

INTRODUCTION

- [1] This decision addresses the Tenant's application filed with the Residential Tenancy Office (the "Rental Office") under the *Residential Tenancy Act*, cap. R-13.11 (the "Act").
- [2] The Tenant claims against the Landlord for the return of their security deposit, plus interest and double the security deposit.

BACKGROUND

- [3] The Unit is a two-bedroom, one-bathroom apartment in a 12-unit building owned by the Landlord since 2025.
- [4] The Tenant and former landlord entered into a written, fixed-term tenancy agreement from October 1, 2022 to September 30, 2023. On October 1, 2022 the Tenant paid a \$403.00 security deposit to the former landlord. At the end of the fixed-term, the tenancy continued on a monthly basis. Rent in the amount of \$866.00 was due on the first day of the month.
- [5] On January 27, 2026, the Tenant gave the Landlord one month notice to end the tenancy.
- [6] On February 27, 2026, the Tenant vacated the Unit and the tenancy ended.
- [7] On March 27, 2026, the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* with the Rental Office for the return of their security deposit, plus interest and double the security deposit ("the Application").
- [8] On April 1, 2026, the Tenant e-mailed the Application to the Landlord.
- [9] On May 25, 2026, the Rental Office provided the parties notice of a tele-hearing scheduled for June 23, 2026.
- [10] On June 10, 2026, the Rental Office provided the parties a 26-page PDF evidence package.
- [11] On June 23, 2026, the Tenant participated in the tele-hearing. I called the Landlord but received no response. About ten minutes after the scheduled time the hearing proceeded in the Landlord's absence.
- [12] After the tele-hearing the Tenant submitted one document into evidence. The additional evidence was forwarded to the Landlord.
- [13] The Landlord responded to the additional evidence by e-mail. The Landlord's response was forwarded to the Tenant.

DISPOSITION

- [14] The Landlord must pay the Tenant \$437.53. This amount includes \$34.53 in accrued interest on the original security deposit amount, and double the security deposit (\$806.00), less the \$403.00 payment the Landlord made on June 24, 2026.

ISSUE

- A. Must the Landlord compensate the Tenant double the security deposit balance?

ANALYSIS & FINDINGS

- [15] Section 40 of the Act provides the rules for keeping and returning security deposits, stating in part as follows:
- (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.*
- [16] In Order LR25-33, the Island Regulatory and Appeals Commission commented on a landlord's section 40 requirements stating:
- "As considered in Commission appeal Order LR25-17 Xianfeng Yue and Ying Zhao v. Steve Dyer (see especially paragraphs 18-21), section 40 of the Act requires the return of the security deposit within 15 days subject to specific exceptions and if a landlord fails to follow those requirements the penalty of a double deposit award is imposed under subsection 40(4). Neither the Rental Office nor the Commission on appeal has been given any discretion to allow for forgiveness of a landlord's section 40 non-compliance."*¹
- [17] The evidence presented establishes that the tenancy ended on the last day of February 2026. This means that the Landlord had fifteen days (Monday, March 16, 2026) to either return the security deposit, plus interest or file an application with the Rental Office. The evidence establishes that the Landlord did neither.
- [18] On April 23, 2026, the evidence establishes that the Landlord sent \$403.00 to the Tenant; however, it was confirmed on June 23, 2026 that the Landlord made an error in the Tenant's account number. The Tenant never received the \$403.00 payment. The Tenant's additional evidence and the Landlord's response to the Tenant's additional evidence establishes this fact.
- [19] On June 24, 2026, the Landlord sent a \$403.00 payment to the Tenant, using the correct account number. The Tenant contacted the Rental Office post-hearing and confirmed that the \$403.00 payment was received.
- [20] Despite the Landlord returning the \$403.00 security deposit to the Tenant, I find that the Landlord did not comply with section 40 of the Act. Therefore, by operation of law, the Landlord must pay the Tenant double the security deposit under subsection 40(4).

¹ Jiayi "Diana" Dai v. Logan Moonesawmy 2025 PEIRAC 34, Order LR25-33, para. 35.

- [21] I further find that the Landlord must also pay the Tenant the accrued interest on the original amount of the security deposit under subsection 14(9).
- [22] The Tenant has established a valid claim for double the security deposit, plus interest. The Application is allowed.
- [23] The Landlord must pay the Tenant \$437.53 by the timeline below, calculated as follows:

Item	Amount
Security deposit	\$403.00
Interest (01 OCT 2022 to 24 JUN 2026)	\$34.53
Double security deposit	\$403.00
Less security deposit returned	-\$403.00
Total	\$437.53

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenant the amount of \$437.53 by July 27, 2026.

DATED at Charlottetown, Prince Edward Island, this 26th day of June, 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.