INTRODUCTION

[1] This decision addresses an application that 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 the security deposit.

BACKGROUND

[3] On June 7, 2026 the Tenant viewed the Unit and e-Transferred the Landlord $1,500.00 for a security deposit.

[4] The Landlord and the Tenant did not prepare or sign a tenancy agreement.

[5] On June 17, 2026 the Tenant contacted the Landlord's representative (the "Representative") advising that she decided not to move into the Unit.

[6] On July 3, 2026 the Tenant e-mailed the Landlord and the Rental Office a *Form 2(A) Tenant Application to Determine Dispute* with the Rental Office seeking the return of the security deposit (the "Application"). The Application was considered filed on July 6, 2026.

[7] On August 13, 2026 the Rental Office provided the parties with notice of a tele-hearing scheduled for October 15, 2026. The Representative requested and was granted an adjournment.

[8] On September 1, 2026 the Rental Office provided the parties with an updated notice of tele-hearing scheduled for November 12, 2026. The Representative again requested an adjournment.

[9] On September 24, 2026 the Rental Office provided the parties with a 19-page PDF evidence package.

[10] On October 14, 2026 the Rental Office provided the parties with notice of a paper-based hearing with a response submission timeline of October 30, 2026.

[11] On October 15, 2026 the Tenant provided the Rental Office with a signed *Certificate Respecting Evidence*. The Landlord did not provide the Rental Office with a completed certificate.

[12] On November 6, 2026 the Rental Office provided the parties with a 4-page PDF response evidence package.

[13] I have reviewed all of the evidence submitted and prepared this Order.

DISPOSITION

[14] The Landlord must return the Tenant's security deposit, including interest, by the timeline below.

ISSUE

A. Must the Landlord return the Tenant's security deposit?

EVIDENCE

[15] The Tenant's evidence is that on June 7, 2026 she viewed the Unit with the intention of moving in by July 1, 2026. The Landlord requested the security deposit, and the Tenant e-Transferred $1,500.00 that same day. The Tenant did not receive a receipt of payment and did not receive a tenancy agreement from the Landlord.

[16] On June 17, 2026 the Tenant contacted the Representative explaining that her circumstances had changed and would no longer be moving into the Unit. The Tenant requested the security deposit be returned.

[17] The Tenant's response evidence states that the Landlord did not comply with the law and the legal process regarding keeping a security deposit.

[18] The Landlord's evidence is that the Tenant committed to renting the Unit for July 2026, which resulted in prospective tenants being turned away from the Unit.

[19] The Representative stated that the security deposit was kept to cover July 2026's lost rental income for the Unit. The Representative stated in his written submissions in part: "*I respectfully submit that there should be a reasonable standard of accountability in situations such as this*."

[20] The Landlord's evidence included screenshots of text-messages dated June 7, 2026, initially turning away prospective tenants and more text-messages dated June 17, 19, and 23, 2026, and later following up and asking if the prospective tenants were still interested in renting the Unit.

ANALYSIS

[21] The *Act* includes mandatory requirements for tenancy agreements. In particular, subsections 11(1) to (3) of the *Act* state:

> *(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.*
>
> *(3) Within 10 days after a landlord and tenant enter into a tenancy agreement, the landlord shall give the tenant (a) a copy of the tenancy agreement; and (b) any information required by the regulations to be provided.*

[22] In Orders LR24-47[1], LR25-10[2] and LR25-26[3] the Island Regulatory and Appeals Commission (the "Commission") determined matters where landlords were required to return payments to tenants when written tenancy agreements had not been prepared and the tenants did not move into the rental units.

[23] In this case, the Landlord did not prepare and the parties did not sign a written tenancy agreement and the Tenant never moved into the Unit.

[24] In accordance with these Commission decisions, I find that the Landlord is not permitted to keep the security deposit. The Landlord's claim to keep the security deposit is denied.

[25] Further, even if the parties had signed a tenancy agreement, I find that the Landlord can not unilaterally keep a tenant's security deposit.

[26] Section 40 of the *Act* requires that a landlord either return the security deposit plus interest or file an application with the Rental Office seeking approval to keep a tenant's security deposit within 15 days from the end of a tenancy. Only specific exemptions apply to this rule. The Landlord did not file an application with the Rental Office. However, compensation for double the security deposit under subsection 40(4) is not applicable due to the finding of no tenancy agreement.

[27] The Application is allowed. The Landlord must return to the Tenant the security deposit, including interest, by the timeline below.

IT IS THEREFORE ORDERED THAT

1. The Landlord must pay the Tenant $1,517.86 by December 11, 2026.

DATED at Charlottetown, Prince Edward Island, this 12th day of November, 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.

[1] *Yujie Zheng and Bocheng Qi v. Jie Hu and Jiahua Zhou*, 2024 PEIRAC 47.
[2] *Sandeep Kaur v. Divyam Garg and Arshdeep Singh*, 2025 PEIRAC 11.
[3] *Lida Holdings Inc. v. Jeff Clory*, 2025 PEIRAC 28.