



Order under Section 135 Residential Tenancies Act, 2006

File Number: LTB-T-004880-26

In the matter of: 5 WEBB TRAIL
TOTTENHAM ON L0G1W0

Between: John Byers Tenant
William Crawford

And

Khurram Usman Naveed Landlord

John Byers and William Crawford (the 'Tenant') applied for an order determining that Khurram Usman Naveed (the 'Landlord') collected or retained money illegally.

This application was heard by videoconference on March 9, 2026.

The Landlord and the Tenant attended the hearing.

Determinations:

1. As explained below, the Tenant proved the allegations contained in the application on a balance of probabilities. Therefore, the Landlord must pay to the Tenant \$1,348.00.

Rent deposit not applied to last month of tenancy

2. The Tenant testified that \$1,300.00 was paid to the Landlord on August 27 and September 1, 2024, representing first and last month's rent. Payment was made by e-transfer. The Tenant submitted that rent for May 2025 was paid in full and that the Landlord continued to retain the LMR deposit. The Tenant stated that the Landlord served an N7 Notice of Termination and subsequently filed an L2 application. The Tenant vacated the rental unit following receipt of that notice.
3. The Tenant relied on text message correspondence dated May 30, 2025, in which the Landlord referred to the LMR as a "security deposit towards damages." The Tenant submitted that the Landlord is not entitled to apply the LMR toward alleged damages and requested an immediate return of \$1,300.00, plus the \$48.00 filing fee.

Landlord's Evidence

4. The Landlord confirmed holding the LMR deposit in the amount of \$1,300.00 and did not dispute that the Tenant paid rent for May 2025. The Landlord testified that an N7 Notice of Termination and corresponding L2 application were filed, and that the Tenant vacated the unit thereafter.
5. The Landlord submitted a damages spreadsheet (Doc ID #7471633) outlining alleged costs of damage to the rental unit. The Landlord confirmed that a separate L2 application seeking compensation for damages is currently before the Board and scheduled to be heard on May 6, 2026.
6. The Landlord stated that the LMR deposit has been applied as a credit toward those alleged damages and requested that the Board delay any determination on the T1 application until after the L2 application is decided.

Analysis

7. Section 106(1) of the Residential Tenancies Act, 2006 (the “Act”) permits a landlord to collect a rent deposit only if it is to be applied to the last month’s rent.
8. Section 106(10) of the Act provides that a landlord shall apply a rent deposit to the rent for the last month of the tenancy. The Act does not permit a landlord to apply a last month’s rent deposit toward damages, cleaning costs, or any other claims. The Board has consistently held that a rent deposit is not a “security deposit.”
9. In this case, the Landlord explicitly referred to the LMR as a “security deposit towards damages” in correspondence with the Tenant. This characterization is inconsistent with the Act. The uncontested evidence before the Board is that the Tenant paid rent for May 2025 and the Landlord continues to retain the LMR deposit.
10. As the tenancy terminated on May 21, 2025, the LMR should have been applied to the final month of the tenancy. Since the Tenant also paid rent for that same period, the Landlord is holding both the rent payment and the deposit for the last month. The Landlord’s position that the LMR can be retained pending the outcome of a separate L2 application is not supported by the Act. The statutory scheme clearly separates rent deposits from damage claims.
11. A landlord seeking compensation for damages must pursue those claims through the appropriate application (in this case, the pending L2 proceeding) and cannot unilaterally appropriate the rent deposit for that purpose. The existence of an ongoing L2 application does not create jurisdiction to withhold or reallocate the LMR contrary to section 106 of the Act, nor does it justify delaying the determination of this application.
12. Accordingly, I find that the Landlord has improperly retained the LMR deposit.

It is ordered that:

1. The total amount the Landlord shall pay the Tenant is \$1,348.00. This amount represents:
 - \$1,300.00 for the last month's rent deposit.
 - \$48.00 for the cost of filing the application.

2. The Landlord shall pay the Tenant the full amount owing by May 12, 2026.
3. If the Landlord does not pay the Tenant the full amount owing by May 12, 2026, the Landlord will owe interest. This will be simple interest calculated from May 13, 2026, at 4.00% annually on the balance outstanding.

May 1, 2026
Date Issued

Nathan Korenberg
Member, Landlord and Tenant Board

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