

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 Tenant seeks a return of double the security deposit, compensation, and a determination, for a total claim of \$1,700.00.
- [3] The Landlords seek rent owing and additional compensation, for a total claim of \$1,350.00.

BACKGROUND

- [4] The Unit is an apartment owned by the Landlords.
- [5] On June 3, 2025, the parties entered into a written fixed-term tenancy agreement for the Unit, effective from September 1, 2025, to April 30, 2026. Rent of \$1,100.00 was due on the first day of the month. A \$250.00 security deposit was paid at the beginning of the tenancy. In June 2025, the Tenant paid the Landlords \$1,100.00 for the last month’s rent.
- [6] On February 9, 2026, the Tenant moved out of the Unit. The end date of the tenancy is in dispute.
- [7] On February 27, 2026, the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* (the “Tenant Application”) with the Rental Office seeking a return of double the security deposit, compensation, and a determination. A copy of the Tenant Application was served electronically to the Landlords.
- [8] On May 14, 2026, the Rental Office sent the parties notice of a tele-hearing scheduled for June 9, 2026.
- [9] On June 3, 2026, the Rental Office emailed the parties a 168-page PDF evidence package.
- [10] On June 5, 2026, the Landlords filed a *Form 2(B) Landlord Application to Determine Dispute* (the “Landlord Application”) with the Rental Office seeking rent owing and additional compensation. A copy of the Landlord Application was served electronically to the Tenant’s representative (the “Representative”).
- [11] On June 9, 2026, a Landlord representing both Landlords (the “Landlord”) and the Representative participated in the tele-hearing. The parties confirmed receipt of the evidence package and stated that all evidence submitted to the Rental Office was included in it.
- [12] The Representative stated that she did not receive a copy of the Landlord Application because she had blocked incoming emails from the Landlords. I emailed the Representative a copy of the Landlord Application. The Representative stated that she was not seeking a postponement and decided to proceed with the hearing to determine the Tenant Application and the Landlord Application.
- [13] After the hearing, the parties were permitted to provide additional evidence, with a submission deadline of June 16, 2026. Both parties provided additional submissions, which were shared with the other party.

DISPOSITION

- [14] The Tenant must pay the Landlords \$594.52 by the timeline below.

ISSUES

- A. Does the Tenant owe the Landlords rent?
- B. Must the Landlords compensate the Tenant double the security deposit?
- C. Must the Tenant compensate the Landlords?

EVIDENCE

The Landlords' evidence and submissions

- [15] The Landlords stated that the Tenant did not provide proper notice to terminate the fixed-term. They are seeking to apply the June \$1,100.00 payment toward rent owing for April 2026. They are also seeking \$1,100.00 to be paid for rent owing for March 2026, and to keep the \$250.00 security deposit as compensation for seeking a new tenant and for time spent preparing for this matter.
- [16] The Landlords stated that on February 9, 2026, the Tenant spoke to them and said he was moving out of the Unit. The Landlords stated that the Tenant indicated he wanted to retain possession of the Unit until the end of the fixed-term and would continue to pay rent for both the Unit and his new residence. The Landlords stated that the Tenant had paid rent for February 2026 and had agreed to continue paying rent, so there was no reason for them to mitigate by seeking a new tenant at that time.
- [17] The Landlords stated that, around February 26, 2026, the Representative told them that the Tenant would not be paying rent for March. The Landlords offered for the Tenant to pay \$850.00 and apply the \$250.00 security deposit toward the March rent, and that the Landlords would also keep the \$1,100.00 prepaid for April. The Landlords stated they tried to message the Tenant, but only the Representative would respond, and she was not their tenant.
- [18] The Representative stated that after the Tenant refused to pay the rent owing for March 2026, the Landlords started mitigation efforts to re-rent the Unit. The Landlords did not find a new tenant to move into the Unit until May 15, 2026.

