



# Dispute Resolution Services

Residential Tenancy Branch  
Office of Housing and Construction Standards  
Ministry of Housing and Social Development

## Decision

Dispute Codes: MNSD FF

## Introduction

This hearing dealt with an application by the landlord for an order to retain the security deposit as compensation for a monetary claim. An agent for the landlord and the tenant attended the teleconference hearing.

## Issue(s) to be Decided

Is the landlord entitled to retain the security deposit as compensation for a monetary claim?

## Background and Evidence

The tenancy began on August 1, 2008 as a fixed term tenancy to end on July 3, 2009. At the outset of the tenancy the landlord received from the tenant a security deposit of \$600, which was later reduced to \$500, and the landlord refunded \$100 to the tenant. The tenancy agreement contains a liquidated damages clause that requires the tenant to pay a fee of \$1200 if the tenant ends the fixed term tenancy before the end of the original term. The tenant ended the tenancy and vacated the rental unit on April 30, 2009.

The evidence of the landlord was as follows. The landlord reduced their liquidated damages claim to \$586.85, representing the actual costs of re-renting. This amount represents \$525 plus \$26.25 that the landlord charged to the owners of the property for a management fee, and \$35.60 for credit reports on the new tenants. The landlord submitted that the liquidated damages clause represents a genuine pre-estimate of the cost of re-renting, as the owners must pay the management fee that encompasses the

various costs for the landlord's staff to re-rent. The tenant was well aware of the consequences of breaking the lease, as the tenant and the landlord had previously discussed the financial consequences of breaking the lease.

The tenant's response was that she was unsure why she would have to pay the management fee that the owners would have to pay, given that if she had stayed until the end of her lease and then vacated, the owners still would have had to pay the management fee for the landlord to re-rent.

### Analysis

I find that the landlord is entitled to their reduced claim representing the actual costs of re-renting the unit. The tenant knowingly entered into the lease with the liquidated damages clause and was well aware of the consequences of breaking the lease when she did so. The landlord has acted reasonably in reducing their claim to the actual costs to re-rent.

### Conclusion

The landlord only applied for an order to retain the security deposit as full compensation for their claim and recovery of the \$50 filing fee for the cost of their application. As the landlord did not apply for further monetary compensation beyond the amount of the security deposit and the filing fee, I accordingly order that the landlord retain the security deposit and interest of \$503.14 in full compensation of their claim, and I grant the landlord a monetary order for the amount of \$50. This order may be filed in the Small Claims Court and enforced as an order of that Court.