to refill the oil tank after the Tenants moved out. Oil was an excluded service, and the tenancy agreement stated the Tenants were to refill the oil tank upon vacating.

[19] The Landlords found three cracked floor tiles in the bathroom after the Tenants vacated. The floor was not broken when the Tenants moved in. The Landlords had to repair the entire floor to replace the tiles, and it cost them $186.32 in materials. The Landlords are unsure of the floor's age.

[20] The Tenants damaged a kitchen light fixture, and it cost the Landlords $38.85 in materials to replace the light.

[21] The Landlords hired a contractor to repair the tiles and the light, and the contractor submitted a $920.00 invoice for labour. The contractor did not break down the amount he invoiced for each repair; instead, he submitted a single invoice for both jobs.

[22] The Tenants had five vehicles and would often park on the grass because they could not all fit in the driveway. The Landlords told them not to park on the grass. When the Tenants moved out, the Landlords found the grass on the side of the driveway had been damaged by the vehicles. The Landlords submitted an estimate from their contractor for labour and materials in the amount of $209.07 to repair the damage. It has not yet been repaired.

[23] The Tenants did not return the key for one of the Unit's interior doors, and the Landlords estimate it will cost $50.00 to replace the lock and key. It has not yet been replaced.

The Tenants' evidence and submissions

[24] The Tenants are seeking double the security deposit because the Landlords failed to return the security deposit or file an application within the Act's 15-day timeline. The Tenants did not agree that the Landlords could keep the security deposit.

[25] The Tenants agreed to the Landlords' claims for the oil expense, kitchen light materials, and lock and key. The Tenants agreed to pay for repairs for some of the grass damage and for the labour to repair the light, but stated that the Rental Officer could determine these amounts. The Tenants dispute the remainder of the Landlords' claims.

[26] The Tenants disputed that they provided improper notice to end the tenancy agreement. The tenancy agreement stated the end of the tenancy was August 31, 2025, and the Tenants notified the Landlords they were not renewing the tenancy agreement.

[27] The Tenants disputed having broken the bathroom tiles. They agreed that the bathroom tiles were not broken when they moved in, but there were humidity issues in the bathroom. The Tenants argue that the humidity caused the tiles to crack.

[28] The Tenants agreed that their vehicles caused some damage to the grass, but the Unit's sump pump discharged water into the yard, softening the ground. Additionally, the Landlords submitted only an estimate for yard repairs, not an actual cost.

ANALYSIS & FINDINGS

A. Must the Tenants compensate the Landlords for rent owing, oil expenses, and repairs?

[29] When a party files an application with the Rental Office, that party bears the onus of establishing its claim on a balance of probabilities through clear and persuasive evidence. With respect to the Landlord Application, the Landlords bear the onus of proving each of their claims.

Rent

[30] Subsection 55(3) of the Act states:

> *(3) A tenant may end a fixed-term 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;*
> > *(b) is not earlier than the date specified in the tenancy agreement as the end of the tenancy; and*
> > *(c) is the day before the day that rent is payable under the tenancy agreement.*

[31] The evidence establishes that the Tenants provided the Landlords notice on August 29, 2025, to end the tenancy on August 31, 2025. The Act states that under a fixed-term tenancy, the Tenants were required to provide the Landlords with at least one month's notice, and that notice must be given on or before the day before that rent was payable under the tenancy agreement.

[32] In this case, the Tenants were required to give the Landlords notice no later than July 31, 2025, to end the tenancy on August 31, 2025, under subsection 55(3). Therefore, I find that the Tenants provided the Landlords with insufficient notice to end the tenancy agreement.

[33] However, the Act also requires the Landlords to take reasonable steps to mitigate their losses under section 46 of the Act arising from the Tenants' insufficient notice. The Landlords stated that, instead of advertising the Unit for re-rent after the Tenants vacated, they chose to try to sell the Unit. It was not until January 2026 that the Landlords advertised the Unit for re-rent after the Unit failed to sell.

[34] I find that the Landlords did not take reasonable steps to mitigate their loss of rental income. The Landlords are seeking rent for September 2025; however, the Unit was not advertised or made available as a rental unit for that month. A landlord seeking compensation for lost rent must take reasonable steps to re-rent the unit, but choosing instead to sell the property does not satisfy that obligation.

[35] Despite the Tenants providing insufficient notice, I find that the tenancy between the parties ended on August 31, 2025, and that the Landlords have not lost any rental income for September 2025 as a result of the Tenants' insufficient notice. This claim is denied.

Repairs

[36] The Landlords' repair claims are under clause 39(2)(a) of the Act, which states:

> *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.*

Inspection Reports

[37] All tenancy agreements commencing on or after April 8, 2023, require both written pre- and post-tenancy inspection reports under sections 18 and 38 of the Act. In this case, the parties did not complete a pre-tenancy inspection report establishing the Unit's baseline condition at move-in. Additionally, the parties did not complete a post-tenancy inspection report to establish the Unit's move-out condition.

