

DECISION

Introduction

This hearing originally convened on January 22, 2026 and was adjourned in an Interim Decision dated January 22, 2026. This Decision should be read in conjunction with the Interim Decision. This hearing dealt with Tenant C.F.'s Application for Dispute Resolution under the *Residential Tenancy Act* (the Act) for:

- a Monetary Order for the return of all or a portion of their security deposit and/or pet damage deposit under sections 38 and 67 of the Act

This hearing also dealt with the Landlord's Application for Dispute Resolution under the Act for:

- a Monetary Order for unpaid rent under sections 26 and 67 of the Act
- authorization to retain the security deposit under sections 38 of the Act

Service of Notice of Dispute Resolution Proceeding (Proceeding Package) and Evidence

In the Interim Decision both parties were ordered to re-serve the other with their Applications for Dispute Resolution and evidence via e-mail within three days of receipt of the Interim Decision. The Interim Decision was sent to the parties via email on January 22, 2026. I find that the Interim Decision was deemed served on the Tenants and the Landlord on January 25, 2026, three days after they were served, in accordance with section 90 of the Act. The parties were therefore required to re-serve their evidence and Applications for Dispute Resolution on the other by January 28, 2026.

Both parties agree that the Tenants re-served their documents on the Landlord via email on January 23, 2026. Both parties agree that the Landlord re-served their documents on the Tenants via email on January 26, 2026. I find that both parties complied with the re-service Order in the Interim Decision and are sufficiently served for the purposes of the Act in accordance with section 71 of the Act as receipt was confirmed.

Issues to be Decided

Are the Tenants entitled to a Monetary Order for the return of all or a portion of their security deposit?

Are the Landlords entitled to a Monetary Order for unpaid rent?

Are the Landlords entitled to retain the Tenants' security deposit?

Background and Evidence

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

The parties both entered into evidence a signed tenancy agreement for the rental property. The tenancy agreement states that:

- rent is \$12,000.00 per month due on the first day of each month
- heat is included in rent
- this tenancy started on December 1, 2024
- the tenancy agreement is a fixed term tenancy agreement set to end on December 1, 2027
- the Tenants owe a security deposit of \$4,500.00

Both parties agreed that the rental property includes an acreage and barns and that a mobile home is on the property. Both parties agreed that the mobile home is rented to a separate tenant and that the original agreement was that the mobile home Tenant would pay rent to the Tenants and the Tenants would pay the full rent for both properties totalling \$12,000.00 to the Landlord. The Tenants testified that the mobile home tenant was also supposed to pay to them a proportion of hydro and internet costs. The agreement with the mobile home tenant was verbal. No written communications or evidence of written agreement were entered into evidence. The mobile home tenant's tenancy agreement was not entered into evidence.

Both parties agreed that the Tenants paid a security deposit of \$4,500.00. The Tenants testified that \$1,000.00 of that security deposit was paid 2 weeks before moving in and the remaining \$3,500.00 was paid on December 1, 2024. The Agent testified that he did not know when the security deposit was received. The Tenants testified that they served the Landlord with their forwarding address via posting on the Landlord's business door on October 3, 2025. A witnessed proof of service document stating same was entered into evidence. The Agent confirmed receipt of the forwarding address sometime in October 2025.

Both parties agreed that the mobile home tenant did not want to pay rent to the Tenants and the parties verbally agreed to change the terms of the tenancy agreement. No documentary evidence regarding the agreed changes to the tenancy agreement were entered into evidence.

The Tenants testified that the Landlord agreed to lower rent by \$3,000.00 to \$9,000.00 per month which consisted of \$2,700.00 per month in rent that was originally to be paid by the mobile home tenant and \$300.00 per month for the mobile home tenant's hydro

and internet. The Tenants testified that the hydro and internet were all in their name and were billed jointly under their account.

The Agent testified that the Landlord agreed to lower rent by \$2,700.00 to \$9,300.00 per month. The Agent testified that the \$2,700.00 is the amount of rent paid by the mobile home tenant. The Landlord entered into evidence a text message from the mobile home tenant which asks the Landlord to inquire into their utilities after the Tenants moved out as the mobile home tenant is concerned about the utilities being shut off.

At the time the tenancy agreement was re-negotiated, both parties agree that they verbally agreed to have heat not included in the rent. The Tenants testified that during the verbal tenancy re-negotiation, both parties agreed to change the fixed term tenancy to a month-to-month tenancy. The Agent testified that the Landlord did not agree to change the fixed term to a month-to-month tenancy. No documentary evidence regarding the tenancy agreement re-negotiations were entered into evidence.

