191814 - Ruling on exchanging an old phone for a new phone, and paying a sum of money in return for that

the question

what is the ruling of exchanging items with a company? my example:
my sister has an iPhone 4 and she has had it for 1 year, she bought it from someone else who had it for about a year and a half. her iPhone 4s screen is cracked. she wanted to go to the apple store and give them her iPhone 4 so they can fix the iPhone. the way they deal with it is if you don't have a warranty you pay them $100 and they give you a new iPhone 4, i told my sister that you can pay them and extra $100 or $200 and you can get an iPhone 4s or an iPhone 5. Technically you have already paid for an iPhone 4 and you are adding the left amount of price for the iPhone 5 or 4s. my mum said ibdaal is haraam and that this is ibdaal, is this haraam?

Detailed answer

Praise be to Allah.

This transaction that your sister wants to do, to exchange the damaged phone for an undamaged phone, and paying the difference to the company is a transaction that is permissible according to Islam. There is nothing wrong with it, because mobile phones do not come under the heading of the commodities in which it is stipulated that any exchange must be like-for-like in order to avoid riba. Therefore there is nothing wrong with exchanging a phone for a similar phone or one that is better than it, regardless of whether or not she pays an extra amount of money. In fact she is buying the new phone from them and paying for it by giving them the old phone plus this additional amount.

We have previously discussed the types of commodities in which it is haraam to give more in return for less (of the same commodity) in order to avoid riba, in fatwa no. 118149

And Allah knows best.