DECISION

Introduction

This hearing dealt with the parties' application for dispute resolution under the *Residential Tenancy Act* (the "Act").

The Landlords applied for:

- compensation of $10,454.00 for damage under section 67 of the Act;
- authorization to retain the security deposit of $1,725.00 under section 38 of the Act; and
- authorization to recover the Landlords' filing fee from the Tenants under section 72(1) of the Act

The Tenants applied for:

- compensation of $3,450.00 for damage under section 67 of the Act; and
- authorization to recover the Tenants' filing fee from the Landlords under section 72(1) of the Act.

Landlord DBJ, the Tenants, the Tenants' advocate LH, and the Tenants' witness MB attended this hearing. All attendees who gave testimony did so under oath.

Preliminary Matters

Service of Notice of Dispute Resolution Proceeding and Evidence

The Tenants confirmed receipt of the Landlords' notice of dispute resolution proceeding package and evidence. DBJ confirmed receipt of the Tenants' notice of dispute resolution proceeding and evidence on behalf of the Landlords.

Clarification of the Landlords' Claim

In their application, the Landlords described their claim as a request for compensation to repair damage that the Tenants, their pets or guests caused during the tenancy. However, I find the Landlords' claim includes requests for compensation that are not solely related to damage to the rental unit or residential property. Therefore, I have clarified below that the Landlords seek more generally to request compensation for damage or loss under the Act, the regulations, or the tenancy agreement.

Issues to be Decided

Are the Landlords entitled to compensation for damage or loss under the Act, the regulations, or the tenancy agreement?

Are the Tenants entitled to compensation for damage or loss under the Act, the regulations, or the tenancy agreement?

Are the Landlords entitled to retain the security deposit?

Are the parties entitled to recover their filing fees?

Background and Evidence

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

The rental unit was the main suite of a house. This tenancy commenced on September 28, 2024 for a fixed term ending on March 31, 2025, and continued thereafter on a month-to-month basis. The rent was $3,450.00 due on the first day of each month. The Tenants paid a security deposit of $1,725.00.

According to the Landlords, the parties had completed a move-in inspection and signed the condition inspection report on September 28, 2024, with a copy of the report given to the Tenants on the same date. The Tenants deny this.

In September 2025, the Landlords issued the Tenants a three month notice to end tenancy for landlord's use of property dated September 15, 2025, in the #RTB-32L form (the "Three Month Notice") and with an effective date of December 31, 2025. According to this notice, Landlord DBJ and/or his close family members will occupy the rental unit. The Tenants did not make an application to dispute the Three Month Notice.

On October 12, 2025, the parties signed a mutual agreement to end the tenancy in the #RTB-8 form, effective October 15, 2025 (the "Mutual Agreement"). On October 13, 2025, the parties signed a Rent Refund Agreement by which DJB agreed to refund half of October rent to the Tenants.

The tenancy ended by October 15, 2025. The parties attended a move-out inspection on October 19, 2025 and signed the condition inspection report. The Tenants provided their forwarding address on the report.

The Landlords made their application on October 29, 2025. The Landlords seek compensation for:

Item	Amount
Mice/Rat Bait Installation	$400.00
Pest Control (Rat/Mice Additional Treatment)	$299.00
Pest Control Extermination	$1,080.45
Basement Cleaning	$125.00
Drywall Repair/Replacement in Basement due to Flooding	$1,100.00
Plumbing Repairs ($400.00 + $200.00)	$600.00
Closet Door Repair	$150.00
Front Metal Gate Welding and Paint	$300.00
Basement Ceiling Paint due to Flooding	$1,000.00
Compensation to Basement Tenant	$300.00
Landlord Compensation for Breach of Contract Commercial Cooking	$2,500.00
Landlord Compensation for Breach of Contract Shooting Film	$2,500.00
Filing Fee	$100.00
Total	**$10,454.45**

The Tenants made their application on November 14, 2025. The Tenants request to set aside the Mutual Agreement and to request compensation of $3,450.00 for one month's rent under section 51(1) of the Act.

The Landlords' Position

The Tenants operated a commercial cooking business from the rental unit, including the unauthorized use of propane tanks. This was a clear breach of the tenancy agreement, which restricted the property to residential use only. This activity created a significant health and safety hazard for all occupants including the basement tenant. The activity also violated city bylaws. During a pest treatment visit, it was observed that Tenant GNN and HCN's grandmother were cooking with commercial equipment and a propane tank inside the house. The Landlords provided photos of a commercial gas stove and utensils, as well as a letter from the basement tenant confirming commercial cooking.

