

INTRODUCTION

- [1] This decision addresses two applications the Tenant and the Landlord filed with the Residential Tenancy Office (the “Rental Office”) under the *Residential Tenancy Act*, cap. R-13.11 (the “Act”).
- [2] The Tenant requests the return of their security deposit balance, including interest and double the amount of the security deposit balance under subsection 40(4) of the *Act*.
- [3] The Landlord seeks a monetary order against the Tenant for unpaid rent, in the amount of \$1,500.00.

BACKGROUND

- [4] The Unit is a one-bedroom, one-bathroom basement rental unit below the Landlord’s residence.
- [5] On December 20, 2024 the parties signed a written, monthly tenancy agreement. Rent in the amount of \$1,500.00 was due on the first day of the month.
- [6] In February 2025 the Tenant paid the Landlord a \$1,500.00 security deposit.
- [7] On March 1, 2025 the Tenant moved into the Unit.
- [8] On February 25, 2026 the Tenant gave the Landlord notice he was vacating the Unit at the end of the month.
- [9] On February 28, 2026 the Tenant vacated the Unit.
- [10] On April 30, 2026 the Tenant 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 and double the security deposit balance (the “Tenant Application”). The Application was considered filed on May 1, 2026.
- [11] On May 1, 2026 the Landlord e-mailed the Tenant and the Rental Office a *Form 2(B) Landlord Application to Determine Dispute* seeking a monetary order for rent owing (the “Landlord Application”). The Landlord submitted additional evidence supporting that the Landlord Application was served to the Tenant.
- [12] On August 6, 2026 the Rental Office provided the parties with a notice of a tele-hearing scheduled for September 24, 2026.
- [13] On September 8, 2026 the Landlord e-mailed the Tenant and the Rental Office another *Form 2(B) Landlord Application to Determine Dispute* seeking the same rent owing claim from the Landlord Application.
- [14] On September 9, 2026 the Rental Office provided the parties with a 36-page PDF evidence package.
- [15] On September 24, 2026 the Tenant and the Landlord 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

- [16] The Tenant is credited with the remaining security deposit balance, interest and double the security deposit balance. The total amount the Landlord owes to the Tenant is \$1,550.99.
- [17] The Landlord established a rent owing claim, in the amount of \$750.00. This amount is offset from the amount owed to the Tenant.
- [18] The Landlord must pay the Tenant the net amount of \$800.99 by the timeline below.

ISSUES

- A. Has the Tenant established a valid claim against the Landlord for double the remaining security deposit balance?
- B. Has the Landlord established a valid claim against the Tenant for rent owing?

EVIDENCE & ANALYSIS

- [19] 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 both parties, as they are advancing their own claims. The applicable standard is proof on a balance of probabilities.
- [20] Section 40 of the Act provides the rules for returning and keeping security deposits, stating in part, as follows:
40. *Return of security deposit*
- (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.*
- Landlord may retain amount from 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.*
- Retention by landlord, other circumstances*
- (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.*
- Consequences of non-compliance*
- (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.*
- [21] 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

- [22] For the reasons below, I find that the Landlord has not complied with section 40 of the *Act*. As a result, by operation of law, the Landlord must return the security deposit balance, including interest and double the security deposit balance as imposed by subsection 40(4). I also find that the tenancy ended on March 31, 2026; therefore, the Tenant owes the Landlord March 2026’s rent, totalling \$1,500.00.
- [23] The evidence establishes that the tenancy was a monthly agreement and that the Tenant gave the Landlord four days notice that he was vacating the Unit.
- [24] Subsection 55(2) of the *Act* sets out the Tenant’s notice requirements when ending a monthly tenancy, stating:
- Notice for monthly or other period tenancy*
- (2) *A tenant may end a month-to-month or other periodic tenancy by giving the landlord a notice of termination effective on a date that*
- (a) *is not earlier than one month after the date the landlord receives the notice; and*
- (b) *is the day before the day that rent is payable under the tenancy agreement.*
- [25] The undisputed evidence establishes that on February 25, 2026 the Tenant gave the Landlord notice and on February 28, 2026 the Tenant vacated the Unit. The evidence establishes that the Landlord did not agree to end the tenancy earlier nor waived the Tenant’s one-month notice requirements. Therefore, I find that the tenancy ended effective March 31, 2026.
- [26] This means that the Landlord had until April 15, 2026 to either return the Tenant’s security deposit or file an application with the Rental Office to request keeping the Tenant’s security deposit. I find that the evidence establishes that the Landlord did neither.
- [27] The evidence establishes that prior to the Tenant vacating the Unit, the parties had a text message conversation where the parties agreed that the Landlord could keep \$750.00 or half of the security deposit to assist in March 2026’s rent due to the short notice.
- [28] I accept the Landlord’s direct evidence that she was unable to re-rent the Unit on the short notice, and found a new tenant on April 1, 2026. I also accept that the Landlord mitigate her financial losses by trying to find a new tenant by April 1, 2026.
- [29] I find that the Tenant gave insufficient notice under the *Act*, as a result, the Tenant is responsible for March 2026’s rent, in the amount of \$1,500.00, because the tenancy ended effective March 31, 2026.
- [30] I find that the parties agreed that the Landlord would keep \$750.00 of the security deposit. The Landlord put this towards half of March 2026’s rent.
- [31] I find that the Landlord was required to either return the \$750.00 security deposit balance or file an application with the Rental Office to keep the remaining security deposit balance by April 15, 2026.
- [32] The Landlord did not file an application with the Rental Office until the Landlord Application was filed on May 1, 2026.