The Landlord is seeking the following damages from the Tenants:

Item	Amount
January rent	\$2,300.00
February rent	\$2,300.00
March rent	\$3,300.00
April rent	\$3,700.00
Loss of rental income from May- August 2025	\$37,200.00

The Agent submitted that the Landlord is abandoning the portion of their claim over \$35,000.00.

Both parties agreed that for January 2025, the Tenants paid rent totalling \$7,000.00. The Landlord entered into evidence bank records showing e-transfers from the Tenants totaling \$7,000.00. The Tenants testified that the Landlord verbally agreed to allow them to deduct \$2,000.00 from rent: \$1,300.00 to clean up from the previous Tenants, \$400.00 to clean the carpets, and \$300.00 to clean the chimney. No documentary evidence to support the alleged agreed rent reductions were entered into evidence. The Agent testified that a credit of \$3,000.00 was applied to December 2024's rent to cover the clean up, carpet cleaning and chimney cleaning. Neither party entered into evidence documents showing the amount paid for December 2024's rent. The Tenants disagreed with the Agent's above testimony and stated that they paid \$9,000.00 in rent for December 2024.

Both parties agree that the Tenants paid \$7,000.00 in rent for February 2025. The Landlord entered into evidence bank records showing e-transfers from the Tenants totaling \$7,000.00. The Tenants testified that the Landlord verbally agreed to allow them to deduct \$2,000.00 because they cleaned up manure that was in one of the fields

they rented. The Agent testified that no such agreement was made. No documentary evidence to support the alleged agreed rent reductions were entered into evidence.

Both parties agreed that the Tenants paid \$6,000.00 in rent for March 2025. The Landlord entered into evidence bank records showing e-transfers from the Tenants totaling \$6,000.00. The Tenants testified that the Landlord verbally agreed to allow them to pay \$6,000.00 in rent for March 2025 because one of the fields they rented was unusable due to a manure pile. The Agent testified that no such agreement was made. No documentary evidence to support the alleged agreed rent reductions were entered into evidence.

The Agent testified that the Tenants paid \$5,600.00 in rent for April 2025. The Landlord entered into evidence bank records showing e-transfers from the Tenants totaling \$5,600.00. The Tenants testified that they paid \$5,600.00 via e-transfer and an additional \$400.00 in cash on April 3 or 4, 2025. No documentary evidence regarding the cash payment was entered into evidence. The Agent testified that no cash payment was made. The Tenants testified that the Landlord verbally agreed to allow them to pay \$6,000.00 in rent for March 2025 because one of the fields they rented was unusable due to a manure pile. The Agent testified that no such agreement was made. No documentary evidence to support the alleged agreed rent reductions were entered into evidence.

The Tenants testified that on March 30, 2025 they called the Landlord and advised that they had to end the tenancy due to conflict with the mobile home tenant. The Tenants testified that they gave the Landlord a written notice to end tenancy on April 3 or 4, 2025, when they gave them the \$400.00 cash payment. The notice to end tenancy was not entered into evidence. Both parties agree that the Tenants moved out on May 1, 2025.

The Agent testified that the Tenants did not provide any notice to end tenancy and the Landlord learned that the Tenants moved out on May 1, 2025 when the mobile home tenant told them that the Tenants had moved out. The Agent testified that later in the day on May 1, 2025, they received an email from the Tenants informing the Landlord that they moved out. The email was not entered into evidence.

The Agent testified that the Landlord began advertising the property for rent in mid-May 2025. The Agent testified that the Landlord used Marketplace to advertise the unit at a monthly rent of \$10,000.00 per month. The Agent explained that this rent included the house, the yard, and the barns on the acreage, while the mobile home remained a separate dwelling that paid rent directly to the Landlord. The Agent testified that a prospective tenant responded to the \$10,000.00 advertisement and negotiated the rent to \$9,500.00. The Agent stated that the new tenancy began on September 1, 2025, the new tenancy agreement was signed and entered into evidence. The Agent testified that the unit was vacant from May to August 2025 and that the Landlord is seeking compensation for lost rental income for those 4 months at a rate of \$9,300.00 per month for a total of \$37,200.00.

