

INTRODUCTION

- [1] This decision addresses an application the Tenant 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, including interest and double the amount of the security deposit under subsection 40(4) of the *Act*.

BACKGROUND

- [3] The Unit is a single bedroom in a three-bedroom, one-bathroom rental unit.
- [4] On December 23, 2024 the Tenant paid the Landlord a \$600.00 security deposit.
- [5] On February 1, 2025 the Tenant moved into the Unit.
- [6] On April 1, 2025 the parties signed a written, fixed-term tenancy agreement with an end date of March 31, 2026. The tenancy then continued on a monthly basis. Rent in the amount of \$620.00 was due on the first day of the month.
- [7] On May 1, 2026 the Tenant vacated the Unit and the tenancy ended by mutual agreement.
- [8] On June 4, 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 (the "Application").
- [9] On August 13, 2026 the Rental Office provided the parties with notice of a tele-hearing scheduled for September 24, 2026.
- [10] On September 2, 2026 the Rental Office provided the parties with a 109-page PDF evidence package.
- [11] On September 24, 2026 the Tenant participated in the tele-hearing. The Landlord did not join the tele-hearing at the scheduled time. I called the Landlord and received no response. I e-mailed the Landlord the tele-hearing details. After ten minutes the hearing proceeded in the Landlord's absence. The Tenant confirmed that all evidence submitted to the Rental Office was included.

DISPOSITION

- [12] The Tenant has established claims for with the security deposit, interest and double the security deposit. The total amount the Landlord owes to the Tenant is \$1,227.45.
- [13] The Landlord must pay the Tenant \$1,227.45 by the timeline below.

ISSUE

- A. Has the Tenant established valid claims against the Landlord regarding the security deposit?

EVIDENCE & ANALYSIS

- [14] 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 Tenant, as the party advancing their own claim. The applicable standard is proof on a balance of probabilities.

- [15] 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.*

- [16] 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

- [17] 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, including interest, and double the security deposit as imposed by subsection 40(4).
- [18] The undisputed evidence establishes that the Tenant moved out of the Unit and ended the monthly tenancy on May 1, 2026. The Tenant’s undisputed evidence establishes that he text-messaged the Landlord on May 7, May 9, May 31 and June 1, 2026 regarding the return of the security deposit.
- [19] The Tenant stated that the Landlord did not return the security deposit nor provided him any documents from the Rental Office.
- [20] I find that the Landlord had until May 16, 2026 to either return the Tenant’s security deposit plus interest 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.

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

- [21] I find that the evidence does not establish that the Tenant agreed that the Landlord could keep the Tenant's security deposit. I further find that there are no outstanding Rental Office monetary orders against the Tenant allowing the Landlord to keep the security deposit.
- [22] As a result, the Landlord must pay the Tenant the security deposit, including interest, and double the security deposit, totalling \$1,227.45, by the timeline below.
- [23] The Application is allowed.
- [24] My calculations are provided below:

Item	Amount
Security deposit	\$600.00
Interest (23 DEC 24 to 25 SEP 26)	\$27.45
Double security deposit	\$600.00
Total	\$1,227.45

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenant \$1,227.45 by October 26, 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.