Dispute Resolution Services

Residential Tenancy Branch Ministry of Housing

DECISION

Dispute Codes MNRL-S, MNDL-S, MNDCL-S, FFL; MNSDB-DR, FFT

Introduction

This hearing dealt with the landlord's application, filed on February 14, 2023, pursuant to the *Residential Tenancy Act* (*"Act"*) for:

- a monetary order of \$4,300.00 for unpaid rent, for damage to the rental unit, and for compensation for damage or loss under the *Act, Residential Tenancy Regulation* (*"Regulation"*) or tenancy agreement, pursuant to section 67;
- authorization to retain the tenants' security deposit of \$1,750.00 and pet damage deposit of \$1,750.00 (collectively "deposits"), pursuant to section 38; and
- authorization to recover the \$100.00 filing fee paid for his application, pursuant to section 72.

This hearing also dealt with the tenants' application, filed on June 16, 2022, pursuant to the *Act* for:

- authorization to obtain a return of the tenants' deposits of \$5,250.00, pursuant to section 38; and
- authorization to recover the \$100.00 filing fee paid for their application, pursuant to section 72.

"Tenant PM" did not attend this hearing. The landlord and tenant BJ ("tenant") attended the hearing and were each given a full opportunity to be heard, to present affirmed testimony, to make submissions and to call witnesses.

This hearing lasted approximately 52 minutes from 1:30 p.m. to 2:22 p.m.

Both parties confirmed their names and spelling. Both parties provided their email addresses for me to send this decision to them after the hearing.

The landlord stated that he owns the rental unit. He provided the rental unit address.

The tenant affirmed that she had permission to represent tenant PM at this hearing (collectively "tenants").

Rule 6.11 of the Residential Tenancy Branch ("RTB") *Rules of Procedure ("Rules")* does not permit recordings of any RTB hearings by any participants. At the outset of this hearing, both parties separately affirmed, under oath, that they would not record this hearing.

At the outset of this hearing, I explained the hearing and settlement processes, and the potential outcomes and consequences, to both parties. I informed both parties that I could not provide legal advice to them or act as their agent or advocate. Both parties had an opportunity to ask questions, which I answered. Neither party made any adjournment or accommodation requests.

Both parties confirmed that they were ready to proceed with this hearing, they wanted me to make a decision, and they did not want to settle both applications. Both parties were offered multiple opportunities to settle, discussed settlement during this hearing, and declined to settle.

I repeatedly cautioned the tenant that if dismissed the tenants' application, they would receive \$0. I repeatedly cautioned her that if I granted the landlord's full application, the tenants would be required to pay the landlord \$4,400.00, including the deposits of \$3,500.00 and the \$100.00 filing fee. The tenant repeatedly affirmed that the tenants were prepared for the above consequences if that was my decision.

I repeatedly cautioned the landlord that if I dismissed his application, he would receive \$0. I repeatedly cautioned him that if I granted the tenants' full application, the landlord could be required to pay the tenants \$5,350.00, including the \$100.00 application filing fee, and up to double the amount of the deposits. The landlord repeatedly affirmed that he was prepared for the above consequences if that was my decision.

Preliminary Issue - Service of Landlord's Application

The tenant confirmed receipt of landlord's application for dispute resolution hearing package. She said that she received it two weeks prior to this hearing. She stated that she had a chance to review it and would respond to it at this hearing. In accordance

with section 89 of the *Act*, I find that both tenants were duly served with landlord's application.

The tenant stated that she attended a previous RTB hearing with the landlord on February 2, 2023. She said that the landlord filed an application against the tenants and did not serve them. She claimed that the landlord's application was dismissed, and he reapplied.

Neither party provided a copy of the previous RTB decision or the file number during this hearing. I located it in the RTB online dispute access site. The file number for that hearing appears on the cover page of this decision. The previous RTB hearing, which occurred on February 2, 2023, was based on the landlord's application for the same claims in his application at this hearing. The previous RTB decision, dated February 2, 2023, which was issued by a different Arbitrator, states that the landlord's application, which was filed on May 20, 2022, was dismissed with leave to reapply, except for the filing fee, because the tenant claimed that she did not receive the landlord's application or evidence and the Arbitrator found that the landlord did not properly serve the tenant.

