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Selling by installments

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Fatwa no. 1178

Q: I have a sum of money that I invest in buying cars for cash and selling them in installments. The price of the car may be nine thousand riyals. I sell this car in return for fourteen thousand or ten thousand riyals in installments. Moreover, I receive two or three thousand riyals in advance. I do not know the ruling on such transaction. Is it a kind of Riba (usury/interest)? What about previous transactions? I have dealt in such transactions for two years.

Allah has permitted trading and prohibited Riba (usury/interest). Allah (may He be Exalted) says: ﴿ [whereas Allâh has permitted trading and forbidden Ribâ \(usury\).](#) ﴾ One of the lawful transactions is selling in installments. This is denoted by Allah's saying: ﴿ [O you who believe! When you contract a debt for a fixed period, write it down. Let a scribe write it down in justice between you. Let not the scribe refuse to write as Allâh has taught him...](#) ﴾

Al-Qurtuby said in his exegesis of this Ayah (verse of the Qur'an): "This Ayah includes all debts and postponed payments according to the consensus of scholars." It was reported in the Two Sahih (authentic) Books of Hadith (i.e. Al-Bukhari and Muslim) on the authority of [`Aishah](#) (may Allah be pleased with her) that Barirah was sold by her owners in return for nine Uqiyyahs (40 Dirhams of silver = 119 grams) in installments, one Uqiyyah every year. The Prophet (peace be upon him) approved of such a transaction. Therefore, it is evident that dealing in the way mentioned by the questioner

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is permissible according to the above-mentioned proofs.

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

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