The Tenant's evidence and submissions

- [19] The Representative stated that she is the Tenant's mother. She stated that the Tenant is seeking compensation equal to double the security deposit and a refund of the June \$1,100.00 payment. The Tenant disputes owing rent for March or April.
- [20] The Representative stated that on February 7, 2026, the Tenant notified the Landlords that he had been in a motor vehicle collision. The Tenant told the Landlords that he would be vacating the Unit to accommodate new medical needs and changed school requirements. The Tenant vacated the Unit on February 9, 2026, took all his belongings, and left the keys at the Unit. Sometime in February 2026, after the Tenant moved out, the Landlords notified the Tenant that they had entered the Unit and found it clean and in good condition.
- [21] The Representative stated that on February 25, 2026, the Landlords messaged the Tenant, stating that the Tenant could pay the Landlords \$850.00 and that the Landlords would keep the security deposit toward rent owing for March. The Landlords stated they would also keep the \$1,100.00 paid for the last month's rent for April 2026. The Representative stated she told the Landlords she disagreed with this arrangement.
- [22] The Representative stated that the Landlords should have started seeking a new tenant after the Tenant moved out on February 9, 2026, and that the Landlords did not start mitigating their losses until March 18, 2026. Due to the failure to mitigate, the Tenant should not owe any rent.

ANALYSIS & FINDINGS

A. Does the Tenant owe the Landlords rent?

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

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.*

[24] The parties dispute the date on which Tenant gave the Landlords notice to terminate the fixed-term tenancy. The Landlords' position is that the Tenant notified them on February 9, 2026, that he was moving out of the Unit, but he wanted to keep possession until the end of the fixed-term and would continue paying rent. The Landlords stated that they did not learn until around February 26, 2026, from the Representative that the Tenant would not be paying rent for March. The Tenant ceased communication with them.

[25] The Representative's position is that the Tenant told the Landlords on February 7, 2026, that he was moving out of the Unit and that he vacated the Unit on February 9, 2026. The Representative stated that no rent should be owed for March or April due to the Landlords' failure to mitigate properly.

[26] I note that if the Tenant orally communicated that he wished to terminate the tenancy agreement, section 53 of the Act requires that a notice of termination be in writing.

[27] Additionally, despite the Landlords and the Representative communicating about the Tenant's intentions regarding the tenancy, I find there is insufficient evidence that the Tenant advised the Landlords that the Representative could represent him at that time.

[28] I find that it was not until February 27, 2026, when the Tenant served the Landlords with the Tenant Application, that the Tenant provided the Landlords with written notice that the Tenant would not continue paying rent for the Unit.

[29] Despite the Tenant providing his notice of termination on February 27, 2026, subsection 55(3) states that the effective date of the notice cannot be earlier than the end date of the tenancy specified in the tenancy agreement, which in this case was April 30, 2026.

[30] I find that the Tenant provided insufficient notice to terminate the fixed-term tenancy agreement, and that the Tenant remained liable for rent totalling \$2,200.00, subject to the Landlords' duty to mitigate.

Mitigation

[31] To establish if the Tenant owes the Landlords rent for March or April 2026, I must first determine whether the Landlords engaged in adequate mitigation efforts to find a new tenant.

[32] Section 46 of the Act discusses mitigation, stating as follows:

Where a tenant abandons the rental unit, the landlord shall mitigate damages that may be caused by the abandonment to the extent that a party to a contract is required by law to mitigate damages.

- [33] The evidence establishes that the Tenant provided the Landlords with notice on February 27, 2026, stating that he considered the tenancy to have ended and that no further rent would be paid.
- [34] The Landlords provided screenshots of internet posts from February, March, and April, 2026, showing attempts to re-rent the Unit. Although the Landlords did not secure a new tenant until May 15, 2026, I find that the evidence establishes that reasonable mitigation efforts, including online advertising, were undertaken to find a new tenant for the Unit, and that the Tenant owes the Landlords rent for March and April 2026 totalling \$2,200.00.

Excess payment

- [35] The evidence establishes that in June 2025, the Landlords accepted a \$1,100.00 payment, which the parties agreed was for the last month of the tenancy. Subsections 14(3) to (5) of the Act describe how excess money paid to a landlord must be treated.

(3) A landlord shall not require or accept a security deposit that is greater than
(a) in the case of a tenancy agreement where the rent is paid weekly, the equivalent of one week's rent; and
(b) in any other case, the equivalent of one month's rent.

(4) Where a landlord accepts a security deposit that is greater than the amount permitted under subsection (3), the tenant may deduct the overpayment from rent or make an application to the Director under section 75 to recover the overpayment.