Preliminary Issue - Service of Tenants' Application

The tenants' application was originally scheduled as a direct request proceeding, which is a non-participatory hearing. The direct request proceeding is based on the tenants' paper application only, not any submissions or participation from the landlord.

An "interim decision," dated July 29, 2022, was issued by an Adjudicator to the tenants, for the direct request proceeding. The interim decision adjourned the tenants' application from the direct request proceeding to this participatory hearing. A notice of reconvened hearing, dated July 29, 2022, was also issued by the RTB to the tenants.

The interim decision states the following at page 2, as to why the application was adjourned to this participatory hearing:

In an ex parte Direct Request Proceeding, the onus is on the tenant to ensure that all submitted evidentiary material is in accordance with the prescribed criteria and that such evidentiary material does not lend itself to ambiguity or give rise to issues that may need further clarification beyond the purview of a Direct Request Proceeding. If the tenant cannot establish that all documents meet the standard necessary to proceed via the Direct Request Proceeding, the application may be found to have deficiencies that necessitate a participatory hearing, or, in the alternative, the application may be dismissed.

On the Tenant's Direct Request Worksheet, the tenant has indicated the tenancy ended on May 15, 2022. However, the Condition Inspection Report states that the tenant did not move out until May 21, 2022.

I find I am not able to confirm when the tenancy ended, which is a requirement of the Direct Request process, and that a participatory hearing is necessary to address this issue.

The tenants were required to serve the landlord with a copy of the interim decision, the notice of reconvened hearing, and all other required documents, within three days of receiving it, as outlined in the interim decision itself.

The landlord confirmed receipt of the above documents from the tenants. In accordance with section 89 of the *Act*, I find that the landlord was duly served with the above documents.

The landlord confirmed receipt of the tenants' original application for dispute resolution by direct request. In accordance with section 89 of the *Act*, I find that the landlord was duly served with the tenants' original application for dispute resolution by direct request.

Issues to be Decided

Is the landlord entitled to a monetary order for unpaid rent, damages, and other losses?

Is the landlord entitled to retain the tenants' deposits?

Are the tenants entitled to a return of their deposits?

Is either party entitled to recover the filing fee for their application?

Background and Evidence

While I have turned my mind to the documentary evidence and the testimony of both parties at this hearing, not all details of the respective submissions and arguments are reproduced here. The relevant and important aspects of both parties' claims and my findings are set out below.

Both parties agreed to the following facts. This tenancy began on June 15, 2020, the tenants moved out on May 15, 2022, and the move-out condition inspection and report were completed on May 20, 2022. Both parties signed a written tenancy agreement. Monthly rent in the amount of \$3,700.00 was payable on the first day of each month. The tenants paid a security deposit of \$1,750.00 and a pet damage deposit of \$1,750.00, and the landlord continues to retain both deposits in full. Move-in and move-out condition inspection reports were completed for this tenancy. The landlord did not have written permission to retain any amount from the tenants' deposits. The landlord received a written forwarding address from the tenants on May 16, 2022, by way of email.

The landlord confirmed that he seeks a monetary order of \$4,300.00, to retain the tenants' deposits totalling \$3,500.00 against the above amount, and to recover the \$100.00 application filing fee.

The tenant confirmed that the tenants seek a return of their deposits totalling \$3,500.00, half a month's rent of \$1,750.00, plus the \$100.00 application filing fee.

The landlord testified regarding the following facts about his application. He is seeking last month's rent which was not paid by the tenants. He is seeking half a month's rent of \$1,750.00 for May 2022 because the tenants moved out on May 15, 2022, and they did not pay any rent. He is unsure whether the tenants paid full rent for April 2022, as he thinks half a month of \$1,750.00 may still be unpaid. Tenant PM, who is the tenant's boyfriend, told the landlord that the tenants' deposits of \$3,500.00 would go towards the rent owed. The landlord is seeking additional compensation for damages and has submitted receipts for them. He "downplayed" the damages and did not ask for all of the damages from the tenants.