Analysis

Section 58(2) of the Act states that the director must not resolve a dispute if the amount claimed for debt or damages is more than the monetary limit for claims under the Small Claims Act. The monetary limit of the Small Claims Act is \$35,000.00. As the Landlord has abandoned that portion of their claim above \$35,000.00, I find that I have jurisdiction to hear this claim.

Is the Landlord entitled to a Monetary Order for unpaid rent?

Rule 6.6 of the Residential Tenancy Branch Rules of Procedure states that the standard of proof in a dispute resolution hearing is on a balance of probabilities, which means that it is more likely than not that the facts occurred as claimed. The onus to prove their case is on the person making the claim.

The Landlord is seeking a monetary claim for unpaid rent from the Tenants. The Landlord therefore has the burden to prove what rent was, and how much rent is owed. I find that the Landlord has not proved, on a balance of probabilities, that rent was \$9,300.00 per month as no documentary evidence establishing same was entered into evidence and the Tenants testified that rent was agreed at \$9,000.00 per month and the documentary evidence supports the Tenants' testimony.

The Tenants testified that the Landlord agreed to reduce rent by the quantum paid by the mobile home tenant, which both parties agreed was \$2,700.00. The Tenants testified that the Landlord also agreed to reduce rent by a further \$300.00 because the Tenants paid utilities for both rental units for a final agreed rent of \$9,000.00 per month. The Landlord entered into evidence a text message from the mobile home tenant which stated that she was concerned that her utilities would be shut off since the Tenants moved out. This confirms the Tenants' testimony that the utilities for both the rental house and the mobile home were in the Tenants name and were paid for by the Tenants. Given that both parties agreed that the mobile home tenant was to pay the Landlord directly and not the Tenants, I find it more likely than not, that the mobile home tenant would pay the Landlord directly for utilities as well. I accept the Tenants' testimony that rent was \$9,000.00 per month which was reduced from \$12,000.00 per month on account of the mobile home tenant paying the Landlord directly for their rent and utilities.

Section 26(1) of the Act states that a tenant must pay rent when it is due under the tenancy agreement, whether or not the landlord complies with this Act, Regulation or tenancy agreement. Pursuant to section 26(1) of the Act, I find that the Tenants were obligated to pay the monthly rent in the amount of \$9,000.00. Based on the bank records entered into evidence and the testimony of both parties, I find that the Tenants paid as follows:

- January 2025: \$7,000.00
- February 2025: \$7,000.00

- March 2025: \$6,000.00
- April 2025: \$5,600.00

The quantum paid for January 2025-February 2025 was agreed on by the parties. The bank statements entered into evidence show a history of the Tenants paying all rent payments via e-transfer. The Tenants testified that they made a cash payment of \$400.00 on April 3 or 4, 2025 but did not provide any documentary evidence to support this testimony which was refuted by the Agent. Given that all rent payments had previously been made via e-transfer, I find it unlikely that the Tenants would elect to pay in cash. I find, on a balance of probabilities, that the Tenants did not make a cash payment of \$400.00 and only paid \$5,600.00 towards April 2025's rent.

The Tenants testified that they were permitted, via verbal agreement, to pay less than \$9,000.00 per month. The Agent did not agree. I find that there is no documentary evidence before me showing that the Tenants were authorized to make any deductions from rent. Therefore, in accordance with section 26(1) and 67 of the Act, I award the Landlord unpaid rent as follows:

- January 2025: \$2,000.00
- February 2025: \$2,000.00
- March 2025: \$3,000.00
- April 2025: \$3,400.00

The total awarded to the Landlord for unpaid rent is \$10,400.00.

The Agent testified that the Tenants agreed to a fixed term tenancy agreement. The Tenants testified that this was verbally re-negotiated when the rent was agreed to be changed and the Tenants agreed not to include heat in the rent. The parties did not document their verbal agreements making it incredibly difficult to know what was agreed upon by the parties. I find that the Landlord has not proved, on a balance of probabilities, that the fixed term found in the original tenancy agreement was still in effect. The fact that significant changes were made verbally to fundamental terms including rent and what is included in rent raises the very real possibility that other terms were changed via verbal agreement. The failure of the Landlord to record those changes has resulted in the failure of the Landlord to prove that they are entitled to losses stemming from the premature ending of a fixed term tenancy.

In any event, I find that the Landlord failed to mitigate their damages and so even if there were a valid fixed term tenancy, the Landlord is not entitled to damages for loss of rental income.

Section 67 of the *Act* states that if damage or loss results from a party not complying with this Act, the regulations or a tenancy agreement, the director may determine the amount of, and order that party to pay, compensation to the other party.

