

INTRODUCTION

- [1] This decision addresses two applications filed by the Tenants and the Landlord with the Residential Tenancy Office (the “Rental Office”) under the *Residential Tenancy Act*, cap. R-13.11 (the “Act”).
- [2] The Tenants request the return of their security deposit balance, including interest and double the amount of the security deposit balance permitted under subsection 40(4) of the *Act*.
- [3] The Landlord seeks a monetary order against the Tenants for repairs and unpaid utilities, in the total amount of \$7,105.62. The Landlord also seeks to keep the Tenants’ security deposit, including interest.

BACKGROUND

- [4] The Unit is one half of a side-by-side duplex, with two bedrooms and two bathrooms.
- [5] The Unit was completed in June 2024.
- [6] On November 28, 2024 the parties entered into a written, fixed-term tenancy agreement. The term was from December 1, 2024 to November 30, 2025. Rent in the amount of \$2,500.00 was due on the first day of the month. The Tenants paid the Landlord a \$2,500.00 security deposit at the start of the tenancy.
- [7] On October 6, 2025 the Tenants gave the Landlord notice they were not continuing the tenancy past the fixed-term end date.
- [8] On October 31, 2025 the Tenants gave the Landlord notice that they were vacating the Unit by November 15, 2025.
- [9] On November 12, 2025 the Tenants vacated the Unit. The parties agreed to complete the move-out inspection on November 15, 2025. The move-out inspection was not jointly completed because the parties’ schedules conflicted.
- [10] On November 15, 2025 the Landlord returned \$500.00 of the security deposit to the Tenants.
- [11] The parties dispute whether the tenancy ended on November 15, 2025 or November 30, 2025.
- [12] On December 15, 2025 the Tenants e-mailed the Landlord and the Rental Office a *Form 2(A) Tenant Application to Determine Dispute* requesting the return of the security deposit, including interest.
- [13] On December 17, 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, including interest, and additional compensation.
- [14] On December 19, 2025 the Tenants e-mailed the Landlord and the Rental Office an amended *Form 2(A) Tenant Application to Determine Dispute*.
- [15] On April 16, 2026 the Tenants e-mailed the Landlord and the Rental Office an amended *Form 2(A) Tenant Application to Determine Dispute* (the “Tenant Application”).
- [16] On May 11, 2026 the Landlord e-mailed the Tenants and the Rental Office a further amended *Form 2(B) Landlord Application to Determine Dispute* (the “Landlord Application”).
- [17] On May 22, 2026 the Rental Office e-mailed the parties notice of a tele-hearing scheduled for June 18, 2026.

- [18] On June 9, 2026 the Rental Office issued the parties a 161-page PDF evidence package.
- [19] On June 18, 2026 the Tenants, the Landlord's representatives (the "Representatives") and the Landlord's witnesses ("JA" and "AR") participated in the tele-hearing. The parties confirmed that they received the evidence package and confirmed that all evidence submitted to the Rental Office was included in the package.

DISPOSITION

- [20] The Tenants are credited with the remaining security deposit balance, interest and double the security deposit balance. The total amount owed to the Tenants is \$4,097.49.
- [21] The Landlord established claims for repairs and unpaid utilities totalling \$2,758.62. This amount is deducted from the amount owed to the Tenants.
- [22] The Landlord must pay the Tenants the net amount of \$1,338.87 by the timeline below.

ISSUES

- A. Has the Tenants established claims against the Landlord for double the remaining security deposit balance?
- B. Has the Landlord established claims against the Tenants for repairs and unpaid utilities?

ANALYSIS & FINDINGS

- [23] 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, the burden of proof lies with the Landlord, as the party advancing the claims. The applicable standard is proof on a balance of probabilities.

