

Series of Questions Addressed to Eminent Scholar Ata Bin Khalil Abu Al-Rashtah,
Ameer of Hizb ut Tahrir through his Facebook Page (Fiqhi)

Answer to Question

Credit Cards

To: Ahmad bin Hussain

(Translated)

Question:

My greetings and respect to you our dear Shaykh.

Assalamu Alaykom Wa Rahmatullah Wa Barakatuhu,

My question: I wanted to buy some items by installments, but I had some suspicion on the matter, that in the case of delay in payment and when accessing my postal account they did not find their monthly share, they deduct a small amount...

For example, if the agreement is that every month, the normal discount will be deducted for the agreed amount, but if they entered for example on the 2nd or 3rd day of the month and did not find their money, then a small amount (two or three dollars) will be deducted automatically and can happen more than once a day...

Note that when I saw the terms and conditions of the installment sales contract, it did not have this condition, but it is done automatically in the case of delay in payment. So is it permissible for me to complete that contract and buy my items with the existence of such an automatic discount in case of late payment? May Allah (swt) reward you with all goodness.

Answer:

Wa Alaykom Assalam Wa Rahmatullah Wa Barakatuhu,

My brother, I was confused about the question. You say that you want to buy with installments, and then added that in the case of delay in payment and when accessing my postal account they did not find their monthly share, they deduct a small amount... This is not clear. What I know and have been asked about is that some people open a bank account, and then take a card from the bank to buy with it from shops that are agreed upon. The merchant then takes the amount of the goods sold from the customer's bank account. If the account is in the bank, the price of the purchase will be paid to him through the bank, but if the account does not hold this amount, then the bank pays it to the merchant but takes a certain sum from the account holder. If this is the case, the card given by the bank to the account holder falls under the credit cards branch...

We have previously been asked a similar question, and have answered it on 11/7/2006. The following is the text of our response:

(Credit cards are of different types:

- In one of its types, the card holder would have a certain amount of money in the bank that issues such card (debit card). The card holder would then make purchase by using the card such that he does not go beyond the amount of money he has in his account in the issuer bank, from participating trade shops that exist in several countries. The card holder would buy from these shops without making (direct) payments. He rather presents the card and sign bills by the value of his purchased goods/services. He then transfers the shop to receive the value of the purchased goods/services from his account in the bank that issued the card. In other words, the bank would pay to the shop the value of the purchased goods/services from the account of the purchaser that holds the card.

This type of card (debit card) is allowed. Its reality is that it is (a bill of exchange/promissory and representation (wakala)), where the purchaser transfers the trader to the bank that issued

the card, and this bank, as an agent to the purchaser would pay the price of the goods/services to the trader from the account of the purchaser in the bank. That which the bank takes from the purchaser that holds the card, as a payment of the price of the goods/services, comes under the subject of the wage of agency (wakala).

However, what the holders of these cards do in terms of purchasing gold and silver without paying (immediately) the price, but they rather transfer the trader to the bank for receiving the price, this action is haram. This is because the immediate reciprocal possession of the gold/silver and its price is a condition for the validity of trading in gold and silver, otherwise it would be usury (riba).

This is the case of this type if the bank that issues the cards was a private establishment concluded through a valid contract by its signatories, or it was possessed by the government. In such case this type of cards is allowed.

- The second type of cards is issued by the bank to its customers without them having an enough amount of money in their account that covers their purchased goods/services. In such a case, the card holder buys from the participating trade shops and signs papers by which the shop would receive the price from the bank that issued that card. The bank would record the amounts against the card holder in addition to some extra amounts, which the bank receives from the card holder in accordance of a plan of repayment through certain instalments.

The reality of these cards is that they are guaranty (Daman) from the bank to the purchaser towards the trade shops. In other words, the bank guarantees the purchaser, while the trade shops sell to the card holder based on the guaranty of the bank. So, the bank that issues the card is the one that pays the value of the purchased goods/services. In other words, the card is a guaranty document from the bank, where the bank is (the guarantor), the purchaser that holds the card is (the guaranteed) and the trade shop is (the guaranteed for), while the value of the purchased goods/services is (the right due in the responsibility of the purchaser).

However, this guaranty does not fulfil its legal conditions. This is because guaranty (Daman) in the sight of Islam is joining a responsibility to another responsibility for the sake of settling a right obliged on the second responsibility and without compensation (to the first responsibility). Thus, the guarantor pays off the right due in the responsibility of the guaranteed towards the guaranteed for without compensation (on the side of the guaranteed to the guarantor). However, the bank pays the value of the purchased goods/services in return of a financial amount. Therefore, this type of cards is not allowed legally from this angle. Moreover, the bank records the value of the purchased goods/services as debt upon the purchaser, and it receives this value with extra amount, i.e. as usury (riba). Thus, it is not allowed from this angle as well.) Ends.

If this is what you mean in your question, then the answer above is sufficient, but if it is not what's intended, then re-mention your question with sufficient clarification in order to provide you with the answer, if Allah wills.

Your brother,

Ata bin Khalil Abu al-Rashtah

10th Rajab 1439 AH

Corresponding 28/03/2018 CE

The link to the answer from the Ameer's Facebook page:

<https://web.facebook.com/AmeerhtAtabinKhalil/photos/pb.122848424578904.-2207520000.1522827576./793510277512712/?type=3&theater>

The link to the answer from the Ameer's Google Plus page:

<https://plus.google.com/u/0/b/100431756357007517653/100431756357007517653/posts/4E5smMFXXtL>

The link to the answer from the Ameer's Twitter page:

<https://twitter.com/ataabualrashtah/status/981436889558372354>