

DECISION

Introduction

This hearing dealt with the Landlord's Application for Dispute Resolution under the *Residential Tenancy Act* (the Act) for:

- a Monetary Order for unpaid rent under section 67 of the Act
- authorization to retain all or a portion of the Tenant's security deposit in partial satisfaction of the Monetary Order requested under section 38 of the Act
- authorization to recover the filing fee for this application from the Tenant under section 72 of the Act

This hearing also dealt with the Tenant's Application for Dispute Resolution under the *Residential Tenancy Act* (the Act) for:

- a Monetary Order for compensation for damage or loss under the Act, regulation or tenancy agreement under section 67 of the Act
- 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
- authorization to recover the filing fee for this application from the Landlord under section 72 of the Act

The Landlord's Advocate M.L. attended the hearing for the Landlords

The Tenant B.L. attended the hearing for the Landlords.

Interpreter S.P. assisted Tenant B.L. during the dispute hearing.

In this Decision I may refer to both parties in their singular and plural form where context requires.

Service of the Notices of Dispute Resolution Proceeding

Both parties acknowledged that they received the Notice of Dispute Resolution Proceeding for each other's respective applications.

Service of Evidence

Both parties acknowledged that they received each other's respective evidence.

Preliminary Matters

The Landlords' application and the Tenants' application provides a slight discrepancy on the address of the rental unit, although the civic address is the same, the Tenants' application indicates that the rental unit is the upper portion of the residential property. Parties acknowledged the address of the rental unit as provided on the written tenancy agreement is the most accurate address and form.

Under section 64(3) I amend the Tenants' application by amending the address of the rental unit to match the written tenancy agreement.

Issues to be Decided

Is the Landlord entitled to a monetary order for unpaid rent?

Is the Landlord authorized to retain all or a portion of the Tenant's security deposit and pet damage deposit? Or alternatively, is the Tenant entitled to a monetary order for the return of all or a portion of the security deposit and pet damage deposit?

Is the Tenant entitled to compensation for damage or loss?

Are the parties authorized to recover the costs of their filing fees for their respective applications from each other?

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.

Evidence was provided showing that this fixed-term tenancy began on October 22, 2025, with a monthly rent of \$2,000.00, due on the first day of the month. The scheduled end date of the fixed-term portion of the tenancy is October 31, 2026. The tenancy ended prior to the above end date, and it ended on October 31, 2025. The security deposit is \$1,000.00, the pet damage deposit is \$1,000.00. The forwarding address was provided by the Tenants on October 30, 2025, and received by the Landlords on October 30, 2025. The rental unit is an apartment suite that the Tenants rented under the tenancy agreement.

The Landlord's Advocate M.L. referred to the Landlord's written submissions labelled "Summary_of_Events.pdf" and submitted that the rental unit was built in approximately 1990 and was provided to the Tenants in a habitable condition at the beginning of the tenancy. M.L. submitted that on October 28, 2025, the Tenants informed the Landlords that they spotted a mouse inside the rental unit. M.L. remarked that the Landlords actioned the Tenants concerns the same day by contracting pest control services on the same day. M.L. refers to a copy of the pest control service quote in the Landlord's evidence. M.L. elaborated that the pest control services suggested filling in holes, setting up traps, and making plans for future follow-up visits to the rental unit. M.L.

testified that the pest control services cost the Landlord \$1,600.00, which the Landlord willingly paid. M.L. elaborated that the first visit by the pest control services was scheduled on October 31, 2025. M.L. declared that despite the Landlords' actions and efforts, the Tenants informed the Landlords that they would be vacating the rental unit on October 31, 2025. M.L. emphasized the chronological development of the events and submitted that the Tenants' failed to pay rent for November 2025, vacated the rental unit, and by doing so breached the fixed-term tenancy agreement. M.L. argued that the Landlords seek lost rent for November 2025 that the Landlords are entitled to under the fixed term tenancy agreement.

Regarding re-letting the rental unit, the Landlord's Advocate M.L. testified that the Landlords began their efforts to advertise the rental unit on October 29, 2025, and successfully re-let the rental unit effective on December 1, 2025.

Presenting through the Interpreter S.P., the Tenant B.L. argued that the rental unit was not provided to the Tenants in a habitable condition at the beginning of the tenancy. B.L. submitted that the Tenants occupied the rental unit beginning on October 23, 2025. B.L. acknowledged that the Landlords' pest control contractors visited the rental unit on October 28 and 31 of 2025. B.L. remarked that the contractors setup traps. B.L. acknowledged that the Landlord had re-let the rental unit effective December 1, 2025, but argued that had the Landlord acted sooner, the Landlord would have been able to reduce their loss of rent income.

Regarding the security deposit and the pet damage deposit, the Tenant B.L. submitted that the Tenants seek the return of the security deposit and pet damage deposit, and seek compensation for a retroactive rent for the period between October 22 to October 31, 2025, and a retroactive utilities reduction, compensation for stress, living expenses, food expenses. B.L. submitted a copy of the Tenants monetary order worksheet to provide a breakdown of the compensation the Tenants seek.