Issue A. Section 40 and determination of the security deposit

- [24] Section 40 of the Act provides the rules for keeping and returning security deposit, stating 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.*
- [25] In Order LR25-33 the Island Regulatory and Appeals Commission (the "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

- [26] The evidence establishes that the tenancy was a fixed-term agreement with an end date of November 30, 2025. The parties dispute the end date of the fixed-term. The Tenant stated that November 15, 2025 was the agreed upon end date of the tenancy and the Representative stated that November 30, 2025 is the end of the tenancy.
- [27] However, for the purposes of this analysis it does not matter whether or not the end date was November 15, 2025 or November 30, 2025.
- [28] The evidence establishes that the Landlord Application was dated December 15, 2025, served electronically to the Tenant and the Rental Office on December 16, 2025 after the Rental Office’s hours of operation. As a result, the Landlord Application was considered filed with the Rental Office on December 17, 2025.
- [29] I find that whether the tenancy ended on November 15, 2025 or November 30, 2025 the same outcome results. The Landlord Application was filed past the fifteen-day timeline required under section 40 of the Act. The latest possible date the Landlord could have filed the Landlord Application was December 15, 2025 within the Rental Office’s hours of operation.
- [30] There is no previous Rental Office Order permitted the Landlord to keep the security deposit and no written agreement between the parties allowing the Landlord to keep the balance of 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 Tenants double the security deposit balance under subsection 40(4).
- [31] The evidence presented establishes that on November 15, 2025 the Landlord returned \$500.00 from the security deposit to the Tenants. As a result, the Landlord must credit the remaining security deposit balance, including interest and double the remaining security deposit balance, totalling \$4,097.49, calculated below.

Item	Amount
Security deposit	\$2,500.00
Interest on \$2,500.00 (28 NOV 24 to 15 NOV 25)	\$59.85
Interest on \$2,000.00 (16 NOV 25 to 27 JUL 26)	\$37.64
Double security deposit	\$2,000.00
Less security deposit returned (15 NOV 25)	-\$500.00
Total	\$4,097.49

- [32] The Tenant Application is allowed.

Issue B. Landlord’s claims for repairs and unpaid utilities

- [33] The Landlord seeks compensation for repairs and unpaid utilities, totaling \$7,105.62, calculated below.

¹ Jiayi “Diana” Dai v. Logan Moonesawmy 2025 PEIRAC 34, para. 35.

Item	Amount
Light fixture	\$300.00
Floor repairs	\$500.00
Sink drain	\$300.00
Heat pump	\$250.00
Front door	\$1,450.00
Key pad	\$350.00
Floor transition	\$50.00
Towel bar	\$100.00
Painting	\$2,500.00
HST	\$870.00
Utilities	\$435.62
Total	\$7,105.62

- [34] Clause 39(2)(a) of the Act provides the cleanliness and damage standard at the end of the tenancy, stating in part, 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...*

- [35] To be successful, the Landlord must establish that the Tenants caused damage beyond reasonable wear and tear; the damage occurred during the Tenants' occupancy; the damage was attributable to the Tenants rather than another cause; and the compensation claimed reasonably flows from that damage.²

Move-in and move-out inspections

- [36] No move-in inspection report was completed. A move-out inspection was completed by the Landlord alone. A *Form 5 Landlord Condition Inspection Report* dated November 15, 2025 (the "Report") was included in the evidence.
- [37] The Representatives stated that the Unit was built in 2024 and that the Tenants were the first to occupy the Unit. This was why no move-in inspection report was completed at the beginning of the tenancy.
- [38] The Representatives stated that due to a scheduling conflict they were unable to attend the move-out inspection and completed the inspection at a later time.
- [39] The Tenants stated that the Representatives refused to reschedule a time to complete a joint move-out inspection.
- [40] All tenancy agreements commencing on or after April 8, 2023 require both written move-in and move-out inspection reports under sections 18 and 38 of the Act. The inspection reports (the *Form 5 – Landlord Condition Inspection Report*) are available on the Rental Office's website.
- [41] In this case, the parties did not complete a move-in inspection report. Despite the Unit being newly built and the Tenants being the first occupants, this does not exempt the Landlord from having to complete a move-in inspection report.

