1810 - Selling on consignment and selling a product before it arrives

the question

What, in your view, is the shar’i ruling on selling on consignment and selling goods bought from abroad before they arrive in one’s store?

Detailed answer

Praise be to Allah.

The first question is: what is the ruling on selling on consignment? This means that a person says, I will sell you these goods – whatever you manage to sell will come under this deal, and whatever you do not sell, I will take back. This transaction in haraam, because it clearly involves an unknown element as neither the vendor nor the purchaser knows how much of the goods will be sold. The issue here is jahaalah (ignorance, not knowing). It was reported that the Prophet (peace and blessings of Allaah be upon him) forbade sales that involve undue risk (gharar) and this is clearly a risky transaction.

But if the two sides have to do a deal, then the owner of the goods should give them to the other party to sell them on his behalf, and give him a reward for acting as his agent. This will achieve the aim of both parties, with the latter acting as an agent for the former. There is nothing wrong with this.

As for selling goods before they arrive, this is not permitted either, because the Prophet (peace and blessings of Allaah be upon him) forbade selling from the same place where goods are bought before the trader has actually acquired them (lit. added them to his own luggage). He should first take possession of them, then he can sell them. As for selling them when they are in another country, when he does not know if they will arrive intact or not, this is not permitted.

If a person were to say that the purchaser is obliged to accept the goods “as is”, whether they are defective or not, our response is: a person may agree to that, hoping to make a profit, but if the

goods turn out to be defective, he will regret it and be upset, and a dispute may arise between him and the vendor. Islam – praise be to Allaah – has blocked the way to regret, disputes and conflict.

By the same token, if the goods get destroyed en route, conflicts may arise between the two parties. The point here is that it is not permitted to sell goods until they have have reached the vendor, then he may sell them.