Analysis

Is the Landlord entitled to a monetary order for unpaid rent?

Based on the submissions of both parties, and particularly the written tenancy agreement, I find that the parties entered into a valid and enforceable fixed-term tenancy agreement effective October 22, 2025. Under this agreement, the monthly rent was \$2,000.00, due on the first day of each month, and under this agreement the fixed-term portion would be in effect until October 31, 2026.

While the Landlord's application requests monetary order for unpaid rent, it is clear to me that the question to be answered is whether the Landlord is entitled to a monetary order for compensation on the basis of loss of rental income for November 2025.

Also based on the submissions of both parties, it is clear to me that the Tenants vacated the rental unit on October 31, 2025.

Residential Tenancy Branch Policy Guideline #5 provides guidance on loss of rental income, where it states:

When a tenant ends a tenancy before the end date of the tenancy agreement or in contravention of the RTA or MHPTA, the landlord has a duty to minimize loss of rental income. This means a landlord must try to: 1. re-rent the rental unit at a rent that is reasonable for the unit or site; and 2. re-rent the unit as soon as possible.

For example, if on September 30, a tenant gives notice to a landlord they are ending a fixed term tenancy agreement early due to unforeseen circumstances (such as taking a new job out of town) and will be vacating the rental unit on October 31, it would be reasonable to expect the landlord to try and rent the rental unit for the month of November. Reasonable effort may include advertising the rental unit for rent at a rent that the market will bear.

If the landlord waited until April to try and rent the rental unit out because that is when seasonal demand for rental housing peaks and higher rent or better terms can be secured, a claim for lost rent for the period of November to April may be reduced or denied.

In the circumstances submitted by both parties, the evidence provided, and on a balance of probabilities, I find that the Landlord has sufficiently demonstrated that the Tenants breached the fixed-term tenancy agreement by vacating the rental unit prior to the end of the fixed-term. I further find that the Landlord has sufficiently demonstrated that they are entitled to a monetary order for loss of rental income for November of 2025, due to the Tenants breach of the fixed-term tenancy agreement.

I accept the Landlords' position that they acted reasonably to minimize their loss of rental income, by advertising the rental unit as early as October 29, 2025, and I accept the Landlords' position that their efforts to re-let the rental unit successfully contributed to finding new tenants to occupy the rental unit effective December 1, 2025.

As monthly rent under the fixed-term tenancy agreement was \$2,000.00, I accept the Landlords' purported loss of rental income to be in the amount of \$2,000.00.

While the Tenant B.L. argued that the Tenants were authorized to vacate the rental unit given its allegedly poor condition and pest problems, I find that the Tenants have not demonstrated that the Landlords breached their obligation to provide the rental unit in a state of decoration and repair that contravenes section 32(1) of the Act, and I find that the Tenants have not demonstrated that even if such a breach had occurred, that this must be interpreted as justification for the Tenants to be authorized to unilaterally end the fixed-term tenancy agreement and vacate the rental unit.

While I do recognize that the Tenants may have encountered pests at the rental unit and alerted the Landlord to the presence of such pests, according to the evidence of the pest control services quote and the corresponding receipt, I find that the Landlord

actioned the Tenants' concerns reasonably and swiftly by hiring pest controls services, thereby adhering to their required obligations under section 32(1) of the Act.

Under section 67 of the Act, I grant the Landlord a monetary order for loss of rent income, in the amount of \$2,000.00.

Is the Landlord authorized to retain all or a portion of the Tenant's security deposit and pet damage deposit? Or alternatively, is the Tenant entitled to a monetary order for the return of all or a portion of the security deposit and pet damage deposit?

Section 38 of the Act states that within 15 days of either the tenancy ending or the date that the landlord receives the tenant's forwarding address in writing, whichever is later, a landlord must repay a security deposit to the tenant or make an application for dispute resolution to claim against it. As the forwarding address was provided on October 30, 2025, and the Landlord made their application on November 1, 2025, I find that the Landlord did make their application within 15 days of the tenancy ending and the forwarding address being provided.

Regarding the security deposit, the Act defines a security deposit as money paid, or value or a right given, by or on behalf of a tenant to a landlord to held as security for any liability or obligation of the tenant respecting the residential property.

The Landlord continues to hold onto both the security deposit and the pet damage deposit at the time of the dispute hearing.

In this respect, given the Landlord has demonstrated above that they are entitled to a monetary award for loss of rent income, **under sections 38 and 72 of the Act, and I authorize the Landlords to retain the Tenants' \$1,000.00 security deposit, plus interest of \$1.85 in partial satisfaction of the Landlords' award.**

Regarding the pet damage deposit, while the Act defines a pet damage deposit in a similar manner as a security deposit, the Act more specifically requires that a pet damage deposit may be held as security for damage to residential property caused by a pet.

Policy Guideline #31 provides additional guidance on the pet damaged deposit, where it states:

At the end of a tenancy, the landlord may keep all or a part of the pet damage deposit to pay an amount previously awarded by an arbitrator for damage caused by a pet and which was still unpaid at the end of the tenancy.

