



## **Order under Section 135 Residential Tenancies Act, 2006**

**Citation:** Zhang v Hassan, 2026 ONLTB 40768

**Date:** 2026-06-03

**File Number:** LTB-T-006925-26

**In the matter of:** 2310, 68 Shuter St.  
Toronto ON M5B0B4

**Between:** Winnie Zhang  
Devanshi Gandhi Tenants

**And**

Muhammed Hassan Landlord

Winnie Zhang and Devanshi Gandhi (the 'Tenants') applied for an order determining that Muhammed Hassan (the 'Landlord') collected or retained money illegally.

This application was heard by videoconference on May 20, 2026.

The Landlord and the Tenants attended the hearing.

### **Determinations:**

1. As explained below, the Tenants proved the allegations contained in the application on a balance of probabilities. Therefore, the Landlord must return the last month's rent deposit ('LMR') and the key deposit.
2. The Landlord did not use the Tenants' rent deposit to pay for the last rental period of the tenancy and did not return the deposit to the Tenants. This is prohibited by the *Residential Tenancies Act, 2006* (the 'Act').
3. The Landlord served the Tenants with an N12 notice with a termination date of February 12, 2026, because he was selling the rental unit.
4. On December 31, 2026, the Tenants notified the Landlord of their intention to move out of the rental unit on January 10, 2026. This is permitted under the Act because once a tenant receives an N12 notice, sections 49(4)-(5) provide that they may terminate the tenancy at any time with at least 10 days notice to the landlord.
5. Section 49.1 of the Act requires landlords to compensate tenants an amount equal to one month's rent when terminating a tenancy on behalf of a purchaser. The Tenants last paid

the \$2,600 monthly rent in November 2025. Their understanding was that the one month's rent compensation would be satisfied by providing a rent credit for December rent, with the LMR being applied to the January rent.

6. The Landlord argues that the LMR was applied to December and the one month's rent compensation was applied to January. The Landlord testified that he did not return any money to the Tenants because he had to pay condominium fees, property taxes, and insurance for the month of January.
7. The Act does not permit rent deposits to be applied to fees, taxes, or insurance. The Act requires LMR to only be applied to the last month of the tenancy. In this case, the LMR should have been applied to January 2026.
8. The Tenants terminated the tenancy and returned vacant possession to the Landlord on January 10, 2026, so they are entitled to the return of the portion of the LMR for the period of January 11-31, 2026. Based on the monthly rent, the daily rent/compensation is \$85.48. This amount is calculated as follows: \$2,600 x 12, divided by 365 days. The total amount of unreturned deposit is \$1,795.08.
9. There is no dispute that the Tenants paid a \$200 key deposit to the Landlord and returned the keys to the Landlord. This deposit is to be refunded to the Tenants.
10. The Landlord failed to pay the Tenants interest on the last month's rent deposit, as required by the Act. Therefore, the Landlord is required to pay the interest that has accrued since the deposit was collected January 1, 2022.

**It is ordered that:**

1. The total amount the Landlord shall pay the Tenants is \$2,169.38. This amount represents:
  - \$1,795.08 for the portion of the last month's rent deposit that was unlawfully retained
  - \$126.30 for interest on the last month's rent deposit.
  - \$200.00 for the key deposit.
  - \$48.00 for the cost of filing the application.
2. The Landlord shall pay the Tenants the full amount owing by June 14, 2026.
3. If the Landlord does not pay the Tenants the full amount owing by June 14, 2026, the Landlord will owe interest. This will be simple interest calculated from June 15, 2026, at 4.00% annually on the balance outstanding.
4. The Tenants have the right, at any time, to collect the full amount owing or any balance outstanding under this order.

**June 3, 2026**  
**Date Issued**

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Heather Woodside  
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.