(5) Where a landlord receives money or other value from a tenant that exceeds the amount of rent payable in respect of the rental unit, the excess money or value
(a) shall be considered a security deposit; or
(b) where the excess money or value, as a security deposit, would exceed the amount permitted under subsection (3), shall be considered partial payment of the next rent payment required under the tenancy agreement.

- [36] The parties agreed that the Tenant also paid a \$250.00 security deposit. If I were to consider the June \$1,100.00 payment was also a security deposit under clause 14(5)(a), the security deposit would then total \$1,350.00, which exceeds the amount permitted under clause 14(3)(b), of \$1,100.00.
- [37] As such, I will consider the June \$1,100.00 payment as the next rent payment required under the tenancy agreement, which I find was for March 2026, under clause 14(5)(b).
- [38] Therefore, I find that the Landlords will apply the June \$1,100.00 payment toward the March 2026 rent owing and that the Tenant owes the Landlords \$1,100.00 in rent for April 2026.

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

- [39] Section 40 of the Act addresses the retention and return of a security deposit 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.*

- [40] For the reasons below, I find that the Landlords must compensate the Tenant 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 15 days after the tenancy ends.
- [41] Subsection 55(3) outlines the Tenant's notice requirements when in a fixed-term tenancy. I find that the evidence establishes the Tenant did not comply with the notice requirements under the Act. I further find that there is insufficient evidence to establish that the Landlords waived the Tenant's notice requirements under subsection 55(3).
- [42] Therefore, I find that the tenancy ended on April 30, 2026, at the expiry of the fixed-term. This means the Landlords had until May 15, 2026, to return the full amount of the Tenant's security deposit or file an application with the Rental Office. I find that the Landlords did not return the security deposit and did not file the Landlord Application until June 5, 2026.
- [43] 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 Tenant, and there was no written agreement between the parties allowing the Landlords to keep all or a portion of the Tenant's security deposit.
- [44] I find that the Landlords did not comply with the section 40 requirements. Therefore, by operation of law, the Landlords must compensate the Tenant double the security deposit, under subsection 40(4) as calculated below.

C. Must the Tenant compensate the Landlords?

- [45] The Landlords seek \$250.00 in compensation for time spent attempting to re-rent the Unit and preparing for this matter.
- [46] The Rental Office is authorized to award compensation under clause 85(1)(d) of the Act for a loss suffered or an expense incurred as a result of a contravention of the Act. However, I find that the Landlords have not provided sufficient evidence to establish the time they spent attempting to re-rent the Unit or the value of that time.
- [47] The Rental Office is also authorized to award costs to a successful party under clause 85(1)(q) of the Act. In Order LR24-43, the Island Regulatory and Appeals Commission commented that the authority to award costs is discretionary and exercised in exceptional circumstances.
- [48] I find that the facts do not constitute exceptional circumstances warranting an award of costs. Security deposit and rent-owing disputes are common matters between landlords and tenants, and this case is no exception.
- [49] Additionally, the Landlords did not provide any evidence allocating the amount claimed between time spent attempting to re-rent the Unit and time spent preparing for this matter.
- [50] This claim is denied.

CONCLUSION

- [51] The Tenant is liable for rent owing in the amount of \$2,200.00.
- [52] The Landlords will apply the Tenant's June 2025 \$1,100.00 payment towards the rent owing.
- [53] The Tenant has established a claim for the return of the security deposit, plus interest, and for compensation equal to double the security deposit, totalling \$505.48.
- [54] These claims are set off, and the Tenant will pay the Landlords the remaining balance of \$594.52 in accordance with the timeline below.
- [55] The Landlords' additional compensation claim is denied.
- [56] My calculations are as follows:

Item	Amount
Rent owing	\$2,200.00
Less June 2025 payment	(\$1,100.00)
Less security deposit	(\$250.00)
Less double security deposit	(\$250.00)
Less interest (Sept 1/25 – June 29/26)	(\$5.48)
Total payable	\$594.52

IT IS THEREFORE ORDERED THAT

1. The Tenant must pay the Landlords \$594.52 by July 29, 2026.

DATED at Charlottetown, Prince Edward Island, this 29th 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.