

DECISION

Introduction

The Tenants seek the following relief under the *Residential Tenancy Act* (the “Act”):

- a monetary order pursuant to s. 67 for compensation or other money owed;
- an order pursuant to s. 38 for the return of the security deposit and/or the pet damage deposit; and
- return of the filing fee pursuant to s. 72.

The Landlords, in their own application, seek the following relief under the *Act*:

- a monetary order pursuant to ss. 38 and 67 seeking compensation for unpaid rent by claiming against the deposit;
- a monetary order pursuant to ss. 67 and 38 to pay for repairs caused by the tenant during the tenancy by claiming against the deposit;
- a monetary order pursuant to ss. 67 and 38 compensating for loss or other money owed by claiming against the deposit; and
- return of the filing fee pursuant to s. 72.

N.K. attended as the Tenant. T.G. and J.H. attended as the Landlords.

The parties affirmed to tell the truth during the hearing. I reminded the parties of Rule 6.11 of the Rules of Procedure, which prohibits them from recording the hearing themselves, and noted that the hearing was automatically recorded by the Residential Tenancy Branch.

Service of the Application and Evidence

At the hearing on October 22, 2025, the Landlords advised that they served their application and evidence on the Tenants, which the Tenant acknowledged having been received without issue. Accepting this, I find under s. 71(2) of the *Act* that the Tenants were sufficiently served with the Landlords’ application and evidence.

At the same hearing, the Tenant advised having served the Landlords with her application, though mistakenly believed that providing the evidence to the Residential Tenancy Branch would also make it available to the Landlords. The Landlords confirmed receipt of the Tenants’ application, though deny receipt of any evidence.

In my interim decision dated October 23, 2025, I permitted the Tenants to serve their evidence to the Landlords during the adjournment period. At the reconvened hearing on January 22, 2026, the Tenant confirmed having served the Landlords with her evidence, which the Landlords acknowledged having received without issue.

Accepting the parties testimony from October 22, 2025 and January 22, 2026 regarding service of the Tenants' application materials, I find under s. 71(2) of the *Act* that the Landlords were sufficiently served with the Tenants' application and evidence.

Issues to be Decided

- 1) Is either side entitled to monetary compensation due to the breach of the *Act*, Regulations, or tenancy agreement?
- 2) Should the security deposit be returned to the Tenants or retained by the Landlords?
- 3) Is either side entitled to the return of their filing fee?

Evidence and Analysis

I have reviewed all evidence, including the testimony of the parties, but will refer only to what I find relevant for my decision.

Evidence and Submissions

The Landlords advise that the Tenants signed a tenancy agreement with a fixed 1-year term. I have been provided with a copy of the written tenancy agreement, which indicates that the tenancy began on July 12, 2025. Rent of \$2,100.00 was due on the 15th day of each month and that there was a security deposit of \$1,050.00 paid by the Tenants.

The Landlords emphasized that the rental unit was rented to the Tenants on an "as-is" basis, with rent being offered at a lower than market rate considering this. I am told by them that the Tenants viewed the rental unit, found it acceptable, and paid the security deposit and signed the tenancy agreement.

The Landlords and Tenant confirm that the Tenants moved into the rental unit on July 12, 2025 and that they paid \$2,100.00 in monthly rent.

The Tenant says that the rental unit was extremely dirty. She characterized the rental unit as "unliveable". I am told by her that she spent between 6 and 8 hours cleaning the rental unit but ultimately decided that she could not stay in the rental unit. The Tenant says she never slept in the rental unit and that in total she spent 12 hours in the unit.

I am told by the parties that possession of the rental unit was returned to the Landlords on July 15, 2025, three days after the tenancy started.

The Landlords submitted that they filed their application in response to the Tenants. Review of the information on file shows the Tenants filed their application on August 25, 2025. The Landlords filed their application on September 25, 2025.

The Landlords explained that they were contacted by the Tenants shortly after the tenancy started, where they raised issues with the state of the rental unit. Ultimately, the Landlords say they returned \$1,900.00 to the Tenants after they agreed that they could keep the security deposit. The Landlords say that the rental unit is in a strata property and that there is a \$100.00 move-in and move-out fee charged by the strata, which accounted for the \$1,900.00 returned to the Tenants.

I have been given copies of the text message correspondence between the Landlord T.G. and the Tenant R.S..