The unauthorized commercial cooking led to a severe rat infestation. The rats chewed through plumbing pipes, causing a flood in the basement. This resulted in significant damage to the basement ceiling and caused considerable inconvenience to the basement tenant, in violation of their right to quiet enjoyment. The issue was raised only

in the last few months of the tenancy and was addressed urgently by the Landlords. The hole under the sink previously reported by the Tenants was covered on October 10, 2024. The Landlords also provided a photo showing the backyard patio with excessive storage of recycling cans and materials in July 2025.

The Tenants filmed a movie in the house without the Landlords' knowledge or consent. The filming occurred over several days and included use of a room in the basement. This impacted the Landlords' property insurance, as commercial use of a residential dwelling is a material change in risk. While the film may not have generated direct monetary gain, it constitutes commercial activity benefiting HCN's professional profile.

The front metal gate was in perfect condition at the start of the tenancy and was damaged during the tenancy. The Tenants acknowledged responsibility for the repairs.

The tenancy ended on October 15, 2025 in accordance with the Mutual Agreement. When a mutual agreement to end tenancy is voluntarily signed by both parties, it replaces any previous notice and waives any further obligations or compensation. Therefore, no compensation is owing to the Tenants.

The Tenants' Position

The Landlords claim that a move-in inspection was done in September 2024. However, this is not possible because the condition inspection report #RTB-27 form had a footnote of (2024/11), meaning that this version of the form had not been made available by the Residential Tenancy Branch until November 2024. HCN could not have signed this report during a move-in inspection because the form was not available at the time.

The Tenants resided in the unit with their family of five. The Tenants deny that they engaged in commercial cooking at the rental unit. The photos of the stacked utensils were from when the Tenants were getting ready to move out. The Tenants both have jobs and do not have time for a full-time or part-time cooking business. The Tenants sometimes cooked for social gatherings, such as HCN's sister's graduation in June 2025.

On October 3, 2024, shortly after moving into the unit, the Tenants had requested the Landlords to close a hole under the cabinet in the laundry room area to prevent mice from going through them. In or around June to August 2025, the Tenants noticed mice and brought the issue to the Landlords' attention. On August 6, 2025, the Tenants reported seeing a big rat in the kitchen and going under the dishwasher. On August 7, 2025, the Tenants informed the Landlords that they noticed some wool-like material from the dishwasher, which the Tenants assumed was caused by the rat biting it from the inside. The Landlords agreed to send pest control and never once accused the Tenants of being the cause of the infestation.

The Tenants kept the unit clean. The Tenants cleaned the unit at least twice a week. The only issue that the Landlords brought up was recycling that the Tenants had on the patio. As soon as DBJ raised the issue, the Tenants took care of it immediately.

On August 26, 2025, the Tenants noticed a puddle of water on the kitchen floor and reported it to the Landlords. The Tenants could hear a water valve sound but were unsure where it was coming from. The water was coming from underneath the sink, beneath the wood on the floor. The Tenants did not have access and did not leave any water running. There is no evidence that the Tenants caused the flood or damage to the drywall. The Landlords did not submit evidence regarding the condition of the drywall or what work was done. The Landlords had plumbers attend the property but did not submit any reports or statements from the plumbers about what caused the flood. An adverse inference should be drawn.

The Tenants previously informed the Landlords about a problem with the gate on October 9, 2024. The gate came undone when HCN's teenage brother opened it. The gate was always squeaky and came off the hinge from normal usage. The Landlords did not repair the gate.

The Landlords have not suffered any loss for items claimed to be a breach of the tenancy agreement. The Landlords can only be compensated for actual losses.

The Tenants were served with the Three Month Notice on September 15, 2025. The Tenants had not wanted to move since they had just moved into the unit for about a year. The Tenants would not have moved if they had not been served with the Three Month Notice.

On September 29, 2025, the Tenants informed the Landlords that they intended to move out early by October 15, 2025.

On October 11, 2025, the Tenants texted the Landlords to confirm that they will receive a refund for half of the October's rent. On October 12, 2025, the Landlords emailed the Mutual Agreement to the Tenants with a move-out date of October 15, 2025. Later that day, DBJ called HCN for 2 minutes to confirm the move-out date. They also discussed that the Tenants would receive a refund for half of October's rent. At no point did the parties discuss that by signing the Mutual Agreement, the Tenants would waive the one month's compensation owed to them under the Three Month Notice, that the Mutual Agreement was optional (the Tenants could move out early without signing it), or that the Mutual Agreement would replace the Three Month Notice and remove the Tenants' right to compensation. The Tenants signed the Mutual Agreement under the impression given by DBJ that it was a standard administrative step to formalize the early move-out date and release the half-month rent refund.