The tenant testified regarding the following facts in response to the landlord's application. The tenants dispute the landlord's entire application. The landlord claimed damages for flooring but said that he was going to renovate and move into the house. The landlord said he was going to sell the house and told the tenants not to worry about the carpets. The tenants had the carpets cleaned after they moved in and one month before they moved out. The landlord told the tenants that they could paint a feature wall. The landlord is now asking the tenants for \$1,500.00 to repaint the house. The tenants provided 21 photographs of the condition of the rental unit when they moved out. The landlord told the tenants that they for the tenants are

entitled to keep last month's rent and not pay it to the landlord. The tenants kept half a month's rent and want the other half back from the landlord. The landlord threatened the tenant, she was told by the RTB to contact the police, and she did not stay at the rental unit for her own safety, so she had to move out. The landlord re-rented the property to new tenants.

The landlord stated the following facts in response. The landlord did not give any notice to end tenancy, including a 2 Month Notice, to the tenants to move out. The tenant contacted the landlord, saying that she wanted to move out at the end of April or on May 15. She asked the landlord when it was ok to leave. She said that she broke up with her boyfriend, tenant PM, and he was moving out, so she could not afford to live there on her own. The landlord wanted to help the tenant and asked if she had a place to move. The tenant said that she would find a place and offered to leave. The tenants' cat urinated all over the carpets, they had two dogs, and there were stains on the carpets, so it was impossible for the landlord to live there, which he did for a few months after the tenants vacated.

The tenant stated the following in response. The landlord sent text messages to the tenant on October 31, 2021, saying that he and his wife separated, his wife kicked him out, and he needed a place to stay. He said he had to increase the rent. The tenant is a landlord and has her own tenants in another townhouse, but it was being rented out at that time, so she had nowhere to go and paid the rent increase to stay. The tenant was told to move by the landlord, so he could move back into the property, and she gave notice to move out for May 15. The landlord said he was going to move back in and renovate the house.

<u>Analysis</u>

Burden of Proof

Both parties, as the applicants, have the burden of proof, on a balance of probabilities, to prove their applications and monetary claims. The *Act, Regulation*, RTB *Rules*, and Residential Tenancy Policy Guidelines requires both parties to provide evidence of their claims, in order to obtain monetary orders. I informed both parties about the above information during this hearing, and they affirmed their understanding of same. Both parties received application packages from the RTB, including instructions regarding the hearing process, when they filed their applications. Both parties received four-page documents entitled "Notice of Dispute Resolution Proceeding" ("NODRP") from the RTB, when they filed their applications and received the other party's

application. The NODRP contains the phone number and access code to call into this hearing.

The NODRP states the following at the top of page 2, in part (emphasis in original):

The applicant is required to give the Residential Tenancy Branch proof that this notice and copies of all supporting documents were served to the respondent.

- It is important to have evidence to support your position with regards to the claim(s) listed on this application. For more information see the Residential Tenancy Branch website on submitting evidence at www.gov.bc.ca/landlordtenant/submit.
- Residential Tenancy Branch Rules of Procedure apply to the dispute resolution proceeding. View the Rules of Procedure at <u>www.gov.bc.ca/landlordtenant/rules</u>.
- Parties (or agents) must participate in the hearing at the date and time assigned.
- The hearing will continue even if one participant or a representative does not attend.
- A final and binding decision will be sent to each party no later than 30 days after the hearing has concluded.

The NODRP indicates that a legal, binding decision will be made and links to the RTB website and the *Rules* are provided in the same document. I informed both parties that I had 30 days to issue a decision after this hearing. Both parties affirmed their understanding of same.

Both parties received detailed application packages from the RTB, including the NODRP documents, with information about the hearing process, notices to provide evidence to support their applications, and links to the RTB website. It is up to both parties to be aware of the *Act, Regulation*, RTB *Rules*, and Residential Tenancy Policy Guidelines. It is up to both parties, as the applicants, to provide sufficient evidence of their claims, since they chose to file their applications on their own accord.

Legislation, Policy Guidelines, and Rules

The following RTB *Rules* are applicable and state the following, in part:

7.4 Evidence must be presented

Evidence must be presented by the party who submitted it, or by the party's agent...

7.17 Presentation of evidence

. . .

Each party will be given an opportunity to present evidence related to the claim. The arbitrator has the authority to determine the relevance, necessity and appropriateness of evidence...

7.18 Order of presentation

The applicant will present their case and evidence first unless the arbitrator decides otherwise, or when the respondent bears the onus of proof...