On July 12, 2025, R.S. says that the kitchen and bathroom are “so messed up”. T.G. replied that the rental unit was rented out “as-is” and that if they were to clean it, they would have charged more rent, but that, ultimately, they agreed to taking it without it first being cleaned which is why rent was cheaper than market rent.

In a response to the Landlord’s messages pertaining to the arrangement to take the rental unit as-is, R.S. sent the following messages on July 12, 2025:

I'm so Sorry [REDACTED] i was just emotional and worried for my wife's pregnancy because when we were cleaning she started throwing up but we understand that the previous tenants have bought you and us in this situation that's fine we have figured it out now... :)

Hello [REDACTED] got vomitings my sister just come she check her its not good, i just booked appt with doctor for tomorrow . I'm just hoping she's alright. I just want to let you know that i will start looking for another place and plan to move out within a month. You can take rent this month we find something suitable. We understand this inconvenient. I'm staying at my freind house nd nav staying at my sister house. You can come any time at appt. We hope you understand our situation. Thank you for your consideration.

I have redacted personal identifying information from the reproduction.

Subsequent correspondence from July 13, 2025 indicates that N.K. was in hospital, with the R.S. saying she got infected from the rug or some “fungus thing or smell”.

In a lengthy message from T.G. sent on July 13, 2025, she stated the following:

Hi [REDACTED] I'm glad [REDACTED] is ok and is feeling better. Sorry i didnt have a chance to respond to you until now. In regards to your message last night. I wanted to say that I understand your situation. But I have made it very clear multiple times the place comes as it is. I have also given the option to clean the place up good, change the curtains and carpet, but with increased the rent. I was very upfront and honest since

the very beginning that this place will need some work for you to clean up after you move in, that i am not going to change anything and make it pretty and all furniture in the place is up to you to decide what to do. This is why the rent is much cheaper than the average market. But you guys were happy with the condition you saw and you both accepted the condition the home came. I had multiple potential tenants wanted this condo, either as is or increase rent with minor renovation. But i choose to rent you guys. You did signed a 1 year lease to rent the home, which means you decided to terminate the lease early. According to BC tenancy law, tenant agreement is a legal contract and terminating the contract early, the tenant will be responsible for the rent until the end of the lease agreement or until the landlord finds a new tenant. Im not going to force this upon you, I understand the situation and you and [REDACTED] are good people and i wish all the best for you two. We will accept this month's rent and i kindly ask you to have the place back to the original and showable for the deposit. But here is something for both you and [REDACTED] need to know for the future that when you sign these contracts with anyone it becomes a legal document and not every landlord is as easy going as me. Please Let me know if you need to book the elevator, and can you meet me this Saturday morning to give back the keys and for deposit. Thank you~

R.S., in a message dated July 13, 2025, proposed a counteroffer on the following terms:

[REDACTED] you doing favor already so if you doing one more favor i'll move my stuff tomorrow morning before 15july can you please give back the rent please [REDACTED], you can take the deposit if you want? [REDACTED] is not doing work i'm the only one who handles the bills nd leaving of cost.

In a message dated July 13, 2025, T.G., provided a counteroffer to R.G.'s counteroffer, stating the following:

[REDACTED] have emailed you the contract. I will keep the strata elevator \$100, 3 days of rent \$200 and the deposit. Will return \$1900 upon returning the key. Please note that I'm doing this out of good well. Everything i needed to say i said in the previous message. I would like to pick up the keys tomorrow night At 7pm would that work for you? Thanks.

On July 13, 2025, R.S. responded telling T.G. that her counteroffer would work.

At the hearing, the Tenant confirmed that they were initially agreeable to the Landlords retaining the security deposit after returning \$1,900.00, though they later decided to file for the return of the security deposit. The Tenant attributes the condition of the rental unit to health issues, namely a rash and a liver infection. The Tenants have provided an image of a skin rash, though no medical evidence supporting its cause, nor documentary evidence of any liver infection.

The Tenant says that she is seeking the security deposit as well as moving expense. The Landlords indicate they are claiming for lost rental income, liquidated damages owed under the tenancy agreement addendum, as well as compensation for some smaller items they say were disposed of by the Tenants.

Dismissal of Both Applications

In brief, the Tenants seek their security deposit as well as compensation due to the early end of their tenancy. The Landlords, conversely, seek lost rental income, liquidated damages due to the breach of a fixed term tenancy, and compensation for items they say were disposed of by the Tenants when they cleaned the rental unit.

I find that the text messages in evidence are conclusive evidence that the Landlords and Tenants entered a settlement by which they agreed to end the tenancy that prevents both sides claims from proceeding.

