## INTRODUCTION

[1] This decision addresses an application the Tenant filed with the Residential Tenancy Office (the "Rental Office") under the *Residential Tenancy Act* (the "Act").

[2] The Tenant seeks the return of the July 2026 rent payment and double the security deposit totalling $1,840.14.

## BACKGROUND

[3] The Unit is an apartment in a multi-unit building (the "Residential Property") owned by the Landlord.

[4] The Tenant and a previous landlord entered into a written fixed-term tenancy agreement for the Unit from December 1, 2022, to November 30, 2023. The tenancy then continued month to month. Rent was $931.81 per month due on the first of the month, and the Tenant paid a $433.50 security deposit on November 23, 2022.

[5] In 2024 or 2025, the Landlord purchased the Residential Property, and the tenancy continued.

[6] On June 30, 2026, the Tenant moved out of the Unit.

[7] On July 20, 2026, the Tenant filed and served a *Form 2(A) Tenant Application to Determine Dispute* (the "Application") seeking the return of the July 2026 rent payment and double the security deposit.

[8] On September 15, 2026, the Rental Office emailed the parties notice of a tele-hearing scheduled for October 27, 2026.

[9] On October 13, 2026, the Rental Office emailed the parties a 28-page PDF evidence package.

[10] On October 27, 2026, the Tenant joined the tele-hearing. I telephoned the Landlord and emailed the Landlord a copy of the tele-hearing notice. The Landlord did not join the tele-hearing, and it proceeded ten minutes after the scheduled time. The Tenant confirmed receipt of the evidence package and stated that it included all the evidence he submitted. The Landlord submitted no evidence.

## DISPOSITION

[11] The Landlord must return the July 2026 rent payment to the Tenant.

[12] The Landlord must return the security deposit, including interest, and compensate the Tenant with double the security deposit under subsection 40(4).

[13] The Landlord must pay the Tenant $1,840.14 by the timeline below.

## ISSUES

A. Must the Landlord return the July 2026 rent payment to the Tenant?

B. Must the Landlord return the security deposit, including interest, to the Tenant and compensate the Tenant under subsection 40(4) with double the security deposit?

## EVIDENCE

**The Tenant's evidence and submissions are as follows.**

[14] The Tenant gave the Landlord notice on June 10, 2026, that he would be moving out of the Unit on June 30, 2026. The Landlord told the Tenant that, because he provided insufficient notice to end the monthly tenancy, the tenancy would not end until July 31, 2026.

[15] On June 15, 2026, the Tenant asked the Landlord if he could assign the Unit to another tenant. The Landlord replied that assignment was possible if the Landlord approved the new tenant's application.

[16] On June 18, 2026, the Tenant provided the Landlord with the names of two individuals who had submitted applications to the Landlord to rent the Unit. The Tenant provided the Landlord with dates and times the applicants were available to meet with the Landlord for an interview. The Tenant stated he knew both applicants personally and that both applicants could move into the Unit on July 1, 2026.

[17] On June 19 and 22, 2026, the Tenant contacted the Landlord because the Landlord had not yet contacted the applicants. The Landlord did not respond to the Tenant on these dates.

[18] On June 24, 2026, the Landlord contacted the Tenant and said they wanted to speak with one of the applicants. The Tenant provided the Landlord with that applicant's phone number. Later that day, the Tenant messaged the Landlord requesting an update, but the Landlord did not reply.

[19] On June 30, 2026, the Tenant spoke to the building's resident manager, but the resident manager did not state whether the Landlord had contacted any applicants. On July 1, 2026, the resident manager told the Tenant that there should be no issues with returning the security deposit.

[20] On July 3, 2026, the Tenant messaged the Landlord because the Landlord charged the Tenant's bank account for the July 2026 rent payment. The Tenant requested a refund of July's rent because he had provided suitable applicants for the Landlord to assign the Unit to. The Tenant stated that the Landlord's administrative delays should not be his fault.

[21] The Tenant stated that the Landlord never contacted either applicant about renting the Unit. The Landlord did not return the July 2026 rent payment or return the security deposit. The Tenant does not know whether the Landlord re-rented the Unit.