When the Tenants requested the one month's compensation on November 14, 2025, the Landlords responded that no compensation was owing because the tenancy ended due to the Mutual Agreement.

The Tenants request the return of double their security deposit and compensation of one month's rent.

Analysis

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.

Are the Landlords entitled to compensation for damage or loss under the Act, regulations, or tenancy agreement?

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.

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.

To determine whether compensation is due, the arbitrator may assess 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;
- the party who suffered the damage or loss can prove the amount of or value of the damage or loss; and
- the party who suffered the damage or loss has acted reasonably to minimize that damage or loss.

Pest Control

I find the Landlords have not provided sufficient evidence to prove that the rodent infestations were caused by the Tenants.

While the Landlords have provided photos of the Tenants' cooking equipment as they were being packed up, I do not find the Landlords to have established that the Tenants or their family members were using the equipment for commercial cooking, or were otherwise living in a manner that caused the rodent infestations. I find the Landlords and the basement tenant's conclusion about commercial food preparation by the Tenants causing infestations to be speculative.

I find that on July 8, 2025, the Landlords requested the Tenants to remove several bags of recycling that were on the patio. I accept the Tenants' evidence that they complied with the Landlords' request. I find the Landlords have not demonstrated that the Tenants failed to maintain reasonable health, cleanliness or sanitary standards during the tenancy.

I find the pest control company hired by the Landlords observed rodent droppings in both the basement unit and in the rental unit on September 10, 2025. I find the pest control company sealed exterior access points and set up bait stations in both units. I find the company did not identify any specific issues (such as a lack of cleanliness, or improper food and waste handling by the residents) as the direct cause of the infestation.

I find the Landlords did not provide any invoices or statements to support the other amounts claimed for rodent treatment and bait installation.

Overall, I find the Landlords have not proven that these costs were incurred due to a breach of the Act, the regulations, or the tenancy agreement by the Tenants. I find the Landlords are not entitled to reimbursement for any pest control-related expenses.

Plumbing, Drywall, and Basement Ceiling Repairs

Under section 32(3) of the Act, a tenant of a rental unit must repair damage to the rental unit or common areas that is caused by the actions or neglect of the tenant or a person permitted on the residential property by the tenant.

Under section 8(2)(a) of the standard tenancy agreement terms, the tenant must take the necessary steps to repair damage to the residential property caused by the actions of the tenant or a person permitted on the residential property by that tenant.

I find the Landlords have not submitted any statement or invoice from a plumber to explain the cause of the leak. I find the Landlords have not provided details to explain the extent of the damage or the scope of the repairs undertaken.

The parties indicate that the water damage likely resulted from rats biting the pipes. Since I do not find the Tenants to have caused the rodent infestation, I do not find the Tenants to be responsible for the plumbing damage, the leak, and ensuing damage to the drywall and basement ceiling.

Basement Cleaning and Compensation to Basement Tenant

Given that I do not find the Tenants were responsible for causing the rodent infestation or leak, I do not find the Tenants to be responsible for any costs to clean up the basement.

I also find the Tenants are not responsible for any discount given by the Landlords to the basement tenant for their inconvenience.

Front Gate Welding and Paint

I find the Tenants reported to the Landlords that the front metal gate came off of its hinges on October 9, 2024. Considering the age of the home and the photo evidence of

damage, I find it is likely that the gate had broken due to improper usage or excessive force. I find this damage to be beyond reasonable wear and tear. I find the Tenants are responsible for this repair.

However, I find the Landlords have not submitted an invoice, estimate, or description for labour or materials to justify their claim of $300.00. Based on the evidence presented, I fix the Landlords' entitlement to compensation for this repair at $50.00.

Closet Door Repair

I find the Landlords noted on the condition inspection report during move-out that a bedroom closet door was broken. I find the Tenants did not agree that the report fairly represented the condition of the unit.

I find the Landlords have not provided any photo, video, estimate, or invoice to explain the problem or the scope of any repair. I find the Landlords have not met their burden of proof with respect to this claim. I find the Landlords are not entitled to compensation under this part.