I accept that the rental unit had cleanliness issues, a point that was not disputed by the Landlords. Indeed, the correspondence reproduced above acknowledges these issues. I find it likely that this was known by the Tenants considering they did have opportunity to review the rental unit beforehand. In his message from July 12, 2025, R.S. obliquely acknowledges this when he said, "we understand that the pervious tenants have bought (sic) you and us in this situation that's find we figured it out now".

Despite this, I find that the Tenants suffered a case of buyer's remorse upon taking possession of the rental unit, which was precipitated by the extent of cleaning the rental unit required as well as the health issues that led to N.K.'s hospitalization on July 12th or 13th. At the hearing, the Tenant attributed her health issues to the state of the rental unit. I find, however, that there is insufficient evidence to show any causal relationship between the cleanliness issues and the asserted health issues from the Tenant, which would, in my view, require a medical opinion.

Ultimately, the parties engaged in an exchange of offers in which they agreed that the Tenants could return the keys days after the tenancy started with the return of \$1,900.00 and the Landlords retaining the security deposit. The parties confirm that \$1,900.00 was, in fact, returned to the Tenants, with the Tenants' evidence confirming this was done on June 14, 2025 by way of e-transfer sent to the Tenant R.S..

The Tenant confirms this understanding, though later deciding to file the claim due the circumstances that brought about the end of the tenancy. I find that the Tenants cannot avoid the agreement they made with the Landlords on July 13, 2025, as shown in the text messages, because they later changed their mind. This, in my view, is another case of buyer's remorse on their part.

To be clear, once a party has entered into an agreement to settle a matter in contention, they cannot later avoid the agreement. Any attempt to avoid a settlement is prevented, or estopped, so that the unfairness that may result is prevented.

I would emphasize that significant unfairness may result if the Tenants or Landlords are permitted to avoid the settlement they entered. In this case, the Landlords have performed on the terms of the settlement by returning \$1,900.00 to the Tenants, which would prejudice their claim for lost rental income. Further, the Landlords did not file an

application against the Tenants or the security deposit until after being served with the Tenants' application. This is relevant because had there been no agreement, they would be under an obligation under s. 38(1) of the *Act* to file an application claiming against the security deposit within 15 days of the end of the tenancy or receipt of the Tenants' forwarding address, whichever was later, or be at risk of penalty under s. 38(6).

Looking at the claims broadly, I would emphasize that if the Tenants had a fixed term tenancy, they could be liable for lost rental income owed to the Landlords up to the end of the fixed term, subject to the Landlords' obligation to mitigate their damages as required under s. 7 of the *Act*. If the tenancy agreement has a liquidated damages clause, the Tenants may also be subject to it. Conversely, the Landlords could also be subject to claims for compensation, repairs, or a rent reduction due to the state of the rental unit.

Upon outlining the potential liability to both sides if they had not agreed to settle their dispute, I cannot say the terms of the agreement were unfair to either side. Both sides avoided escalation of the dispute by agreeing to end the tenancy upon refund of \$1,900.00 to the Tenants with the Landlords' retaining the security deposit.

I find that the Tenants' claim for their security deposit and compensation for moving from the rental unit is estopped and cannot proceed considering the parties' settlement. I further find that the Landlords' claim for lost rental income and liquidated damages under the tenancy agreement is similarly estopped.

The Landlords seek compensation for items they say were thrown out by the Tenants when they cleaned the rental unit. The terms of the settlement in this case, being in the form of a text message exchange, are somewhat ambiguous. The parties are lay people and did not draft their text messages with the terms one would expect if the settlement were drafted by legal counsel.

Upon considering the ambiguity on the terms, I rely on the Landlords' submission that they would not have filed their application but for having been served with the Tenants' application. I accept that this is true and is borne out by the fact that the Landlords' application was filed a month after the Tenants had filed theirs. I find, as a result, that the Landlords treated the settlement as a final settlement on all claims against the security deposit as well as their claims for lost rental income and liquidated damages. In effect, the Landlords' claim compensating for damage to items taken or disposed from the rental unit is similarly estopped by the agreement that the Landlords could retain the security deposit.

Since I find that both applications are estopped, both are dismissed without leave to reapply in their entirety.

Conclusion

I dismiss both applications, in their entirety, without leave to reapply as they are both estopped resulting from a settlement agreement the parties entered when the tenancy ended.

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

Dated: January 26, 2026

Residential Tenancy Branch