

INTRODUCTION

- [1] This decision addresses an application filed by the Tenant with the Residential Tenancy Office (the “Rental Office”) under the *Residential Tenancy Act* (the “Act”).
- [2] The Tenant claims against the Landlord for the return of the security deposit, plus interest and compensation equal to double the security deposit, totalling \$1,534.47.

BACKGROUND

- [3] The Unit is a room and shared common spaces in a half-duplex (the “Residential Property”) owned by the Landlord.
- [4] On November 30, 2024, the Tenant paid a \$750.00 security deposit. The parties entered into a written, fixed-term tenancy agreement for the Unit effective from December 15, 2024, to August 31, 2026. Rent of \$750.00 was due on the first day of the month.
- [5] On May 1, 2026, the Tenant moved out of the Unit and the tenancy ended by mutual agreement.
- [6] On May 21, 2026, the Tenant filed and served a *Form 2(A) Tenant Application to Determine Dispute* seeking the return of the security deposit, plus interest and compensation equal to double the security deposit.
- [7] On July 22, 2026, the Rental Office e-mailed the parties notice of a tele-hearing scheduled for September 1, 2026.
- [8] On August 17, 2026, the Rental Office emailed the parties a 173-page PDF evidence package, which included links to three Tenant videos.
- [9] On September 1, 2026, the Tenant participated in the tele-hearing. I telephoned the Landlord and emailed the Landlord a copy of the tele-hearing notice, but received no response. The Tenant confirmed that all documentary evidence submitted was included in the evidence package. The Landlord submitted no evidence.

DISPOSITION

- [10] The Landlord must return the security deposit, plus interest, and compensate the Tenant double the security deposit, totalling \$1,534.47.

ISSUE

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

ANALYSIS & FINDINGS

- [11] The Tenant stated that she moved out of the Unit on May 1, 2026, after the Landlord found a new tenant for the Unit. The parties mutually agreed to end the tenancy, and the Landlord told her that he would return the security deposit.
- [12] The Tenant stated that after she moved out, the Landlord told her he was keeping part of the security deposit. The Landlord told her because she repaired some holes in the Unit, and the Landlord alleged that the Tenant made the damage worse. The Tenant stated she did not agree to the Landlord keeping any of the security deposit.

- [13] The Tenant stated she had not received any communication from the Landlord since May 17, 2026. She stated that the Landlord did not serve her with a *Form 2(B) Landlord Application to Determine Dispute* to keep the security deposit.
- [14] 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.*
- [15] 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.”*
- [16] The evidence establishes that the tenancy ended by mutual agreement on May 1, 2026. I note that May 16 and 17, 2026, were a Saturday and Sunday, and May 18, 2026, was a holiday, and the Rental Office was closed for business on those dates (see subsections 33(6) and (7) of the *Interpretation Act*).
- [17] The Landlord then had until May 19, 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] No previous Rental Office Order permits the Landlord to keep the security deposit, and there is no evidence of a written agreement between the parties that allows the Landlord to keep it. I find that the Landlord did not comply with section 40 of the Act. Therefore, by operation of law, the Landlord must return the security deposit, including interest, and compensate the Tenant double the security deposit under subsection 40(4).
- [19] The Application is allowed.

[20] The Landlord must pay the Tenant \$1,534.47 by the timeline below, calculated as follows:

Item	Amount
Security deposit	\$750.00
Interest (Nov. 30/24 – Sept. 9/26)	\$34.47
Double security deposit	\$750.00
Total	\$1,534.47

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenant \$1,534.47 by October 30, 2026.

DATED at Charlottetown, Prince Edward Island, this 9th day of September, 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.