



**Date Issued:** February 21, 2025  
**Dockets:** LR25004  
**Type:** Rental Appeal

INDEXED AS: Sandeep Kaur v. Divyam Garg and Arshdeep Singh  
Order No: LR25-10

**BETWEEN:**

Sandeep Kaur (the "Landlord")

**Appellant**

**AND:**

Divyam Garg and Arshdeep Singh (the "Tenants")

**Respondents**

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## ORDER

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Panel Members:

M. Douglas Clow, Commissioner  
Murray MacPherson, Commissioner

Compared and Certified a True Copy

(Sgd.) Michelle Walsh-Doucette

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Commission Clerk  
Island Regulatory and Appeals Commission

## **A. INTRODUCTION**

1. This appeal was heard by the Commission on February 11, 2025, and asks the Commission to determine whether the Residential Tenancy Office (the “Rental Office”) erred in finding that the Landlord must pay the Tenants \$603.58 by January 21, 2025.

## **B. BACKGROUND**

2. This appeal concerns a rental unit located at 7 Fairdale Drive, Charlottetown, PEI (the “Rental Unit”). The Rental Unit is a room in a three-bedroom and two-bathroom single family dwelling (the “Residential Property”) owned by the Landlord since December of 2023.
3. On September 24, 2024 the parties entered into an oral month-to-month tenancy agreement to start October 1, 2024. The Tenants paid a \$600.00 security deposit. Rent was \$900.00 (\$450.00 each) due on the first day of the month.
4. On September 30, 2024 the Tenants informed the Landlord that they would not be moving into the Unit because the Residential Property’s condition.
5. On October 17, 2024 the Tenants filed a *Form 2 (A) Tenant Application to Determine Dispute* (the “Tenants’ Application”) with the Residential Tenancy Office (the “Rental Office”) seeking compensation for double the \$600.00 security deposit, plus interest.
6. On November 28, 2024 the Landlord filed a *Form 2 (B) Landlord Application to Determine Dispute* (the “Landlord’s Application”) with the Rental Office seeking compensation exceeding the security deposit from the Tenants for rental arrears in the amount of \$300.00. The Landlord’s Application was emailed to the Tenants.
7. On December 3, 2024 the Tenants, the Landlord and a witness for the Landlord participated in a teleconference hearing.
8. On December 30, 2024, the Residential Tenancy Office issued Order LD24-439, which ordered the Landlord to pay \$603.58 to the Tenants by January 21, 2025.
9. The Landlord appealed Order LD24-439 on January 17, 2025.
10. The Commission heard the appeal on February 11, 2025, by way of telephone conference. The Landlord, Sandeep Kaur, attended the conference and one of the Tenants, Arshdeep Singh, attended on behalf of the Tenants.
11. The applicable legislation is the *Residential Tenancy Act*, cap. R-13.11 (the “Act”).

## **C. DISPOSITION**

12. The appeal is dismissed and Order LD24-439 is confirmed.

## **D. ISSUES**

13. Is the Landlord entitled to retain the \$600.00 paid by the Tenants?

## **E. SUMMARY OF EVIDENCE**

14. Ms. Kaur testified that there was a verbal rental agreement between the parties secured by the Tenants paying the Landlord \$600.00. Ms. Kaur characterized the \$600.00 payment as not a damage deposit but to make sure that the Tenants would not back out of the agreement. Ms. Kaur noted that rent was to be \$900.00 for the shared room, with each of the Tenants paying half (\$450.00) of that amount. Ms. Kaur stated that upon receipt of the \$600.00 she took down the advertisement for the Rental Unit.

15. Ms. Kaur stated that within a few days of paying the \$600.00 the Tenants wanted to back out on the basis that the room was not clean and that there was another tenant there who was unsuitable. Ms. Kaur then informed the Tenants that the room would be cleaned and later provided pictures to prove that it was cleaned. She also informed the Tenants that the tenant they did not approve of would be moving out before they moved in.

16. Ms. Kaur submitted that the verbal tenancy agreement should be honoured and that the Landlord should be able to keep the \$600.00 payment towards the first month's rent.

17. Mr. Singh testified that there was only a verbal agreement between the Landlord and the Tenants. Mr. Singh stated that upon seeing the Rental Unit a second time that the Tenants decided that the Rental Unit was "not good for us".

## **F. ANALYSIS**

18. The Commission finds that, as there was no written tenancy agreement, the Tenants do not owe any rental arrears to the Landlord and the Landlord must return the \$600.00 to the Tenants. The reasons for this finding follow.

19. Subsection 11(1) of the Act requires a written tenancy agreement. Subsection 11(1) reads:

*11. Tenancy agreement in writing*

*(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.*

20. Section 13 of the Act confirms that the rights and obligations of the parties begin from the date the tenancy agreement is entered into. Section 13 reads:

*13. Start of rights and obligations under tenancy agreement*

*The rights and obligations of a landlord and tenant under a tenancy agreement take effect from the date the tenancy agreement is entered into, whether or not the tenant occupies the rental unit. 2022,c.88,s.13.*

21. The Commission finds that a tenancy agreement must be in writing and the rights and obligations of a tenancy take effect from the date the tenancy agreement is entered into.
22. In the present appeal there was no written tenancy agreement and thus the rights and obligations of the parties did not take effect. Accordingly, the Tenants do not owe the Landlord any rent money and the Landlord must return the \$600.00, together with interest, which the Tenants had paid.
23. While Ms. Kaur emphasised that in her view the \$600.00 was not a security deposit, without a written tenancy agreement, the Tenants had no right to the Rental Unit and no obligation to pay for it.
24. Accordingly, the Landlord must return the sum of \$600.00, plus interest. The interest from September 24, 2024 to December 30, 2024 is \$3.58. The interest from December 31, 2024, to the date of this Commission Order is \$2.17. The total sum the Landlord must return to the Tenants is \$605.75.

## **G. CONCLUSION**

25. The appeal is dismissed. As there was no written tenancy agreement, the rights and obligations of the parties did not take effect and therefore the Landlord must return the sum of \$605.75, representing the initial \$600.00 plus interest, to the Tenants.

## **IT IS ORDERED THAT**

1. **The Appeal is dismissed.**
2. **Order LD24-439 is confirmed, subject to an updating of the interest owed.**
3. **The Landlord must pay the Tenants \$605.75 by March 7, 2025.**

**DATED** at Charlottetown, Prince Edward Island, 21<sup>st</sup> day of February, 2025.

## **BY THE COMMISSION:**

(sgd. M. Douglas Clow)

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M. Douglas Clow

(sgd. Murray MacPherson)

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Murray MacPherson

## NOTICE

Subsections 89 (9), (10) and (11) of the *Residential Tenancy Act* provides as follows:

89. (9) A landlord or tenant may, within 15 days of the decision of the Commission, appeal to the Court of Appeal in accordance with the *Island Regulatory and Appeals Commission Act* R.S.P.E.I. 1988, Cap. I-11, on a question of law only.

(10) Where the Commission has confirmed, reversed or varied an order of the Director, the landlord or tenant may file the order with the Supreme Court.

(11) Where an order is filed under subsection (10), it may be enforced as if it were an order of the Supreme Court.