Pursuant to section 67 of the *Act*, when parties make claims for damage or loss, the burden of proof lies with the applicants to establish their claims. To prove a loss, the applicants must satisfy the following four elements on a balance of probabilities:

- 1) Proof that the damage or loss exists;
- 2) Proof that the damage or loss occurred due to the actions or neglect of the respondents in violation of the *Act*, *Regulation* or tenancy agreement;
- 3) Proof of the actual amount required to compensate for the claimed loss or to repair the damage; and
- 4) Proof that the applicants followed section 7(2) of the *Act* by taking steps to mitigate or minimize the loss or damage being claimed.

Residential Tenancy Policy Guideline 16 states the following, in part (my emphasis added):

C. COMPENSATION

The purpose of compensation is to put the person who suffered the damage or loss in the same position as if the damage or loss had not occurred. <u>It is up to</u> <u>the party who is claiming compensation to provide evidence to establish</u> <u>that compensation is due.</u> In order to determine whether compensation is due, the arbitrator may determine whether:

- a party to the tenancy agreement has failed to comply with the Act, regulation or tenancy agreement;
- loss or damage has resulted from this non-compliance;
- <u>the party who suffered the damage or loss can prove the amount of or</u> <u>value of the damage or loss; and</u>

• the party who suffered the damage or loss has acted reasonably to minimize that damage or loss.

D. AMOUNT OF COMPENSATION

In order to determine the amount of compensation that is due, the arbitrator may consider the value of the damage or loss that resulted from a party's noncompliance with the Act, regulation or tenancy agreement or (if applicable) the amount of money the Act says the non-compliant party has to pay. The amount arrived at must be for compensation only, and must not include any punitive element. <u>A party seeking compensation should present compelling</u> <u>evidence of the value of the damage or loss in question. For example, if a</u> <u>landlord is claiming for carpet cleaning, a receipt from the carpet cleaning</u> <u>company should be provided in evidence.</u>

Landlord's Application

On a balance of probabilities and for the reasons stated below, I award the landlord \$1,750.00 for May 2022 rent. I order the landlord to retain the tenants' entire security deposit of \$1,750.00, in full satisfaction of this monetary award.

The landlord stated that the tenants did not pay any rent to the landlord for May 2022. The tenant agreed. The landlord said that he was only seeking half a month's rent of \$1,750.00 for May 2022, because the tenants moved out on May 15, 2022. The tenant agreed that the tenants occupied the rental unit until May 15, 2022, and the move-out condition inspection and report were completed on May 20, 2022.

Pursuant to section 26 of the *Act*, the tenants are required to pay rent to the landlord, regardless of whether the landlord complies with the *Act* or tenancy agreement, unless the tenants have an order to deduct rent from an RTB Arbitrator or the tenants have paid for emergency repairs in accordance with section 33 of the *Act*. I find that neither of the above exceptions apply. The tenants agreed that they occupied the rental unit during the above time. Therefore, I find that the tenants are required to pay rent to the landlord and the landlord is entitled to rent of \$1,750.00 for May 2022.

The landlord did not provide any amount during this hearing, for unpaid rent for April 2022. He said that he would check during this hearing, because he was unsure if the tenants paid the rent. He did not provide me with an answer by the end of this hearing. The tenant testified that the tenants paid full rent to the landlord for April 2022. Therefore, I find that the landlord is not entitled to any unpaid rent for April 2022 from the tenants. This claim is dismissed without leave to reapply.

Both parties agreed that the tenants did not receive a Two Month Notice to End Tenancy for Landlord's Use of Property ("2 Month Notice") in the approved RTB form, from the landlord.

Sections 49, 50, 51, and 52 of the Act, state in part (my emphasis added):

49 (2) Subject to section 51 [tenant's compensation: section 49 notice], a <u>landlord may end a tenancy</u>
(a) for a purpose referred to in subsection (3), (4), (5) or (6) <u>by giving</u> <u>notice to end the tenancy</u> effective on a date that must be

(i) not earlier than <u>2 months</u> after the date the tenant receives the notice,
...

(7) A notice under this section must comply with section 52 [form and content of notice to end tenancy].

50 (1) If a landlord gives a tenant notice to end a periodic tenancy under section 49 [landlord's use of property] or 49.1 [landlord's notice: tenant ceases to qualify] or the tenant receives a director's order ending a periodic tenancy under section 49.2 [director's orders: renovations or repairs], the tenant may end the tenancy early by

(a) giving the landlord at least 10 days' written notice to end the tenancy on a date that is earlier than the effective date of the landlord's notice or director's order, and

(b) paying the landlord, on the date the tenant's notice is given, the proportion of the rent due to the effective date of the tenant's notice, unless subsection (2) applies.