Breach of Contract

As noted above, I do not find the Tenants to have allowed commercial cooking in the rental unit. I am also not persuaded that HCN shooting a YouTube video at the property amounted to a breach.

I find the Landlords have not clearly identified which section(s) of the tenancy agreement and/or addendum were breached by the Tenants. I find the Landlords did not submit copies of the city bylaws or the Landlords' insurance policy into evidence.

More importantly, I find the Landlords have not suffered any loss due to the alleged contractual breaches. I find the Landlords are not entitled to compensation of $5,000.00 claimed under this part.

Are the Tenants entitled to compensation for damage or loss under the Act, the regulations, or the tenancy agreement?

Under section 49(3) of the Act, a landlord who is an individual may end a tenancy in respect of a rental unit if the landlord or a close family member of the landlord intends in good faith to occupy the rental unit.

Section 51(1) of the Act provides that a tenant who receives a notice to end a tenancy under section 49 is entitled to receive from the landlord, on or before the effective date of the landlord's notice, an amount that is the equivalent to one month's rent payable under the tenancy agreement.

Section 50(1) of the Act further states that if a landlord gives a tenant notice to end a periodic tenancy under section 49, 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, 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.

If the tenant paid rent before giving a notice under section 50(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 (section 50(2) of the Act).

For certainty, section 50(3) of the Act provides that a notice under section 50 of the Act does not affect the tenant's right to compensation under section 51 of the Act.

I find that in September 2025, the Landlords served the Tenants with the Three Month Notice, which is a notice to end the tenancy under section 49(3) of the Act.

I accept the Tenants texted the Landlords on September 29, 2025 to advise that they intended to move out of the rental unit by October 15, 2025. I find the Tenants did so because they received the Three Month Notice, not because the Tenants had decided to move out of the rental unit themselves. I find the Tenants paid October rent to the Landlords. I find the Tenants were entitled to give the Landlords notice to end the tenancy early in accordance with section 50(1) of the Act. Pursuant to sections 71(2)(b) and (c) of the Act, I find that by October 5, 2025, the Landlords were sufficiently served with notice from the Tenants of their intent to vacate early on October 15, 2025.

I find the Tenants were entitled to a refund of the rent paid for October 16 to 31, 2025 under section 50(2) of the Act. I find the Tenants requested this refund on October 11, 2025. I find the next day, the Landlords emailed the Mutual Agreement to the Tenants, which DJB described as "the document to be signed for mutual move out date of October 15" and "the document for the mutual move out date of 15th October". I find these descriptions to be misleading, since there was no need for the parties to sign the Mutual Agreement for the tenancy to end on October 15, 2025. I accept the Tenants' evidence that they were misled into signing the Mutual Agreement, believing it to be an administrative requirement.

I further accept the Tenants' evidence that during the discussions between DBJ and HCN leading up to the signing of the Mutual Agreement and the Rent Refund Agreement, there was no mention of the Tenants' entitlement to compensation of one month's rent under section 51(1) of the Act, or a waiver of that right by the Tenants.

Given these circumstances, I find the Mutual Agreement was offered by the Landlords to the Tenants as an attempt to avoid or contract out of the Act, namely to avoid the sections regarding the Landlords' obligations and to deprive the Tenants' of their rights

with respect to the Three Month Notice, including the Tenants' entitlement to compensation of one month's rent under section 51(1) of the Act.

Section 5 of the Act states:

> **This Act cannot be avoided**
> **5** (1) Landlords and tenants may not avoid or contract out of this Act or the regulations.
> (2) Any attempt to avoid or contract out of this Act or the regulations is of no effect.
>
> (emphasis underlined)

For these reasons, I find the Mutual Agreement must be set aside as an attempt to avoid or contract out of the Act.

I find this tenancy ended on October 15, 2025, based on the Three Month Notice and notice from the Tenants to end the tenancy early, in accordance with sections 50 and 44(1)(vii) of the Act.

I find the Landlords did not pay the Tenants compensation of one month's rent on or before the effective date of the Three Month Notice as required under section 51(1) of the Act.

Therefore, I find the Tenants are entitled to compensation of $3,450.00 for one month's rent.

Are the Landlords entitled to retain the security deposit?