Residential Tenancy Policy Guideline #16 states that it is up to the party who is claiming compensation to provide evidence to establish that compensation is due. To be

successful in a monetary claim, the applicant must establish all four of the following points:

1. a party to the tenancy agreement has failed to comply with the Act, regulation or tenancy agreement;
2. loss or damage has resulted from this non-compliance;
3. the party who suffered the damage or loss can prove the amount of or value of the damage or loss; and
4. the party who suffered the damage or loss has acted reasonably to minimize that damage or loss.

Failure to prove one of the above points means the claim fails.

Residential Tenancy Policy Guideline #5 states that where the landlord or tenant breaches a term of the tenancy agreement or the Residential Tenancy Act, the party claiming damages has a legal obligation to do whatever is reasonable to minimize the damage or loss. This duty is commonly known in the law as the duty to mitigate. This means that the victim of the breach must take reasonable steps to keep the loss as low as reasonably possible. The applicant will not be entitled to recover compensation for loss that could reasonably have been avoided. The duty to minimize the loss generally begins when the person entitled to claim damages becomes aware that damages are occurring.

Residential Tenancy Policy Guideline #3 states that attempting to re-rent the premises at a greatly increased rent will not constitute mitigation.

I find that in advertising the rental property for rent at a rate \$10,000.00 per month, which was \$1,000.00 above that paid by the Tenants, the Landlords failed to mitigate their loss. The increased rent more likely than not made finding new tenants more difficult. I also find that the Landlords failed to mitigate their damages by advertising the rental property for rent in mid May 2025. The duty to mitigate damages occurs as soon as the Landlord became aware of the loss. I find that the waiting approximately 2 weeks to start advertising the rental property was not reasonable.

In accordance with my above findings, I dismiss the Landlord's claim for loss of rental income from May to August 2025.

Are the Tenants entitled to the return of their security deposit? Is the Landlord entitled to retain any portion of the Tenants' security deposit?

Based on the testimony of the parties and the witnessed proof of service document entered into evidence, I find that the Tenants posted their forwarding address on the door to the Landlord's business on October 3, 2025. The Agent confirmed receipt of the forwarding address posted to the Landlord's business sometime in October 2025. I find that the Landlord was sufficiently served for the purposes of the Act in accordance with section 71(1)(c) of the Act by October 31, 2025 because receipt of the forwarding address was confirmed by the Agent sometime in October 2025.

Section 38 of the Act requires the landlord to either return the tenant’s security deposit or file for dispute resolution for authorization to retain the deposit, within 15 days after the later of the end of a tenancy and the tenant’s 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 security deposit.

The Landlord filed their Application for Dispute Resolution seeking authorization to retain the Tenants’ security deposit on November 29, 2025, more than 15 days after the Landlord received the Tenants’ forwarding address in writing. Therefore, under section 38(6)(b) of the Act, the Tenants are entitled to recover double their security deposit in the amount of \$9,000.00.

I accept the undisputed testimony of the Tenants as to the dates and amount of security deposit payments made to the Landlord. As of the date of this hearing, I find that interest in the amount of \$12.98 accrued on the \$1,000.00 provided to the Landlord on November 15, 2024 and \$41.29 accrued on the \$3,500.00 provided to the Landlord on December 1, 2024.

Section 72(2) of the Act states that if the director orders a tenant to make a payment to the landlord, the amount may be deducted from any security deposit or pet damage deposit due to the tenant. I find that the Landlord is entitled to retain the Tenants’ doubled security deposit plus accrued interest to offset the Monetary Order granted to the Landlord.

I grant the Landlord a Monetary Order in the amount of **\$1,345.76** under the following terms:

Monetary Issue	Granted Amount
a Monetary Order for unpaid rent under sections 26 and 67 of the Act	\$10,400.00
authorization to retain the Tenants’ security deposit and accrued interest under section 72(2) of the Act	-\$ 9,054.24
Total Amount	\$1,345.76

The Landlord is provided with this Order in the above terms and the Tenants must be served with **this Order** as soon as possible. Should the Tenants fail to comply with this Order, this Order may be filed and enforced in the Provincial Court of British Columbia (Small Claims Court) if equal to or less than \$35,000.00. Monetary Orders that are more than \$35,000.00 must be filed and enforced in the Supreme Court of British Columbia.

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: February 6, 2026

Residential Tenancy Branch