PRINCE EDWARD ISLAND
Regulatory & Appeals Commission
Commission de réglementation et d'appels
ÎLE-DU-PRINCE-ÉDOUARD

Date Issued: **November 28, 2025**
Dockets: **LR25039**
Type: **Rental Appeal**

INDEXED AS: Xiaoye (Ashley) Cao v. Mahendranath Parthiphan
2025 PEIRAC 61 (CanLII)
Order No: LR25-55

BETWEEN:

Xiaoye (Ashley) Cao (the "Landlord")

Appellant

AND:

Mahendranath Parthiphan (the "Tenant")

Respondent

ORDER

Panel Members:

Gordon MacFarlane, Commissioner
Kerri Carpenter, Vice Chair

Compared and Certified a True Copy

(Sgd.) Michelle Walsh-Doucette

Commission Clerk
Island Regulatory and Appeals Commission

A. INTRODUCTION

1. This appeal was heard by the Commission on September 12, 2025, and asks the Commission to determine whether the Residential Tenancy Office (the "Rental Office") erred in finding that the Landlord must return to the Tenant the remaining balance of the security deposit, including interest, in the amount of $922.93.

B. BACKGROUND

2. This appeal concerns a rental unit located at 80 Massey Drive, Charlottetown, PEI (the "Rental Unit"). The Rental Unit is a two-bedroom, one-bathroom ground-level rental unit, owned by the Landlord.

3. On March 26, 2024 the Tenant paid the Landlord a $1,580.00 security deposit.

4. On April 1, 2024 the parties signed a written, fixed-term tenancy agreement until March 31, 2025. Rent in the amount of $1,580.00 was due on the first day of the month.

5. On April 5, 2024 the Tenant paid the Landlord a $300.00 "key deposit."

6. On May 8, 2024 the Tenant moved into the Rental Unit.

7. On March 31, 2025 the Tenant vacated the Rental Unit and the tenancy ended.

8. On April 2, 2025 the Landlord returned $1,000.00 to the Tenant that included the "key deposit" ($300.00) and $700.00 from the security deposit.

9. On April 15, 2025 the Landlord filed a *Form 2(B) Landlord Application to Determine Dispute* ("Application") with the Rental Office seeking to keep the remaining balance of the Tenant's security deposit, including interest.

10. On April 17, 2025 the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* with the Rental Office seeking the return of the security deposit. The Tenant amended the application on April 28, 2025.

11. On May 8, 2025 the Rental Office emailed the parties notice of a teleconference hearing scheduled for June 5, 2025.

12. On May 28, 2025 the Rental Office emailed the parties a 97-page PDF evidence package.

13. On June 5, 2025 the Landlord and the Tenant joined the teleconference hearing before the Rental Office for determination of the Application. The hearing was adjourned because the Landlord did not have a translator and was unable to fully participate in the hearing. The Rental Office emailed the parties a rescheduled notice of hearing, scheduled for June 20, 2025.

14. On June 20, 2025 the Landlord, the Landlord's translator, a translator hired by the Rental Office and the Tenant joined the hearing before the Rental Office for determination of the Application.

15. On July 7, 2025, the Rental Office issued Order LD25-244, which ordered that the Landlord must return to the Tenant the remaining balance of the security deposit, including interest, in the amount of $922. 93.

16. The Landlord appealed Order LD25-244 on July 28, 2025. The Tenant cross appealed Order LD25-244 on July 28, 2025.

17. The Commission heard the appeal on September 12, 2025, by way of telephone conference. The Landlord, Xiaoye (Ashley) Cao attended the hearing with Hongmin "Jack" Ren (Ren) who provided translation assistance. The Tenant, Mahendranath Parthiphan, attended the hearing.

18. The applicable legislation is the *Residential Tenancy Act*, cap. R-13.11 (the "*Act*").

C. DISPOSITION

19. The appeal is allowed in part with the return of security deposit reduced to allow for cleaning acknowledged by the Tenant. The cross-appeal is dismissed.

D. ISSUES

20. Can the Landlord keep all of the security deposit for alleged damage and cleaning?

E. SUMMARY OF EVIDENCE

21. At the hearing, the Landlord presented a PowerPoint presentation (the Presentation) that was late filed and only received the day of the hearing. Ren, on behalf of the Landlord, used an automated speech feature which read the Presentation into the hearing record.

22. The Presentation is similar to the Landlord's written submissions which were previously filed as Exhibit A-1. The primary difference between the Presentation and Exhibit A-1 is that the Presentation inserts various photographs, which were already in the file record, adjacent to the text. Both the Presentation and Exhibit A-1 reference mold issues and mold damage. The Presentation and Exhibit A-1 also both submit that improper use of the Rental Unit by the Tenant was the cause of the mold damage. The Presentation and Exhibit A-1 also both provide information concerning restoration costs for the Rental Unit and submit that full retention of the security deposit would only cover 45% of that cost.

23. At the end of the Presentation, Ren advised that that was the Landlord's evidence concerning the appeal.

24. In response to questions from the Commission, the Landlord, through Ren as translator, advised that there was a working ventilation fan in both the kitchen and the bathroom. In response to a further question from the Commission as to whether pre-tenancy and post-tenancy inspections were done, the Landlord stated that on the day the Tenant moved in he took pictures and on the day the Tenant moved out both the Tenant and the Landlord took pictures. The Landlord stated that these pictures are in the evidence before the Commission. When the Landlord was asked about the date the picture on page 62 (Exhibit E-16) was taken, the Landlord stated that she did not know the date but that it was before the Tenant "entered" the Rental Unit.

