

101384 - Seller stipulating that interest be paid in the event of any delay in paying the deferred balance

the question

What is the ruling on the following matter for Muslims? The one who sells goods on credit demands payment of a fixed rate of interest from the purchaser who bought on credit the moment he delays payment on the item that is sold on credit, for which they agreed on a deadline for payment to be made. What is the ruling if the Muslim buys specific items on credit because he is not able to pay the price in cash, and the seller – because he is not Muslim – demands payment of interest in return for this delay?

Detailed answer

Praise be to Allah.

Firstly:

If someone buys an item on a credit, this price becomes a debt that he owes, and it is not permissible to stipulate that he must pay interest or any extra amount in the event of delay beyond the agreed deadline, because that comes under the heading of *riba* which is haram, regardless of whether the transaction is with another Muslim or with a disbeliever, because of the general meaning of the religious texts which prohibit *riba*.

This has been explained previously in the answer to question no. [101080](#) .

The Islamic Fiqh Council belonging to the Organisation of Islamic Cooperation (formerly the Organisation of the Islamic Conference) issued a statement regarding penalties for late payment,

Islam Question & Answer

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during its 14th session held in Doha, in which it says:

... Thirdly: if the one who is buying on credit delays payment of instalments beyond the stipulated deadline, it is not permissible to force him to pay anything in addition to what he owes, whether that is on the basis of a prior stipulation or without any prior stipulation, because that is riba, which is haram. End quote.

The sin of riba is borne by both the one who consumes it or receives it, and the one who pays it, as Muslim (1598) narrated that Jaabir said: The Messenger of Allah (blessings and peace of Allah be upon him) cursed the one who receives riba, the one who pays it, the one who writes it down and the two who witness it, and he said: They are all the same.

Secondly:

If the seller stipulates any penalty in the event of late payment beyond the set deadline, it is not permissible to enter into this contract with him, even if the purchaser is determined to pay on time. That is for two reasons:

- 1.. Because this is approving of and agreeing with the stipulation of riba, which is haram.
- 2.. Because he may in fact fall into riba, because he may delay payment for some excuse, such as forgetting, falling sick, travelling and the like.

May Allah help us all to do that which He loves and is pleased with.

And Allah knows best.