

INTRODUCTION

- [1] This decision determines an application filed with the Residential Tenancy Office (the “Rental Office”) under the *Residential Tenancy Act* (the “Act”).
- [2] The Subtenants claim against the Tenants for the return of their security deposit, in the amount of \$1,300.00.

BACKGROUND

- [3] The Unit is two bedrooms, with shared services and facilities, located in a three-bedroom, two-bathroom single family house (the “House”). These two bedrooms are located in the House’s upper level and the Tenants live in the lower level.
- [4] One of the Tenants started renting the House from its owner in November of 2021 and the other Tenant started renting around July or August of 2025.
- [5] The Subtenants and the Tenants entered into an oral, monthly subletting agreement that was to begin on June 1, 2026. A security deposit of \$1,300.00 was paid on May 23, 2026. Rent in the amount of \$1,300.00 (\$650.00 per bedroom) was due on the first day of the month.
- [6] On May 30, 2026 the Subtenants notified the Tenants that they would not be moving into the Unit.
- [7] On June 16, 2026 the Subtenants filed a *Form 2(A) Tenant Application to Determine Dispute* (the “Application”) with the Rental Office seeking the return of their security deposit.
- [8] On July 30, 2026 the Rental Office sent the parties notice of a tele-hearing scheduled for September 8, 2026.
- [9] On August 26, 2026 the Rental Office sent the parties a 29-page PDF evidence package.
- [10] On September 8, 2026 the Subtenants and one of the Tenants, representing the Tenants, participated in the tele-hearing. The parties confirmed that they received the evidence package and that they were not aware of anything missing that was previously submitted to the Rental Office for this dispute.

DISPOSITION

- [11] The Tenants must return the \$1,300.00 security deposit to the Subtenants by the timeline below.

ISSUE

- A. Must the Tenants return the \$1,300.00 security deposit to the Subtenants?

ANALYSIS

- [12] The Subtenants gave the Tenants one month’s notice on May 30, 2026 that they would not be moving into the Unit, which terminated the tenancy effective June 30, 2026. I find that the Subtenants are not responsible for any rent after June 30, 2026.
- [13] The Tenants were required to reduce (mitigate) their rental income losses by finding replacement subtenants. The parties’ evidence establishes that the Tenants were successful re-renting the two upper-level bedrooms and the Tenants received \$1,300.00 in rent for June of 2026 from replacement subtenants. I find that the Tenants cannot keep the Subtenants’ \$1,300.00 security deposit for June 2026 rent because the Tenants did not have rental income losses for this month. The Tenants must return the \$1,300.00 security deposit by the timeline below.

- [14] The Subtenants provided evidence that the Tenants did not properly consider the full range of prospective replacement subtenants. I would have determined this additional issue if the Tenants had not received full rent for June of 2026 from replacement subtenants.
- [15] The Tenants are not considered a “landlord” as defined in subsection 1(h) of the *Act* because the Tenants also live in the House (see Island Regulatory and Appeals Commission Order LR24-72¹). Therefore, the Subtenants are not eligible for double the security deposit compensation from the Tenants under subsection 40(4) of the *Act* or security deposit interest.

IT IS THEREFORE ORDERED THAT

1. The Tenants must pay the Subtenants the \$1,300.00 security deposit by October 21, 2026.

DATED at Charlottetown, Prince Edward Island, this 21st day of September, 2026.

(sgd.) Andrew Cudmore

Andrew Cudmore
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.

¹ <https://irac.pe.ca/wp-content/uploads/Order-LR24-72.pdf>