(2) If the tenant paid rent before giving a notice under subsection (1), on receiving the tenant's notice, the landlord must refund any rent paid for a period after the effective date of the tenant's notice...

(1) A tenant who receives a notice to end a tenancy under section 49 [landlord's use of property] is entitled to receive from the landlord on or before the effective date of the landlord's notice an amount that is the equivalent of one month's rent payable under the tenancy agreement.
(1.1) A tenant referred to in subsection (1) may withhold the amount authorized from the last month's rent and, for the purposes of section 50 (2), that amount is deemed to have been paid to the landlord.

(1.2) If a tenant referred to in subsection (1) paid rent before giving a notice under section 50, the landlord must refund the amount paid...

52 <u>In order to be effective, a notice to end a tenancy must be in writing</u> <u>and must</u> (e) when given by a landlord, be in the approved form.

Both parties provided undisputed, affirmed testimony at this hearing, that the tenants did not receive a 2 Month Notice in the approved RTB form from the landlord. Accordingly, the tenants were not entitled to deduct any rent owed to the landlord, including 1 month free rent compensation, related to a 2 Month Notice and section 51 of the *Act*. I informed both parties of this information verbally during this hearing.

On a balance of probabilities and for the reasons stated below, I dismiss the remainder of the landlord's application for \$2,550.00 for damages, without leave to reapply. This includes the landlord's application to retain the tenants' pet damage deposit of \$1,750.00.

I find that the landlord did not sufficiently explain or present his evidence regarding damages, as required by Rule 7.4 of the RTB *Rules*, despite having multiple opportunities to do so, during this hearing, as per Rules 7.17 and 7.18 of the RTB *Rules*.

This hearing lasted 52 minutes so the landlord had ample opportunity to present his application and evidence and respond to the tenant's claims. During this hearing, I repeatedly asked the landlord if he had any other evidence to present and provided him with multiple opportunities for same.

The landlord did not explain his damages claims in sufficient detail during this hearing. The landlord did not review or explain his documents in sufficient detail during this hearing. The landlord did not point me to specific pages, provisions, or details in his documents submitted. The landlord did not provide any specific amounts for the damages that he says he suffered, during this hearing. I find that the landlord failed the above four-part test, as per section 67 of the *Act* and Residential Tenancy Policy Guideline 16.

I find that the landlord failed to prove damages beyond reasonable wear and tear, caused by the tenants, as required by Residential Tenancy Policy Guideline 1. The landlord indicated that there were damages but did not indicate what these were, how the tenants were responsible, whether any damages were repaired or replaced by the landlord, the costs of same and if or when they were paid, or other such specific information.

The landlord did not review or explain any move-in or move-out condition inspection reports for this tenancy. Therefore, I cannot determine if any damages or losses were caused by the tenants during their tenancy or whether these damages were pre-existing when they moved into the rental unit.

The landlord did not reference any quotations, estimates, invoices, or receipts, to show if or when he had any damages or losses repaired, when the work was completed, who completed it, how many people completed it, what the rate per hour or per worker was, what tasks were completed, how long it took to complete, when the work was paid for, how it was paid, or who paid it. The landlord did not provide any testimony about the above information during this hearing. He simple stated that he provided receipts but did not review them at all, during this hearing.

As the landlord was only partially successful in his application, I find that he is not entitled to recover the \$100.00 filing fee from the tenants.

Tenants' Application

Rent Compensation

The tenant confirmed that the tenants applied for the return of \$1,750.00 in rent from the landlord, because they were entitled to 1 month free rent compensation, pursuant to a 2 Month Notice, section 51 of the *Act*, and because the landlord ended their tenancy.

I initially informed the tenant that I could not make a decision regarding this claim at this hearing. I notified her that the tenants did not apply for the return of rent in their direct request application, they only applied for the return of their deposits and the filing fee. However, the tenant stated that the tenants included the above amount of \$1,750.00 in their application, along with the return of their deposits of \$3,500.00, and the \$100.00 application filing fee. Upon further review after this hearing, I am required to deal with this issue for the reasons stated below.