Based on text message records submitted by the Landlords, I accept DBJ attended the rental unit on September 28, 2024 to help the Tenants with their move-in. I find there is insufficient evidence that the parties had participated in a move-in inspection of the rental unit. In any event, I am satisfied that the parties did not complete a condition inspection report together on that date, as required under section 23 of the Act. I find the parties used a condition inspection report (#RTB-27) form that was published in November 2024, meaning that it could not have been available to the parties on September 28, 2024. Therefore, I find the Landlords' right to claim against the security deposit for damage to residential property was extinguished under section 24(2)(c) of the Act.

I find the parties attended a move-out inspection together and completed the condition inspection report together on October 19, 2025. I find the Tenants gave inconsistent evidence about the final version of the report they received, initially alleging that the Landlords had forged HCN's signature on the report and that the version without the Tenants' forwarding address was the final version. However, I find that more likely than

not, the Landlords did not forge HCN's signature, and HCN had simply signed his name twice for both the move-in and the move-out sections of the report.

Given the above, I find the Tenants' right to the return of the security deposit was not extinguished. I find the Tenants were not served with at least two opportunities for a condition inspection (including using the required #RTB-22 form), which the Tenants then failed to attend. I find the Tenants provided a forwarding address in writing within one year of the tenancy end date.

Under section 38(1) of the Act, a landlord must (a) repay a security or pet damage deposit to the tenant with interest or (b) make an application for dispute resolution claiming against the deposit, within 15 days after the later of:

- the tenancy end date, or
- the date the landlord receives the tenant's forwarding address in writing,

unless the landlord has the tenant's written consent to keep the deposit or a previous order from the Residential Tenancy Branch.

I find this tenancy ended on October 15, 2025. I find the Landlords received the Tenants' forwarding address in writing on October 19, 2025.

I find the Tenants did not agree for the Landlords to retain the security deposit. I find there are no previous orders from the Residential Tenancy Branch against the Tenants.

I find the Landlords made their application on October 29, 2025, within the 15-day limit required under section 38(1) of the Act. I find the Landlords included claims against the security deposit that are not for damage to the residential property (e.g. compensation to basement tenant and compensation for breach of contract). Although the Landlords did not succeed on these claims, I do not find the claims to be sufficiently baseless to rise to the level of an abuse of process. Therefore, I find the Landlords to have complied with section 38(1) of the Act, and the doubling provision in section 38(6) of the Act does not apply.

I find the Landlords have not established that they are entitled to compensation exceeding the amount of the security deposit. I find the Tenants are entitled to the return of the balance, less any amounts awarded to the Landlords in this decision.

I find the Tenants are also entitled to interest on the security deposit in accordance with the regulations. Using the Residential Tenancy Branch Deposit Interest Calculator, I find the Tenants are entitled to interest of $25.16 from the date that the security deposit was paid to the Landlords (September 27, 2024) to the tenancy end date (October 15, 2025). I have credited this amount to the Tenants below.

Are the parties entitled to recover their filing fees?

The Tenants have been successful with their application. I find the Tenants are entitled to recover their filing fee from the Landlords under section 72(1) of the Act.

The Landlords were at least partially successful in their application, which in my view justifies the making of their application. Therefore, I find the Landlords are entitled to recover their filing fee from the Tenants under section 72(1) of the Act.

Conclusion

The Landlords are entitled to compensation totaling **$150.00**. Pursuant to sections 38(4)(b) and 72(2)(b) of the Act, I authorize the Landlords to retain this amount from the security deposit. The remaining amounts claimed by the Landlords in this application are dismissed without leave to re-apply.

The Tenants are entitled to compensation of one month's rent under section 51(1) of the Act, and the return of the balance of the security deposit with interest.

Pursuant to sections 38, 51(1), 67, and 72(1) of the Act, I grant the Tenants a Monetary Order of **$5,150.16**, calculated as follows:

Item	Amount
Amounts Payable by Landlords to Tenants	
Credit for Security Deposit	$1,725.00
Interest on Security Deposit	$25.16
One Month's Rent (Section 51(1) of the Act)	$3,450.00
Tenants' Filing Fee	$100.00
Subtotal	**$5,300.16**
Less Amounts Payable by Tenants to Landlord	
Front Gate Repair	- $50.00
Landlords' Filing Fee	- $100.00
Subtotal	**- $150.00**
Net Payable by Landlords to Tenants	**$5,150.16**

The Tenants must serve the Landlords with this Order as soon as possible. Should the Landlords fail to comply with this Order, this Order may be filed in the Small Claims Division of the Provincial Court of British Columbia and enforced as an order of that Court.

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 25, 2026

Residential Tenancy Branch