25. The Tenant stated that the lamp and sofa shown in some of the pictures were not in the Rental Unit when he moved in, suggesting that the pictures actually pre-date him moving in to the Rental Unit. The Tenant stated that he had complained of water leakage in the kitchen area during the tenancy. The Tenant testified that there was no pre-tenancy inspection. There were issues with the refrigerator which took almost a month to address.

26. When questioned about his acknowledgement on page 38 (Exhibit E-13) that the cost of cleaning could be deducted from the security deposit, the Tenant replied that he expected perhaps $200 or $300 and not $880.

F. ANALYSIS

27. Section 18 of the *Act* requires an inspection of a rental unit at the start of the tenancy. This inspection is to involve both the landlord and the tenant or their agents. Provision is made for an inspection without the tenant provided the landlord has given the tenant at least two reasonable opportunities for the inspection. The Landlord is required to complete a written condition inspection report in the approved form which is to be signed and a copy of this report given to the tenant.

28. Section 38 of the *Act* largely mirrors section 18. Section 38 pertains to the end of the tenancy and likewise requires the landlord to complete a condition inspection report in the approved form. This report must be signed and a copy given to the Tenant.

29. On the Rental Office website, a "**Form 5 Landlord Condition Inspection Report (Mandatory)"** is available. This report must be completed at the beginning (section 18) and again at the end (section 38) of the tenancy.

30. The Commission finds that the Landlord did not provide a section 18 report and did not provide a section 38 report.

31. Section 40 of the *Act* governs the return of security deposits. Clause 40(1)(a) allows a landlord to make an application under section 75 claiming against the security deposit. Subsection 40(6) is noteworthy in this appeal as there were no section 18 or 38 reports completed by the Landlord:

> *Presumption*
>
> *(6) Where an application to the Director has been made in accordance with clause 1(b), the Director may draw an adverse inference against the landlord or tenant for failing to comply with section 18 or 38. 2022, c.88,s.40; 2025,c.11,s.23(3)*

32. Subsection 89(8) sets out that an appeal is to be by way of a re-hearing, the Commission may accept evidence in its discretion as it considers fit and make any decision or order that the Director is authorized to make under the *Act*.

33. In the present appeal the Landlord was obligated to complete a signed inspect report in the proper form at both the beginning and end of the tenancy and provide these reports to the Tenant. The Landlord failed to do this. The Landlord seeks to retain $880.00 plus the

interest on the full security deposit as partial compensation for cleaning and repair of mold. There are pictures on file showing mold and pictures on file showing no mold. The evidence suggests that the pictures taken by the Landlord which show no mold were taken at an unknown time before the Tenant moved in. The Commission finds that in the absence of the required reports and the absence of other compelling evidence to establish condition as the precise beginning and precise end of the tenancy, such as date stamped photographs, the Landlord has not proven her claim for cleaning and restoration of the mold. Accordingly, the Commission rejects the Landlord's full claim against the security deposit balance of $880.00 plus interest.

34. The Tenant in Exhibit E-13 did acknowledge some responsibility with respect to cleaning and indicated at the hearing he thought maybe $200 or $300 would be reasonable. Based on this evidence, the Commission will award the Landlord the sum of $200.00 for cleaning of the mold. The remainder of the remaining security deposit together with interest, shall be paid by the Landlord to the Tenant.

35. Interest is hereby calculated as follows:

Item	Amount
Security Deposit Balance ($1580.00 original security deposit minus $700.00 returned April 2, 2025)	$880.00
Interest on original security deposit of $1,580.00 (MAR-26-24 - APR-1-25)	$37.14
Interest on $880.00 (APR-2-25 – NOV-28-25)	$14.47
Sub-total	$931.61
Minus $200.00 which may be retained by the Landlord	$200.00
Total security deposit with interest to be returned to the Tenant	$731.61

36. With respect to the Tenant's cross-appeal, it was based on asking the Commission to maintain the award set out in Order LD25-244. A cross-appeal merely seeking the continuance of the Rental Office order is not required. Given the determination of the security deposit with interest to be returned to the Tenant as set out above, the Tenant's cross-appeal is dismissed.

37. Lastly, in Order LD25-244 the Rental Office stated that fees such as key deposits are not permitted under the *Act*. While the Landlord did return the key deposit, for future reference the Commission agrees with the Rental Office that key deposit fees are not permitted for residential rental properties in Prince Edward Island.

G. CONCLUSION

38. The Landlord's appeal is allowed in part, awarding her $200.00 for cleaning. The Tenant's cross-appeal is dismissed. The Landlord must return the remainder of the security

deposit, together with interest, which totals $731.61 within 15 days of the date of this Order.

IT IS ORDERED THAT

1. **The appeal is allowed in part and the cross-appeal is dismissed.**

2. **Order LD25-244 is varied to allow the Landlord to retain the sum of $200.00 from the remaining security deposit funds.**

3. **The Landlord must pay the Tenant the remainder of the security deposit, together with interest as calculated in the Order, which totals $731.61. Payment shall be made within 15 days of this Order.**

DATED at Charlottetown, Prince Edward Island, 28th day of November, 2025.

BY THE COMMISSION:

[sgd. Gordon MacFarlane]
Gordon MacFarlane, Commissioner

[sgd. Kerri Carpenter]
Kerri Carpenter, Vice Chair

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.