



The second question of Fatwa no. 16014

Q 2: Car dealers sell cars with neither a license plate nor registration. The purchaser buys the car with the intention of selling it on credit to a third person. After that the car dealer purchases it back from the third purchaser. All these transactions take place while the car is still in the showroom. What is the ruling on this?

A: Whoever purchases a car or any other commodity whether in cash or on credit, it is not permissible for him to sell it before he possesses it entirely. Taking possession of each commodity depends on its nature. The car, for example, is taken possession of by the purchaser taking it outside the dealer's showroom. If the car is purchased on credit, it is not permissible for the purchaser to sell it

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to the same seller at a lower price than that at which he bought it. The reason for this is that it would be a usurious transaction. It is the same as 'Inah sale (sale with immediate cash repurchase for profit) which is forbidden based on the Hadith related by [Abu Dawud](#) on the authority of [Ibn `Umar](#) (may Allah be pleased with them both) who said: I heard Allah's Messenger (peace be upon him) saying: (When you enter into the 'Inah transaction, hold the tails of oxen, are pleased with agriculture, and give up performing jihad (struggle in the way of Allah), Allah (may He be Exalted) will make disgrace prevail over you, and will not withdraw it until you return to your original religion.) Similarly, it is not permissible to sell a car before following the necessary procedures for selling it such as obtaining a license and registration because taking full legal possession of a car will not be achieved before then.

May Allah grant us success! May peace and blessings be upon our Prophet Muhammad, his family, and Companions!

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