[38] In Order LR25-12, the Island Regulatory and Appeals Commission (the "Commission") made the following comments regarding Landlords who fail to complete the mandatory inspection reports (paragraphs 34 & 35):

> *"The Commission finds that the Landlord failed to comply with section 18 and section 38 statutory requirement for pre-tenancy and post-tenancy inspections. These requirements are in place to protect both landlords and tenants and to provide the Rental Office and the Commission with the best possible evidence of the condition of a rental unit at the start and at the end of the tenancy. A deterioration in the condition of the unit during the tenancy will then be more clearly apparent.*
>
> *Where a landlord has failed to comply with both sections 18 and 38, the Commission can only award a damage claim to a landlord if that claim is supported by objective and compelling evidence with respect to who caused the damage and how much it costs to repair. The onus to establish such damage and who caused it rests on the party seeking the damage claim and a failure to comply with sections 18 and 38 "raises the bar" thus making it more difficult, but not impossible, to support the claim."*

[39] The evidence establishes that the Tenants submitted move-in and move-out videos, and two undated photographs of the Unit. The Landlords agreed that the move-in video depicted the Unit's condition at move-in.

[40] The Tenants agreed to the Landlords' claims for the oil expense ($1,155.50) and the lock-and-key replacement ($50.00). Accordingly, I award the Landlords $1,205.50, and these claims are allowed.

Bathroom tiles

[41] The Tenants agreed the bathroom tiles were in good condition at the beginning of the tenancy, and I find that the move-in video does not depict any tile damage. The Tenants argued that humidity caused the tile damage.

[42] However, despite the Tenants' assertion that the damage was caused by humidity, I find that the Tenants have not provided sufficient evidence to establish how humidity could have caused the tile damage shown in the Landlords' evidence. As such, I find that the Tenants failed to leave the Unit reasonably undamaged with respect to the bathroom tiles.

[43] The Commission previously commented on what must be considered when determining amounts to be awarded to landlords where a tenant caused undue damage. In Order LR24-06, the Commission commented on the concept of "betterment." Generally speaking, the principle of betterment applies such that a party should not be put in a better position than they would have been had the particular wrongdoing not occurred. The principle of betterment will also be applied in this matter to the Landlords' claim.

[44] The Landlords were unsure how much of the $920.00 labour invoice was for the light or flooring repairs. Based on the evidence presented, I find it reasonable to allocate 80% ($736.00) of the invoice to the flooring repair and 20% ($184.00) to the light repair.

[45] The evidence establishes that the flooring had experienced ordinary residential use during the two-year tenancy and for an unknown period before the tenancy. As I am unable to establish the flooring's age and that there were only three damaged tiles, I find it reasonable to reduce the cost of materials ($186.32) and labour ($736.00) by 50%. Accordingly, I award the Landlords $461.16, and this claim is allowed in part.

Kitchen light

[46] The Tenants agreed that they had damaged the kitchen light. I have already determined that $184.00 of the repair invoice is attributable to the light repair, and the evidence establishes that the light replacement cost was $38.85. As no evidence was presented to establish the age of the light, I find it reasonable to reduce the cost of materials and labour by 50%. Accordingly, I award the Landlords $111.43, and this claim is allowed in part.

Grass

[47] The Tenants agreed to some of the grass damage but were unsure how much of the repair cost they should have to pay. I find that the Landlords have established that the Tenants caused the damage to the grass. I find that the Landlords' estimate of $209.07 for labour and materials to be reasonable based on the evidence. Accordingly, I award the Landlords $209.07, and this claim is allowed.

B. Must the Landlords compensate the Tenants double the security deposit?

[48] 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.*

[49] As noted above, I have found that the tenancy between the parties ended on August 31, 2025, despite the Tenants' insufficient notice. That means the Landlords had until September 15, 2025, to either return the security deposit or file an application with the Rental Office to keep it. I find that the evidence establishes that the Landlords did not comply with subsection 40(1) of the Act.

[50] The Landlords did not file the Landlord Application until November 21, 2025, after the 15-day timeline had passed. In the alternative, if I had agreed with the Landlords' position and found that the tenancy between the parties had ended on September 30, 2025, the Landlords still filed past that 15-day timeline. Therefore, I find that the Landlords unlawfully kept the security deposit.

[51] The evidence does not establish that there are earlier Rental Office decisions authorizing the Landlords to retain the security deposit under subsection 40(2).

[52] I find that Landlords cannot make a claim against the security deposit under clause 40(4)(a) of the Act. Additionally, the Landlords must compensate the Tenants double the security deposit, as determined below, under clause 40(4)(b) of the Act.

CONCLUSION

[53] The security deposit plus accrued interest is $2,991.38.

[54] The Landlords' claims are allowed in part. The Tenants must pay the Landlords the total amount of $1,987.16 for oil expenses and repairs.

[55] The Tenants' claim is allowed. The Landlords must pay the Tenants compensation under subsection 40(4) in the amount of $2,800.00.

[56] The amounts are set off, and the Landlords must pay the Tenants $3,804.22 by the timeline below.

[57] My calculations are as follows:

Item	Amount
Security deposit	$2,800.00
Interest (Aug. 19/23 – June 3/26)	$191.38
Double security deposit	$2,800.00
Oil expense	($1,155.50)
Lock and key	($50.00)
Bathroom tiles	($461.16)
Kitchen light	($111.43)
Grass	($209.07)
Total	**$3,804.22**

IT IS THEREFORE ORDERED THAT

1. The Landlords must pay the Tenants $3,804.22 by July 3, 2026.

DATED at Charlottetown, Prince Edward Island, this 3rd day of June, 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.