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

- [33] As a result, the Landlord must credit the remaining security deposit balance, the accrued interest, and double the remaining security deposit balance, totalling \$800.99 by the timeline below.
- [34] I find that the Landlord was permitted to keep half of the security deposit as the parties had agreed in writing under subsection 40(3). This amount is not calculated in the subsection 40(4) penalty because the Landlord did comply with section 40 for this amount. However, the Landlord must pay double on the remaining \$750.00 balance due to the non-compliance with section 40.
- [35] My calculations are provided below:

Item	Amount
Security deposit	\$1,500.00
Interest on security deposit (18 FEB 25 to 28 FEB 26)	\$39.24
Interest on security deposit (1 MAR 26 to 25 SEP 26)	\$11.75
Double security deposit balance	\$750.00
Deduct security deposit amount agreed upon	-\$750.00
Deduct Landlord's claim for rent owing	-\$750.00
Total	\$800.99

- [36] The Tenant Application is allowed.
- [37] The Landlord Application is allowed.

STATUTORY REQUIRMENTS

- [38] The Landlord's evidence included numerous admissions and clear non-compliances with the *Act*. This non-compliance appears to be due to the Landlord being unaware or unfamiliar with the rules and regulations around residential tenancies.
- [39] To assist the Landlord in future tenancies, the Landlord should be familiar of the security deposit requirements under the *Act*.
- [40] The tenancy agreement used in this case was an older version of the tenancy agreement under the former legislation.
- [41] Since April 8, 2023, landlords on Prince Edward Island have been required to prepare a written tenancy agreement containing specific information. This tenancy agreement can be found on the Rental Office's website.
- [42] Subsections 11(1) and (2) set out these requirements, stating:
- (1) *A landlord shall prepare a written tenancy agreement in respect of a tenancy that is entered into on or after the date this Act comes into force.*
 - (2) *The landlord shall ensure that the tenancy agreement complies with the requirements of this Act and the regulations and includes*
 - (a) *the provisions set out in Division 4;*
 - (b) *the correct legal names of the landlord and tenant;*
 - (c) *the address of the rental unit;*
 - (d) *the date the tenancy agreement is entered into;*
 - (e) *the address for service and telephone number of the landlord, or the landlord's agent, and the tenant;*
 - (f) *the services and facilities included in the rent;*

- (g) *the amount of rent that was charged, and the services and facilities that were provided, to the previous tenant of the rental unit, unless there was no previous tenant;*
- (h) *the name and contact information of any person the tenant is to contact for emergency repairs; and*
- (i) *the agreed terms in respect of*
 - (i) *the date on which the tenancy starts,*
 - (ii) *if the tenancy is a periodic tenancy, whether it is on a weekly, monthly or other periodic basis,*
 - (iii) *if the tenancy is a fixed-term tenancy, the date on which the term ends,*
 - (iv) *the amount of rent payable for a specified period,*
 - (v) *the day on which the rent is due and the frequency of payment, and*
 - (vi) *the amount of any security deposit and the date the security deposit was or is required to be paid.*

[43] Further, at the start and at the end of every tenancy, a landlord and a tenant must complete a move-in and move-out inspection report. Sections 18 and 38 of the Act provides greater clarity regarding these requirements. The *Form 5 – Landlord Condition Inspection Report* can be found on the Rental Office's website.

CONCLUSION

[44] The Tenant is credited with the remaining security deposit balance, interest and double the security deposit balance. The total amount the Landlord owes to the Tenant is \$1,550.99.

[45] The Landlord established a rent owing claim, in the amount of \$750.00. This amount is offset from the amount owed to the Tenant.

[46] The Landlord must pay the Tenant the net amount of \$800.99 by the timeline below.

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenant \$800.99 by October 23, 2026.

DATED at Charlottetown, Prince Edward Island, this 25th 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.