



Order under Section 135 Residential Tenancies Act, 2006

Citation: Rashidian v Asr, 2026 ONLTB 29141

Date: 2026-04-17

File Number: LTB-T-059170-23

In the matter of: Basement, 607 PONTING PL
NEWMARKET ON L3X 1T4

Between: Rambod Rashidian

Tenant

and

Morteza Movashehi Asr
Azadeh Jalal Razaghi

Landlords

Rambod Rashidian (the 'Tenant') applied for an order determining that Morteza Movashehi Asr and Azadeh Jalal Razaghi (the 'Landlords') collected or retained money illegally.

The Tenant also applied for an order determining that the Landlords entered the rental unit illegally.

This application was heard by videoconference on April 7, 2026.

The Tenant's legal representative R. Christian Forbes, the Landlord Morteza Movashehi Asr and the Landlords' legal representative Lisa Barder attended the hearing. The Landlord was assisted by his support person Atrin Movashehi. The Tenant called Maryam Malekzadeh to testify.

Determinations:

1. The Tenants seek to recover the equivalent of one-month of prepaid rent, claiming the Landlords did not apply their rent deposit to the rent owing for the last month of the tenancy as required by subsection 106(10) of the *Residential Tenancies Act, 2006* (the 'Act').
2. The material facts are not in dispute. The tenancy agreement contemplated a thirteen-month tenancy starting on January 20, 2023 and ending on January 19, 2024 with the lawful monthly rent of \$1,860.00. At the start of the tenancy, the Landlords collected the equivalent of eight months' rent based on the lease that provided the Tenant "voluntarily agrees to provide the [Landlord] 3 first month's deposit + 5 last month's deposit." The Tenants paid an additional two months' rent later. When the parties agreed to end the tenancy effective June 19, 2023, the Landlords refunded what remained of the prepaid rent

less \$1,860.00 which, by agreement, they retained to the credit of the Tenants to cover damages and unpaid utilities in amounts to be determined later.

3. The Landlords deny they misapplied any monies, saying they refunded four of the five last month's deposits and applied fifth to the rent owing for the period May 20, 2023 to June 19, 2023. They say the \$1,860.00 that they retained was absorbed by damages and unpaid utilities as agreed. The Tenants deny any such liabilities and the Landlords led no evidence to substantiate their losses, but I make no findings on that subject because it is not necessary for resolving this application.
4. The Landlords breached subsection 106(2) of the Act that says a landlord may not require a tenant to pay a rent deposit that is greater than one month's rent. Subsection 106(10) says the rent deposit must be applied to rent owing for the last period of the tenancy; it cannot be used to cover other liabilities. That the Tenants paid a greater amount of deposit "voluntarily" is no answer because section 105 of the Act prohibits landlords from collecting any deposit of any sort in excess of one month's rent; and subsection 3(1) says the provisions of the Act cannot be avoided by contract.
5. Similarly, the parties' agreement that the Landlords retain the remaining \$1,860.00 of the deposit to be applied to anything other than the last month's rent is void because it contravenes the Act.
6. Guided by section 202 that requires me to ascertain the real substance of all transactions and activities despite their outward appearance, I find that the Landlords collected an illegal security deposit within the meaning of subsection 105(2) and failed to apply the rent deposit to the rent owing for the last month of the tenancy as required by subsection 106(10). Therefore, the Landlords must refund the money.
7. The Tenant incurred costs of \$48.00 for filing the application and is entitled to be reimbursed those costs.

It is ordered that:

1. The total amount the Landlords shall pay the Tenant is \$1,908.00. This amount represents:
 - \$1,860.00 for monies illegally retained.
 - \$48.00 for the cost of filing the application.
2. The Landlords shall pay the Tenant the full amount owing by April 21, 2026.
3. If the Landlords do not pay the Tenant the full amount owing by April 21, 2026, the Landlords will owe interest. This will be simple interest calculated from April 22, 2026 at 4.00% annually on the balance outstanding.

April 10, 2026
Date Issued

Nersi Makki
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.