² *Juanita v Harshit Walia aka Harshit Singh Ahluwalia* 2026 PEIRAC 47 para. 26

- [42] A move-out inspection report was completed by one of the Representatives without the Tenants. I note that the Landlord was required to give the Tenants at least two reasonable opportunities to participate in the move-out inspection (see subsection 38(2)). I find that the Landlord did not comply with this requirement.
- [43] As a result, I find that there is little evidentiary weight (value) on the Report submitted in the Landlord's evidence.

Light fixture

- [44] The Landlord is seeking \$300.00 to repair and replace a light fixture in the Unit.
- [45] The parties agreed that the Tenants were responsible for undue damage to the light fixture. However, the Tenants stated that the \$300.00 amount is unreasonably high.
- [46] JA stated that he is the Landlord's general maintenance contractor who has been in the maintenance business for over 20-years. JA stated that he inspected the Unit on November 21, 2025 and provided the assessment and costs to the Landlord. JA stated that the costs were lower than market because he generally provides the lowest prices to help the Landlord.
- [47] JA stated that there was marker writing on the light fixture, which required a full replacement, this included materials and labour.
- [48] I find that the Landlord's evidence establishes a claim against the Tenants for damage beyond reasonable wear and tear caused by the Tenants. After reviewing the Landlord's evidence, I find that a \$300.00 claim plus HST is a reasonable cost based on JA's direct evidence. The claim is allowed in the amount of \$300.00 plus HST.

Floor repairs & floor transition

- [49] The Landlord is seeking \$500.00 for floor repairs in the Unit and \$50.00 for the transition.
- [50] JA stated that the floors were destroyed based on the November 21, 2025 inspection.
- [51] The Tenants disputed causing damage to the floors. The Tenants stated that it is possible this was pre-existing damage caused by contractors.
- [52] I find that the Landlord's evidence does not establish a claim against the Tenants for damage to the floors. Particularly, the Landlord has provided insufficient evidence to establish a baseline condition of the Unit. This is where a move-in inspection report signed by both the Tenants and the Representatives would have been helpful. Further, the Landlord did not submit any time-stamped photographs of the Unit before the tenancy started.
- [53] The Tenants have denied causing damage to the floors. The Tenants have admitted to causing damage in other areas of the Unit. In these circumstances, I find that the Tenants' evidence to be credible and reliable. The Landlord has not proven their claims and the claims are denied.

Sink Drain

- [54] The Landlord is seeking \$300.00 for replacing a sink drain.
- [55] The Representative stated that the sink drain was missing from the Unit at the end of the tenancy.
- [56] The Tenants stated that the sink drain was unscrewed, and that the Tenants still have possession of the sink drain and can return it to the Landlord.

- [57] I find that the evidence presented establishes that the Tenants removed the sink drain from the Unit. As a result, I find that the Landlord's claim is established in part. I find that a \$300.00 amount to replace a sink drain to be high. I find that the Tenants are responsible for \$100.00 plus HST for the replacement of the sink drain. The claim is allowed in part.

Heat Pump

- [58] The Landlord is seeking \$250.00 for cleaning the heat pump.
- [59] The Representatives stated that the heat pump was the Tenants' responsibility to clean.
- [60] The Tenants stated that the heat pump was cleaned before the end of the tenancy.
- [61] I find that the Landlord's evidence does not establish a claim against the Tenants for cleaning the heat pump. Particularly, the one photograph of the heat pump submitted into the Landlord's evidence does not show a dirty heat pump. Further, there is no direct evidence to establish that the heat pump required cleaning and that the Tenants did not clean the heat pump at the end of the tenancy. This claim is denied.

Front door

- [62] The Landlord is seeking \$1,450.00 for replacing the front door.
- [63] The parties did not dispute the Tenants' liability in causing undue damage to the front door. The Tenants admitted to having to break the door when they could not gain access to the Unit.
- [64] The Tenants stated that the Landlord's amount is too high. The Tenants stated that \$800.00 to \$900.00 would be a reasonable cost.
- [65] AR stated that the front door is a metal door, which is more expensive than a wooden door.
- [66] I find that the Tenants are responsible for 90% of this amount, totalling \$1,305.00 plus HST. This amount is based upon the betterment principle and the Tenants' overall liability for the undue damage.
- [67] The Commission has previously commented on what it must consider when determining amounts to be awarded to a landlord 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 wrong doing not occurred.
- [68] This claim is allowed in part, totalling \$1,305.00 plus HST.

