



Order under Section 135 Residential Tenancies Act, 2006

Citation: ZHU v LAM, 2026 ONLTB 19544

Date: 2026-03-05

File Number: LTB-T-073298-25

In the matter of: 308, 32 CLEGG RD
MARKHAM ON L6G0B2

Between: FENG ZHU Tenant

And

KHEIM LAM Landlord

FENG ZHU (the 'Tenant') applied for an order determining that KHEIM LAM (the 'Landlord') collected or retained money illegally.

This application was heard by videoconference on February 25, 2026.

The Landlord's agent To Hue Lam, the Landlord's legal representative Alireza Hesami, the Tenant's legal representative Damian Cordaie and the Tenant attended the hearing.

Determinations:

1. As explained below, the Tenant did not prove the allegations contained in the application on a balance of probabilities. Therefore, the application is dismissed.

Background

2. The Tenant was served with a notice of increase to rent by text on April 27, 2024, noting the increase was from \$1,867.00 to \$1,913.00 effective August 5, 2024. The Tenant alleges that the notice as served was unlawful as it was not served on the prescribed form.
3. The Tenant claims \$414.00 of illegal rent paid for the period of 9 months from August 5, 2024 to May 4, 2025.
4. The Landlord conceded that the text message was not a proper notice of rent increase, they confirm that the lawful rent should be \$1,867.00 for the period of time as claimed.
5. The Tenant also claims \$228.60 in interest on the last month's rent deposit as they submit that while \$1,800.00 was collected on September 5, 2018 no interest had been paid, nor applied to the lawful rent as a "top-up" to correspond with any increase(s) to rent.

6. The Landlord also conceded that the Tenant was owed interest on the last month's deposit and agreed with the arrived at calculation of \$228.60 as claimed by the Tenant.
7. On August 31, 2025, the Landlord served the Tenant a N4 notice, a notice to end the tenancy for non-payment of rent.
8. The Tenant filed their T1 Application with the Board on September 3, 2025, after having been served the N4 notice. The notice as served reflects the amounts as claimed by the Tenant, that is, after conceding that the notice of rent increase as served on April 27, 2025 was unlawful, the Landlord credited the Tenant \$414.00 for the rental period of May 5, 2025 to June 4, 2025 therefore reducing the claim for unpaid rent to \$1,453.00. The claims as reflected in the Landlord's ledger for the subsequent months identify the claims for unpaid rent as \$1,867.00.
9. Secondly, the Landlord also outlined that they topped up the last month's rent deposit to correspond with the lawful rent amount of \$1,867.00 (\$1,800.00 + \$67.00) and applied the residual amount of accrued interest of \$161.70 to the Tenant's outstanding rent balance for the period of August 5, 2025 to September 4, 2025. By doing so, the Landlord effectively settled the claim of unpaid interest as sought in the T1 application.

Analysis

10. The Tenant files their application pursuant to ss. 135(1) of the Act where it is outlined:

Money collected illegally

135 (1) A tenant or former tenant of a rental unit may apply to the Board for an order that the landlord, superintendent or agent of the landlord pay to the tenant any money the person collected or retained in contravention of this Act or the Tenant Protection Act, 1997. 2006, c. 17, s. 135 (1).

11. Here, while the Landlord collected the unlawful rent increase for the period of August 5, 2024 to May 4, 2025 which resulted in a \$46.00 overpayment per month, the Landlord has not retained the overpayment as the entire amount of \$414.00 as claimed has been credited to the Tenant.
12. Secondly, in respect of interest on the last month's deposit. The applicable sections of the Act are as follow:

Rent deposit may be required

106 (1) A landlord may require a tenant to pay a rent deposit with respect to a tenancy if the landlord does so on or before entering into the tenancy agreement. 2006, c. 17, s. 106 (1).

Amount of rent deposit

(2) The amount of a rent deposit shall not be more than the lesser of the amount of rent for one rent period and the amount of rent for one month. 2006, c. 17, s. 106 (2).

Same

(3) If the lawful rent increases after a tenant has paid a rent deposit, the landlord may require the tenant to pay an additional amount to increase the rent deposit up to the amount permitted by subsection (2). 2006, c. 17, s. 106 (3); 2013, c. 3, s. 32 (1).

Interest

(6) A landlord of a rental unit shall pay interest to the tenant annually on the amount of the rent deposit at a rate equal to the guideline determined under section 120 that is in effect at the time payment becomes due. 2006, c. 17, s. 106 (6).

Deduction applied to rent deposit

(7) The landlord may deduct from the amount payable under subsection (6) the amount, if any, by which the maximum amount of the rent deposit permitted under subsection (2) exceeds the amount of the rent deposit paid by the tenant and the deducted amount shall be deemed to form part of the rent deposit paid by the tenant. 2006, c. 17, s. 106 (7).

Deduction of interest from rent

(9) Where the landlord has failed to make the payment required by subsection (6) when it comes due, the tenant may deduct the amount of the payment from a subsequent rent payment. 2006, c. 17, s. 106 (9).

13. On the basis of the above, the Act contemplates that interest is payable on an annual basis or is used to top up the last month's rent deposit to an amount equal to the lawful rent. And pursuant to ss. 106(9) the Tenant had the option of deducting the applicable interest due from the lawful rent where the Landlord had failed to do so as prescribed in ss. 106(9).
14. Based on the evidence before me, as there are no claims as outstanding from the T1 Application, the claims are moot in that s. 135(1) outlines that a tenant or former tenant of a rental unit may apply to the Board for an order that the landlord, superintendent or agent of the landlord pay to the tenant any money the person collected or retained in contravention of this Act or the Tenant Protection Act. Here, as there currently no amounts of money that can be ordered to be paid or returned, the application must be dismissed.

It is ordered that:

1. The Tenant's application is dismissed.

March 5, 2026
Date Issued

Alicia Johnson
Member, Landlord and Tenant Board

15 Grosvenor Street, Ground Floor
Toronto ON M7A 2G6

If you have any questions about this order, call 416-645-8080 or toll free at 1-888-332-3234.