The landlord may apply to an arbitrator to keep all or a portion of the deposit but only to pay for damage caused by a pet. The application must be made within the later of 15 days after the end of the tenancy or 15 days after the tenant has provided a forwarding address in writing.

In my view, it is clear given the difference in definition of a pet damage deposit compared to a security deposit, and it becomes even clearer on review of the Policy Guideline.

Given the above, I find that any loss of rental income in this case is starkly unrelated to damage caused by the Tenants pets, and with the date the forwarding address with provided in relation to the date the Landlord's application was filed, I find that the Landlord breached section 38(1)(c) of the Act, by failing to return the \$1,000.00 pet damage deposit to the Tenants within the required time.

The Landlords' breach of section 38(1) of the Act persists given the Landlords continued holding of the pet damage deposit and given the Landlords filed an application to claim against the pet damage deposit, among other claims, on November 1, 2025. In this respect, I find that section 38(6) of the Act must apply and therefore **under section 38(6)(b) of the Act, I find that the Landlords must pay the Tenants double the amount of the pet damage deposit in the amount of \$2,000.00, plus interest on the original pet damage deposit in the amount of \$1.85.**

The interest on both deposits was calculated in accordance with the Residential Tenancy Regulation, based on the date of the beginning of the tenancy, the date of this Decision, and with the assistance of the publicly accessible Residential Tenancy Branch deposit interest calculator.

The amounts to be awarded will be set-off against each other in the latter part of this Decision.

Is the Tenant entitled to compensation for damage or loss?

To be awarded compensation for a breach of the Act, the tenant must prove:

- the landlord has failed to comply with the Act, regulation or tenancy agreement
- damage has resulted from this failure to comply
- the amount of or value of the damage or loss
- the tenant acted reasonably to minimize that damage or loss

Based on the submissions of both parties, the evidence provided, and on a balance of probabilities, I find that the Tenants have not demonstrated that they are entitled to compensation for damage or loss. In particular, and as mentioned above, I find that the Tenants have not demonstrated that the Landlords failed to provide the rental unit in a condition that contravenes section 32(1) of the Act.

While I recognize the Tenants evidence demonstrates that the rental unit may have experienced pest issues, again I am persuaded that the Landlord acted reasonably uphold their obligations under section 32(1) of the Act, by contracting pest control services within a reasonable time. In this respect, I find that the Tenants have not

fulfilled the first element of the above four-point test, that the Landlord failed to comply with the Act, regulation or the tenancy agreement.

In any event, notwithstanding the above findings, the Tenants application seeks \$2,006.97 in terms of compensation, and I find that the Tenants have not submitted sufficient documentary evidence to support that they have incurred damage or financial loss from the Landlords alleged breach of the Act or the tenancy agreement. For instance, there is an absence of any evidence to demonstrate how the Tenants incurred damages or financial loss in the amount of \$2,006.97 associated with their allegations against the Landlords breach. In these circumstances, I find that the Tenants have failed to satisfy the third element of the four-point test.

Based on the above, the Tenants' request for compensation for damage or loss is dismissed, without leave to reapply.

Are the parties authorized to recover the costs of their filing fees for their respective applications from each other?

As both parties are partially successful in their respective applications, under section 72 of the Act, I find that both parties are authorized to recover the \$100.00 costs of the filing fees for their respective applications, from each other.

The amounts to be awarded will be set-off against each other in the latter part of this Decision.

Conclusion

Section 72 of the Act allows me to set off monetary awards granted to each party and grant a monetary order for the remainder. Residential Policy Guideline #17 provides an explanation, it states:

Where both parties apply for a monetary order and both matters are heard together, and where the parties are the same in both applications, the arbitrator will set-off the awards and make a single order for the balance owing to one of the parties.

Consequently, I set-off the amounts awarded to each party and grant a single Monetary Order to the Tenants, in the amount of \$1,003.70 under the following terms:

Landlords' Monetary Issue	Granted Amount
Landlord's Monetary Order for November 2025's loss of rent income	\$2,000.00
Landlord's authorization to retain the security deposit plus interest	Less \$1,001.85

Landlord's Monetary Order for recovery of the filing fee	\$100.00
Total Amount	\$1,098.15

Tenants' Monetary Issue	Granted Amount
Tenants' Monetary Order for the return of their pet damage deposit plus interest, plus the doubled portion of the pet damage deposit	\$2,001.85
Tenants' Monetary Order for the recovery of the filing fee	\$100.00
Total Amount	\$2,101.85

To be clear, the Tenants' Monetary Order of \$2,101.85 minus the Landlords' Monetary Order of \$1,098.15 equals \$1,003.70, in the Tenants' favour.

The Tenants are provided with this Monetary Order in the above terms and the Landlords must be served with **this Order** as soon as possible.

Should the Landlord fail to comply with this Monetary 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.

The Tenants application requesting for compensation for damage or loss 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 Act.

Dated: February 17, 2026

Residential Tenancy Branch