109938 - Can he enter into a muraabahah transaction to pay off a loan that he owes?

the question

I have a loan from the Dutch bank and there remains 30 thousand riyals to be paid. I want to borrow this amount of money from my friend in order to pay off the bank, then after that I will take another loan from the same bank by means of Islamic muraabahah, then pay off what my friend gave to me.

Detailed answer

Praise be to Allah.

Firstly:

The Muslim should not be heedless with regard to the issue of debt, and take huge amounts of debt upon himself when there is no urgent need to do so. The Prophet (peace and blessings of Allah be upon him) used to seek refuge with Allah from debt, and he used to say: “O Allah, I seek refuge with You from sin and debt.” Someone said to him: How often you seek refuge from debt, O Messenger of Allah. He said: “When a man incurs debt, when he speaks he lies and when he makes a promise he breaks it.” Narrated by al-Bukhaari (2397) and Muslim (589).

And the Prophet (peace and blessings of Allah be upon him) stated that the shaheed (martyr) would be forgiven for everything except debt. Narrated by Muslim. This is indicative of the seriousness of debt.

We do not advise you to engage in what is called “muraabahah” unless you are forced to do so or there is an urgent need for money.

Secondly:

The Muraabahah transactions that are offered by some banks are, in many cases, not free of Islamically objectionable factors. It may be a sale transaction on paper only, and a trick to engage in riba (usury). Many scholars and researchers have warned against them.

Before entering into it, it is essential to make sure whether it is in accordance with sharee'ah.

For information on the conditions of it being permissible – according to those who regard it as permissible – please see the answer to question no. 36408.

Also see the answer to question no. 116968 .

And Allah knows best.