## ANALYSIS & FINDINGS

### A. Must the Landlord return the July 2026 rent payment to the Tenant?

[22] Section 30 of the Act states in part:

> *(1) A tenant may, with the written consent of the landlord, sublet or assign a rental unit or part of a rental unit to another person.*
>
> *(2) A landlord shall not arbitrarily or unreasonably withhold consent to a sublet or assignment of a rental unit or part of it.*
>
> *(3) A landlord may withhold consent if it appears to the landlord that the proposed sublet or assignment of the rental unit or part of it would result in an unreasonable number of persons occupying the rental unit or part of it.*

[23] Subsection 55(2) of the Act states:

> *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.*

[24] The Act states that a tenant may assign a rental unit with the landlord's consent. The evidence establishes that the Landlord agreed that the Tenant could assign the Unit if the Landlord approved the new tenant's application.

[25] On June 18, 2026, the Tenant provided the Landlord with two potential applicants who could move into the Unit on July 1, 2026. This gave the Landlord twelve days to determine whether the applicants were suitable. However, the Tenant stated that the Landlord did not contact either applicant.

[26] Section 46 of the Act requires a landlord to take reasonable steps to mitigate their losses arising from a tenant's early termination of the tenancy. I note that the Landlord did not participate in the hearing or provide any evidence to establish whether it took reasonable steps to mitigate their losses or whether it contacted the applicants. The Landlord did not provide evidence that it reasonably withheld consent to assign the Unit to the applicants under subsection 30(3) of the Act.

[27] Based on the Tenant's undisputed evidence, I find that the Tenant provided the Landlord with two potential applicants who were available to rent the Unit beginning July 1, 2026. I also find that the Landlord had sufficient time to determine the applicants' suitability and there is insufficient evidence to establish that the Landlord took reasonable steps to contact the applicants or to mitigate its losses under section 46 of the Act. Therefore, I find that the Tenant is not responsible for the July 2026 rent.

[28] I find that the Landlord must return the July 2026 rent payment to the Tenant by the timeline below.

**B. Must the Landlord return the security deposit, including interest, to the Tenant and compensate the Tenant under subsection 40(4) with double the security deposit?**

[29] Section 40 of the Act provides the rules for keeping and returning security deposits, stating 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.*

[30] In Order LR25-33, the *Island Regulatory and Appeals Commission* commented on a landlord's section 40 requirements stating as follows:

> "*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*."

[31] Based on the Tenant's undisputed evidence, I find that the tenancy between the parties ended on June 30, 2026, when the Tenant moved out of the Unit. As noted above, there is insufficient evidence to establish that the Landlord took reasonable steps to mitigate their losses under section 46 of the Act.

[32] The Landlord then had until July 15, 2026, to either return the security deposit, plus interest, or file an application with the Rental Office. The evidence shows that the Landlord did neither.

[33] There is no evidence that the Tenant agreed in writing to let the Landlord keep the security deposit. There is no evidence of any previous Rental Office Order permitting the Landlord to keep the security deposit.

[34] I find that the Landlord did not comply with section 40 of the Act regarding the security deposit. Therefore, by operation of law, the Landlord must not make a claim against the security deposit. The Landlord must return the security deposit, including interest, and compensate the Tenant with double that amount under subsection 40(4).

## CONCLUSION

[35] The Landlord must return the July 2026 rent payment of $931.81 to the Tenant.

[36] The Landlord must return the security deposit, including interest, and compensate the Tenant with double the security deposit under subsection 40(4).

[37] The Landlord must pay the Tenant $1,840.14 by the timeline below.

[38] My calculations are as follows:

| Item | Amount |
|---|---|
| July 2026 rent | $931.81 |
| Security deposit | $433.50 |
| Interest (Nov. 23/22 – Oct. 30/26) | $41.33 |
| Double security deposit balance | $433.50 |
| **Total payable** | **$1,840.14** |

## IT IS THEREFORE ORDERED THAT

1**.** The Landlord must pay the Tenant $1,840.14 by November 30, 2026.

**DATED** at Charlottetown, Prince Edward Island, this 30th day of October, 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.