165967 - Should he lend money to his sister when he knows that she is going to pay back the loan with haraam money?

the question

May Allah bless you for this good website. My question is:
My husband’s sister gets unemployment benefit from France, but she goes against the conditions for getting this assistance. For example, she lives in Algeria with her husband, who has a job, but she lied and told them that she was living in France and that her husband was not working. And she avoids having interviews with them on the grounds that she is pregnant at the time. The problem is that my husband has lent her some money to buy a house, on condition that she pay him back in instalments from the money that she gets as assistance. Please note that she is able to rent a house, because her husband has a good salary.
I want to know whether there is any sin on my husband, because he knows the source of this money? What is the ruling on the money that he takes from her as repayment of the loan?
If my husband’s sister wants to repent, does she have to return this money?
I would like you to advise our Muslim brothers who take this assistance, which I call it a test or trial, because it weakens their character and religious commitment, and they become followers of the kuffaar and are treated in a manner about which the least that may be said is that it is despicable.

Detailed answer

Praise be to Allah.

It is not permissible for your husband’s sister to get the unemployment benefit mentioned, because she has gone against the conditions of entitlement. The money that she has taken is haraam, and she has to return it to its rightful owners. But there is nothing wrong with your husband lending money to her, even if he knows that she is going to pay back the loan with this money, because he is taking the money in a manner that is acceptable according to sharee‘ah,

and the sin is on the one who acquires it; the loan is the responsibility of the borrower and there is no deal concerning the haraam wealth itself.

Dr. ‘Abdullah ibn Muhammad al-‘Imraani was asked about a man who lent someone some money, and he wants to ask for it back now, but the person who borrowed it is going to pay it back with haraam wealth. He replied: The borrower has to pay back what he owes of debts with whatever he earns in a permissible manner. The lender has the right to ask the borrower to repay the debt without asking about how he acquired the money.

If the borrower gives the lender money that is haraam in the way in which he acquired it, it is permissible for the lender because the way he is acquiring it is different, and the sin is on the borrower.

This may be understood from the hadeeth of Bareerah (may Allah be pleased with her), when she received some meat as charity, and she gave it as a gift to the Prophet (blessings and peace of Allah be upon him), who did not accept charity, but he accepted it because it came to him as a gift. See the report narrated by al-Bukhaari (1495) and Muslim (1074).

And Allah is the source of help.

End quote from Fataawa Mawqi‘ al-Islam al-Yawm (www.islamtoday.com).

Your husband should advise her and remind her. If he can refuse to take her haraam money so that she will stop, that would be good.

And Allah knows best.