An Overview of Security Deposits in Connecticut – A Primer for Landlords and Tenants

Residential and commercial landlords in Connecticut are allowed to collect security deposits from tenants. A security deposit is a payment that a tenant makes before the lease term begins that is used to provide financial security to a landlord if the tenant breaches the lease or damages the property. When it is used properly, a security deposit can be a vital tool to ensure that landlords are made whole at the end of a lease term if a tenant defaults or causes damage.

In Connecticut, security deposits are regulated by a statute known as the “Security Deposit Act.” Under the Act, landlords can require most tenants to provide a security deposit up to the equivalent of two months rent. For tenants aged sixty-two (62) or older, however, the security deposit cannot exceed one month of rent.

Once a tenant has given a security deposit to a landlord, the landlord is obligated to place the money in an interest bearing account at a bank. This account is commonly known as an “escrow account”. The minimum interest rate for such accounts is controlled by statute. Once the landlord has deposited money in the account, he or she becomes the escrow agent for the money.

At the end of the lease term, the landlord is entitled to use the security deposit to offset any non-payment of rent or damage to property that has occurred during the lease term. In those situations where the landlord claims that the tenant has caused excessive damage to the property, the landlord must make an itemized list of the damages that occurred. The list must be sufficiently detailed and describe the damages and the cost to repair them. The landlord is required to submit this list to the tenant within thirty (30) days of the date that the tenant vacated the premises, so long as the tenant has provided his or her forwarding address to the landlord. As a practical matter, the landlord should also take photographs of any damages that occurred at the property and forward them to the tenant. Although this step is not required by statute, it should be adopted by landlords to best safeguard their interests.

If there are no damages, or if the total damages do not exceed the amount of the security deposit, the landlord must return the security deposit (or the remainder of it) to the tenant within thirty (30) days. The landlord must also return the interest that was generated in the escrow account. However, the landlord is only required to comply with these time requirements if the tenant has provided him or her with a new forwarding address. If the tenant has not given this information to the landlord, then the landlord is not required to return the remaining security deposit funds or give an itemized list of damages to the tenant until fifteen (15) days after the forwarding address has been provided.

In situations where the landlord fails to return a deposit on time, the tenant can file a lawsuit to recover double the amount of the security deposit. In those instances where a tenant has failed to provide a forwarding address, however,
the tenant cannot take advantage of the double-damage provision of the Security Deposit Act. In addition, tenants who think that a landlord has improperly withheld a security deposit from them can make a formal complaint with the Connecticut Banking Commission.

Ultimately, it is critical for tenants and landlords to be aware of the rules and regulations surrounding security deposits. The rules are designed to protect both landlords and tenants; however, they can also be a trap for the unwary. If you have questions about security deposits in Connecticut, or if you want to know how to retrieve a security deposit that you think is owed to you, please contact Mahon, Quinn & Mahon, P.C. for a free consultation.

This Newsbrief is for informational purposes only. It should not be construed as legal advice. As always, please contact our office for specific questions and concerns.