I amend the tenant's application, pursuant to section 64(3)(c) of the *Act*, to include this rent claim as part of their application, as they included it as part of their monetary amount. I find no prejudice to either party in making this amendment, as both parties

made submissions regarding same at this hearing. Since I have dealt with this issue in the landlord's application for unpaid rent, as noted above, I am required to make a decision regarding the tenants' application for this claim related to the same issue.

As noted above, both parties agreed that the tenants did not receive a 2 Month Notice in the approved RTB form from the landlord. Also noted above, the tenants were not entitled to deduct any rent owed to the landlord, related to a 2 Month Notice and section 51 of the *Act*. As noted above, the tenants were not entitled to 1 month free rent compensation from the landlord.

The tenants' application \$1,750.00 for 1 month free rent compensation, related to the end of this tenancy, a 2 Month Notice, and section 51 of the *Act*, is dismissed without leave to reapply.

<u>Deposits</u>

Section 38 of the *Act* requires the landlord to either return the tenants' deposits or file for dispute resolution for authorization to retain the deposits, within 15 days after the later of the end of a tenancy and the tenants' provision of a forwarding address in writing. If that does not occur, the landlord is required to pay a monetary award, pursuant to section 38(6)(b) of the *Act*, equivalent to double the value of the deposits. However, this provision does not apply if the landlord has obtained the tenant's written authorization to retain all or a portion of the deposits to offset damages or losses arising out of the tenancy (section 38(4)(a)) or an amount that the Director has previously ordered the tenants to pay to the landlord, which remains unpaid at the end of the tenancy (section 38(3)(b)).

I make the following findings on a balance of probabilities, based on the evidence and testimony of both parties. The landlord continues to hold both of the tenants' deposits. The landlord did not have written permission to retain any amount from the tenants' deposits. The tenants provided a written forwarding address, which was received by the landlord on May 16, 2022, by way of email.

The landlord first filed his application to retain the tenants' deposits on May 20, 2022, and it was dismissed with leave to reapply for a service issue. Although the landlord filed this second application on February 14, 2023, I find that his first application was made in a timely manner, within 15 days of the end of tenancy date, whether it was May 15, 2022 or May 20, 2022, and forwarding address date of May 16, 2022.

Therefore, I find that the tenants are not entitled to the return of double the amount of their deposits. While the pet damage deposit can only be used for pet damage, the landlord applied for damages to the carpet and flooring from the tenants' pets, and he also applied for unpaid rent, not just damages in his application.

Over the period of this tenancy, interest is payable on the tenants' deposits, totalling \$3,500.00. No interest is payable for the years from 2019 to 2022. Interest of 1.95% is payable for the year 2023. Interest is payable from January 1 to April 6, 2023, since the date of this hearing and decision are April 6, 2023. This results in \$17.95 interest on \$3,500.00 for 26.29% of the year, based on the RTB online deposit interest calculator.

Although I have ordered the landlord to retain the tenants' full security deposit of \$1,750.00, for unpaid rent, as noted above, I find that there is still interest payable on the security deposit because the landlord still holds it and has not returned it to the tenants.

In accordance with section 38 of the *Act* and Residential Tenancy Policy Guideline 17, I find that the tenants are entitled to the return of the original amount of their pet damage deposit of \$1,750.00, plus interest of \$17.95 for both deposits, totalling \$1,767.95. I issue a monetary order to the tenants against the landlord.

As the tenants were only partially successful in their application, I find that they are not entitled to recover the \$100.00 filing fee from the landlord.

Conclusion

I order the landlord to retain the tenants' entire security deposit of \$1,750.00 in full satisfaction of the monetary award for unpaid rent for May 2022.

The remainder of the landlord's application is dismissed without leave to reapply.

I issue a monetary order in the tenants' favour in the amount of \$1,767.95 against the landlord. The landlord must be served with this Order as soon as possible. Should the landlord fail to comply with this Order, this Order may be filed in the Small Claims Division of the Provincial Court and enforced as an Order of that Court.

The remainder of the tenants' application is dismissed without leave to reapply.

This decision is made on authority delegated to me by the Director of the Residential Tenancy Branch under Section 9.1(1) of the *Residential Tenancy Act*.

Dated: April 06, 2023

Residential Tenancy Branch