Key pad

- [69] The Landlord is seeking \$350.00 for replacing the Unit's key pad.
- [70] The parties did not dispute the Tenants' liability in changing the key pad and not returning all the Unit's keys to the Landlord.
- [71] The Tenants stated that the Landlord's cost was too high and that \$150.00 was a more reasonable cost to replace the key pad.
- [72] I find that the Landlord's claim is allowed in part. I find that the Tenants are responsible for 90% of this amount, totalling \$315.00 plus HST. This amount is based upon the betterment principle and the Tenant's overall liability for the cost to replace the key pad.

[73] This claim is allowed in part, totalling \$315.00 plus HST.

Towel bar

[74] The Landlord is seeking \$100.00 for replacing a towel bar.

[75] The Tenants stated that the towel bar was not damaged and was loose.

[76] I find that the Landlord's evidence does not establish this claim. The Landlord submitted a photograph of the towel bar, which looks like it is crooked. There is no damage shown in the photograph. The claim is denied.

Painting

[77] The Landlord is seeking \$2,500.00 for painting the Unit.

[78] The Representative stated that there was a lot of damage to the walls, beyond reasonable wear and tear.

[79] JA was responsible for organizing the painting and maintenance of the Unit.

[80] The Tenants stated that the Landlord did not submit any formal invoice and that \$2,500.00 for painting is too high. The Tenants stated that there were some spots on the walls, but that was from hanging photographs on the wall, which is considered reasonable wear and tear.

[81] I find that the Landlord's claim is denied. The Landlord has not provided sufficient evidence of the damage to the walls. The photographs submitted into evidence are not detailed or clear enough to determine the degree of damage and whether or not it is reasonable wear and tear.

[82] The tenancy lasted one year and painting the entire Unit would not be expected. However, the Landlord has not provided sufficient evidence to establish that the entire Unit required a fresh coat of paint or if some parts of the Unit's walls only required a fresh coat of paint, which may reduce the overall cost. The claim is denied.

Utilities

[83] The Landlord is seeking \$435.62 for unpaid utilities.

[84] The Tenants did not dispute owing \$364.62 in unpaid utilities. The Tenants stated that they are not responsible for the \$71.00 attributed to the end of November 2025. The Tenants stated that the tenancy ended on November 15, 2025 by agreement.

[85] The Representatives stated that the tenancy ended on November 30, 2025, which was the end of the fixed-term. The Representatives stated that the Tenants were permitted to move-out of the Unit earlier and if they did the move-out inspection could have been completed before November 30, 2025.

[86] I find that the tenancy ended on November 30, 2025. The Tenants were required to give notice under subsection 55(3) of the *Act*. I find that the Tenants' evidence does not establish that the Landlord agreed to end the tenancy earlier. The Landlord's evidence establishes that the Representatives were trying to accommodate the Tenants. I find that the Tenants at one point even requested staying until the end of the tenancy agreement because their plans were ever evolving.

[87] I find that the Landlord's claim for unpaid utilities up until the end of November 2025 is allowed, totalling \$435.62.

[88] The Landlord Application is allowed in part.

[89] The Landlord has established a claim against the Tenants totalling \$2,758.62, calculated below.

Item	Amount
Light fixture	\$300.00
Sink drain	\$100.00
Front door	\$1,305.00
Key pad	\$315.00
HST	\$303.00
Utilities	\$435.62
Total	\$2,758.62

CONCLUSION

[90] The Tenants have established claims for the security deposit balance, including interest and double the security deposit balance. The total amount owed to the Tenants is \$4,097.49.

[91] The Landlord established claims for repairs and unpaid utilities totalling \$2,758.62. This amount is deducted from the amount owed to the Tenants.

[92] The Landlord must pay the Tenants the net amount of \$1,338.87 by the timeline below.

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenants \$1,338.87 by August 27, 2026.

DATED at Charlottetown, Prince Edward Island, this 27th 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.