

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] On July 1, 2024 the parties entered into a written, monthly tenancy agreement. A \$1,100.00 security deposit was paid on July 4, 2024 and rent in the amount of \$1,125.00 was due on the first day of the month.
- [4] On February 26, 2026 the Tenant vacated the Unit and the tenancy ended by mutual agreement.
- [5] On March 16, 2026 the Tenant e-mailed the Landlord and the Rental Office a *Form 2(A) Tenant Application to Determine Dispute* seeking the return of the security deposit, plus interest and double the security deposit (the "Application").
- [6] On June 2, 2026 the Rental Office mailed and e-mailed the parties notice of a tele-hearing scheduled for July 7, 2026.
- [7] On June 18, 2026 the Rental Office e-mailed the parties a 19-page PDF evidence package.
- [8] On July 7, 2026 the Tenant and the Landlord's representative (the "Representative") participated in the tele-hearing. The parties confirmed that they received the evidence package and that all evidence submitted to the Rental Office was included.
- [9] During the tele-hearing I requested that the Tenant submit additional evidence and that the Representative submit a *Form 2(B) Landlord Application to Determine Dispute* along with additional evidence. The parties both had until July 10, 2026 to submit their documents.
- [10] The Tenant submitted additional evidence and the additional evidence was forwarded to the Landlord.
- [11] The Landlord did not submit any further additional documents nor an application.

DISPOSITION

- [12] The Landlord must pay the Tenant \$2,256.15. This amount includes the original security deposit (\$1,100.00), the \$56.15 in accrued interest on the original security deposit amount and double the security deposit (\$1,100.00).

ISSUE

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

ANALYSIS & FINDINGS

- [13] 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.*
- [14] 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
- [15] The evidence presented establishes that the tenancy ended on the February 26, 2026 by mutual agreement. This means that the Landlord had fifteen days (March 13, 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.
- [16] There is no previous Rental Office Order permitting the Landlord to keep the security deposit and no written agreement between the parties allowing the Landlord to keep the security deposit. 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).
- [17] During the tele-hearing, the Representative stated that the Tenant did not pay November 2025's rent. At the end of the tenancy, the Representative e-mailed the Tenant seeking to keep the security deposit for the outstanding rent. The Representative stated that the Tenant did not reply to the e-mail.
- [18] The Tenant disputed the Representative's claim. The Tenant stated that November 2025's rent was paid.
- [19] I requested that the Tenant submit evidence supporting her evidence that November 2025's rent was paid. The Tenant was unable to find direct evidence to support her claim that November 2025's rent was paid.
- [20] I also informed the Landlord that if they intended to seek compensation for the outstanding rent, then an application must be filed and served. I also requested additional documents from the Landlord.

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

- [21] The Landlord did not file an application with the Rental Office and did not submit any additional documents.
- [22] I have insufficient evidence to determine whether or not November 2025's rent was paid. I decline to offset any rental arrears due to the lack of evidence and the Landlord not submitting an application seeking rent owing.
- [23] The Application is allowed.
- [24] The Landlord must pay the Tenant \$2,256.15 by the timeline below, calculated as follows:

Item	Amount
Security deposit	\$1,100.00
Interest (04 JUL 2024 to 17 JUL 2026)	\$56.15
Double security deposit	\$1,100.00
Total	\$2,256.15

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenant the amount of \$2,256.15 by August 17, 2026.

DATED at Charlottetown, Prince Edward Island, this 17th day of July, 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.