

## 409541 - He took out a university loan on condition that if he is late in paying it off, he will pay interest

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### the question

I took a loan from university for over 2 years. The amount was more than 10,000 euros (about 15,000). I have to pay only 10,000 euros back once I'm done with university, and if I don't do it by a certain time, I have to pay interest for it. But I can keep the rest of the money (5,000 euros). So is this money haram? Is all of it haram, or only the 10,000€ that I have to pay back? Can I continue to take the loan?

### Detailed answer

Praise be to Allah.

It is not permissible for the lender and borrower to make an agreement that if the borrower is late in paying off the loan, he will pay an extra amount in return for that delay, because this extra amount is *riba* (usury), and it is not permissible for the Muslim to agree to deal in *riba*, even if he is determined to pay off within the specified time.

Please see the answer to question no. [136378](#) .

Based on that, you must repent from entering into this unlawful contract, by regretting what you have done and resolving not to take out such a loan again.

As for the money, it is permissible for you, because the one who takes out a *riba*-based loan takes possession of the money he borrows, even if he incurs the sin of *riba*. This is the view of Abu Hanifah and Ahmad, and it is one of view of the Shafa'is.

# Islam Question & Answer

General Supervisor:  
Shaykh Muhammad Saalih al-Munajjid

See: *al-Manfa'ah fi'l-Qard* by Dr. 'Abdullah al-'Umrani (p. 245-254).

What you must do is strive to pay off the loan within the stipulated time, so that you will not actually pay any *riba*, and so that you will not be subject to the warning issued to the one who pays *riba*. If you pay the loan on time, and you do not pay the interest (*riba*), then we hope that Allah will pardon you for getting involved in this contract and what it involved of stipulating *riba*, which is haram.

As for the extra money, which you can keep and not have to pay it off, this is a gift from the university to you, so there is nothing wrong with you making use of it.

And Allah knows best.