

Residential Tenancies Tribunal

Application 2024-0773-NL

Pamela Pennell
Adjudicator

Introduction

1. Hearing was called at 9:02 a.m. on 20-November-2024.
2. The applicant, [REDACTED], hereinafter referred to as "the tenant" attended by teleconference.
3. The respondent, [REDACTED], hereinafter referred to as "the landlord" attended by teleconference. [REDACTED], representative for the respondent attended the teleconference.

Preliminary Matters

4. The tenant testified that he had served the landlord with the notice of hearing via registered mail ([REDACTED]) on 4-September-2024 and he submitted a copy of the *Canada Post* receipt to support the claim (TT#1). The landlord confirmed receipt of the document. In accordance with the *Residential Tenancies Act, 2018*, this is good service.
5. There was a verbal month-to-month rental agreement that commenced on 1-August-2020. The tenant vacated the unit on 1-July-2024. Rent was \$1600.00 per month, due on the first day of each month. A security deposit of \$800.00 was paid on 10-August-2020 and \$400.00 was refunded to the tenant on 10-July and the remaining \$400.00 is in the landlord's possession.
6. The tenant amended the application to decrease the amount sought for *return of security deposit* from \$800.00 as per the application to \$400.00 plus interest.

Issues before the Tribunal

7. The tenant is seeking:
 - Refund of security deposit \$400.00 plus interest

Legislation and Policy

8. The jurisdiction of the Director of Residential Tenancies is outlined in Sections 46 and 47 of the *Residential Tenancies Act, 2018*. Also, relevant and considered in this decision is the following section of the *Residential Tenancies Act, 2018*: Section 14: Security Deposit.

Issue # 1: Refund of Security Deposit \$400.00 plus interest.

Tenants Position

9. The tenant testified that the landlord refunded \$400.00 of the security deposit to him on 10-July after he vacated the unit and kept the remaining \$400.00 without his consent. The tenant is seeking to have the remainder of the security deposit refunded in the amount of \$400.00 plus applicable interest.

Landlord's Position

10. The landlord did not dispute that he withheld \$400.00 of the security deposit plus interest and stated that he retained this amount to cover the costs of damages to the unit and late fees for outstanding rent. The landlord's representative wished to discuss the damages to the unit, however an application was never received from the landlord for compensation for damages and as such, those issues were not discussed during this hearing.

Analysis

11. Section 14 of the *Residential Tenancies Act, 2018* states:

Security deposit

14. (8) *A security deposit is not an asset of the landlord but is held by the landlord in trust and may be used, retained or disbursed only as provided in this section.*
 - (9) *Not later than 10 days after the tenant vacates the residential premises, the landlord shall return the security deposit to the tenant unless the landlord has a claim for all or part of the security deposit.*
 - (10) *Where a landlord believes he or she has a claim for all or part of the security deposit,*
 - (a) *the landlord and tenant may enter into a written agreement on the disposition of the security deposit; or*
 - (b) *the landlord or the tenant may apply to the director under section 42 to determine the disposition of the security deposit.*
 - (11) *Where a tenant makes an application under paragraph (10)(b), the landlord has 10 days from the date the landlord is served with a copy of the tenant's application to make an application to the director under paragraph (10)(b).*
12. The landlord did not refund the full amount of the security deposit to the tenant within the 10-day timeframe as outlined in Section 14 above. I accept that the tenant paid the security deposit in the amount of \$800.00 and \$400.00 was refunded to the tenant on 10-July-2024. As the security deposit is not an asset of the landlord, and as the landlord failed to counter the tenant's application to seek compensation for damages or late fees, I find that the landlord shall refund the security deposit in full to the tenant.
 13. Pursuant to the *Residential Tenancies Act, 2018* the landlord must pay interest on a security deposit to a tenant(s) for the entire period that the landlord has had the security deposit. The interest is calculated as simple interest and is not compounded. The annual interest for 2020-2023 was 0% and is currently 1% for 2024. Interest on \$800.00 shall be

calculated up to 10-July-2024 and interest on \$400.00 shall be calculated from the period of 11-July up to the hearing date.

Decision

14. The tenant's claim for *refund of security deposit plus interest* succeeds.
15. The landlord shall refund the remainder of the security deposit plus applicable interest to the tenant in the amount of \$405.67.

December 3, 2024

Date



Pamela Pennell, Adjudicator
Residential Tenancies Office