118034 - Using the Saudi-British Bank credit card only to make purchases

the question

I have a Visa card from the Saudi British bank. I use it only to purchase, and I do not use it to withdraw cash. There are no annual fees on my card. What is the ruling on using the Visa card in such a way?.

Detailed answer

Praise be to Allah.

There is nothing wrong with using credit cards if they are free of any of the following reservations:

1.Stipulation that interest or a penalty be paid in the event of late payment.

2.Charging a fee for issuing an uncovered card that is higher than the actual costs involved.

3.Charging a percentage of withdrawal if the card is not covered. It is permissible to charge the actual cost only; anything more than that is riba.

4.Buying gold, silver or currency with an uncovered credit card.

The Islamic Fiqh Council has issued a statement concerning this issue. Please see the answer to question no. 97530.

We should point out two things:

1.That it is not permissible to issue credit cards if there is a stipulation that a penalty be paid for delays, even if the customer is determined to make payments on time, because that is agreeing to riba and approving of it. See the answer to question no. 13725.

2.Many stores charge the customer a commission or fee at a rate as high as 3.5% when he makes

a purchase using a credit card. This is not permissible according to the statement of the Islamic Fiqh Council.

And Allaah knows best.