

INTRODUCTION

- [1] This decision addresses an application the Tenants filed with the Residential Tenancy Office (the “Rental Office”) under the *Residential Tenancy Act*, cap. R-13.11 (the “Act”).
- [2] The Tenants seek a return of rent for an unlawful rent increase.

BACKGROUND

- [3] On August 14, 2024 the Tenants and the Former Landlord entered into a written fixed-term tenancy agreement for the period of September 1, 2024 to May 31, 2025. Rent in the amount of \$875.00 was due on the first day of the month. The Tenants paid a \$875.00 security deposit.
- [4] On September 1, 2024 the Tenants moved into the Unit.
- [5] On May 22, 2025 the Tenants and the Former Landlord renewed their written fixed-term tenancy agreement for the period of July 1, 2025 to June 30, 2026.
- [6] On June 1, 2025 the Former Landlord increased the rent from \$875.00 to \$1,025.00. However, the Tenant received a \$25.00 credit each month. The Tenant paid \$1,000.00 each month.
- [7] In November 2025 the Landlord purchased the Unit and the Former Landlord no longer provided property management services. The Tenants continued paying the Landlord \$1,000.00 each month.
- [8] On April 8, 2026 the Tenants e-mailed the Former Landlord, the Landlord and the Rental Office a *Form 2(A) Tenant Application to Determine Dispute* seeking a return of rent alleging an unlawful rent increase (the “Application”).
- [9] On May 31, 2026 the Tenants vacated the Unit and the tenancy ended by mutual agreement.
- [10] On July 14, 2026 the Rental Office provided the parties with notice of a tele-hearing scheduled for September 1, 2026.
- [11] On August 25, 2026 the Rental Office issued to the parties a 66-page PDF evidence package.
- [12] On September 1, 2026 one of the Tenants (the “Tenant”), two Landlord’s representatives (the “Representatives”) and the Former Landlord’s representative (“KG”) participated in the hearing. The parties confirmed that they received the evidence package and confirmed that all evidence submitted to the Rental Office was included.

DISPOSITION

- [13] The Tenants established a return of rent claim. The Landlord must pay the Tenants \$900.00 and the Former Landlord must pay the Tenants \$900.00, totalling \$1,800.00, by the timeline below.
- [14] The lawful rent for the Unit is \$875.00 subject to any increases in accordance with the *Act*.

ISSUE

- A. Have the Tenants established a return of rent claim due to an unlawful rent increase?

EVIDENCE & ANALYSIS

- [15] 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 Tenants, as the party advancing the claim. The applicable standard is proof on a balance of probabilities.
- [16] The Tenants are seeking \$1,800.00 (\$150.00 x 12 months) against the Former Landlord and the Landlord for an unlawful rent increase.
- [17] The Tenant stated that beginning in June 2025, the rent was increased by the Former Landlord to \$1,025.00. However, the Tenant received a \$25.00 Wi-Fi credit each month. The Tenant stated that \$1,000.00 was deducted each month from his bank account from June 2025 to May 2026.
- [18] The Tenant stated that at the time of the rent increase he was unaware of the rent control rules.
- [19] The Tenant stated that in March 2026 he became aware of the rent control rules because of another tenant who shared their experience with receiving a return of rent due to an unlawful rent increase.
- [20] KG did not dispute the Tenant's submissions or claim.
- [21] KG stated that the Unit was converted from a short-term rental to a long-term rental, which was the reason for the rent increase in 2025.
- [22] The Representatives stated that the Landlord purchased the Unit in November 2025 and never increased the rent. The Representatives stated that they only charged the rent that was stated in the tenancy agreement.
- [23] Subsection 47(1) of the *Act* states:
- A landlord shall not increase rent except in accordance with this Part.*
- [24] Subsection 49(1) of the *Act* limits how much a landlord can increase the rent, stating:
- No landlord shall increase the rent charged for a rental unit by more than the allowable annual increase, except in accordance with section 50.*
- [25] The evidence establishes that in June 2025, the Former Landlord increased the rent from \$875.00 to \$1,025.00. This was approximately a 17% rent increase, when the annual allowable rent increase for 2025 was 2.3%. I find that the Former Landlord did not comply with the rent control rules under the *Act*.
- [26] The evidence also establishes that after the Landlord purchased the Unit, the Landlord continued to charge the Tenant the unlawful rent amount, although the Representatives were unaware of the previous unlawful rent increase.
- [27] Subsection 50(8) of the *Act* states:
- Where a landlord collects a rent increase that does not comply with this Part, the tenant may make an application to the Director under section 75 to recover the amount of the increase.*
- [28] I find that, despite the Landlord being unaware of the unlawful rent increase, the Landlord still collected the rent for the remaining six months of the tenancy. Therefore, the Tenants are entitled to the recovery of the unlawful increase from the Former Landlord and the Landlord.

[29] I accept the Tenant's evidence that he became aware of the rent control rules and the possibility of a financial claim through the Rental Office in March 2026. I find that the Tenants have taken reasonable steps in mitigating their financial damages by applying to the Rental Office in April 2026.

[30] Subsection 1(n) of the *Act* defines "rent" as follows:

"rent" means money paid or agreed to be paid, or value or a right given or agreed to be given, by or on behalf of a tenant to a landlord in return for the right to possess a rental unit, for the use of common areas and for services or facilities, but does not include

(i) a security deposit, or

(ii) a fee prescribed under clause 107(1)j).

[31] I find that the Former Landlord and the Landlord must return the unlawful rent increase, in the amount of \$150.00 over the twelve-month period it was charged to the Tenants.

[32] I find that "rent" is broadly defined under the *Act* and includes not just money paid but the value given under a tenancy agreement. In this case, the Tenants paid an unlawful rent increase of \$150.00 each month that included \$125.00 cash increase and a \$25.00 credit valued for the Tenants' time and labour for Wi-Fi and modem troubleshooting under the tenancy agreement.

[33] The Application is allowed.

[34] The lawful rent for the Unit is \$875.00 subject to any increases in accordance with the *Act*.

[35] The Former Landlord and the Landlord must pay the Tenants \$900.00 each, by the timeline bellow. My calculations are as follows:

Party	Period of time	Amount
Former Landlord	June 2025 to November 2025	\$900.00 (\$150.00 x 6 months)
Landlord	December 2025 to May 2026	\$900.00 (\$150.00 x 6 months)
Total:		\$1,800.00

IT IS THEREFORE ORDERED THAT

1. The Former Landlord must pay the Tenants \$900.00 by October 21, 2026.
2. The Landlord must pay the Tenants \$900.00 by October 21, 2026.
3. The lawful rent for the Unit is \$875.00 subject to any increases in accordance with the *Act*.

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