289386 - Ruling on offering an item for sale on eBay that is already on Amazon, selling it to the customers via drop shipping

the question

I am well aware of the hadith which forbids selling what you do not possess, and I have read all the answers on this topic on your website. But unfortunately everyone who asked about it did not explain the issue correctly. Therefore, I am going to explain everything about this matter, so that I can put my mind at rest, and give it up if it is haraam. An example of drop shipping is: there is an online store called Amazon, on which people sell their products in a real sense; for example, it sells clothes. There is another online store called eBay, which allows anyone to sell his items, like the first website, but the second has more customers and is more focused. Hence in the case of drop shipping, a person may open a store for himself on the second website, offering for sale the clothing that is found on the first website for a slightly higher price. When a customer buys something, I take his money and I buy the clothes from Amazon, then I have them sent directly to the customer's address, and I keep the difference in price, which until now could be haraam. But now comes the point that may help to give a final ruling on this issue: when the customer pays me, I have not yet acquired his money and used it to buy the goods, as all the shaykhs think. Rather the money remains suspended on the website, and I go and buy the goods from the first website with my own money, and I send it to the purchaser; when it reaches him, I get the money that he sent to the website. For example, there is a jacket on Amazon for ten dollars, and I put it on eBay for twelve dollars. A customer goes to eBay and likes the jacket, and he buys it for twelve dollars, but I cannot withdraw this money from the website until after the deal is done and the customer receives the jacket. So I buy the jacket with my own money, which means that I become the owner of it, and I send it directly to the purchaser's address. When it reaches him, the deal is done. Thus the money remains available to me in the shop, but to protect the purchaser's rights, I cannot withdraw it except after one week, so as to give the customer the opportunity to return the item if he wishes. This gives him full protection against the possibility of his being chated. Is doing this transaction in this manner halaal or haraam?

Detailed answer

Praise be to Allah.

Firstly:

It is not permissible for anyone to sell what he does not possess, except in the case of the salam transaction (payment in advance).

In the answer to question no. 259320 we have explained that so long as the money remains with the online middleman and you cannot take it, the salam transaction (payment in advance) is not valid, because the condition of the salam transaction being valid is that the receipt of the capital is done in the sitting in which the deal is done. This receipt of the money may be achieved if the money is deposited in your account and you are able to withdraw it directly. That does not happen in the transaction described in the question.

It says in *Mataalib Ooli an-Nuha* (3/20): No sale of any specific item is valid that the seller does not possess or has not been given permission to sell, because of the marfoo‘ hadith of Hakeem ibn Hizaam: “Do not sell what you do not possess.” Narrated by Ibn Maajah and by at-Tirmidhi, who classed it as saheeh.

However, if the item is described but is not specified, then the sale may be done as a salam transaction. In that case it is valid, because he will be able to dispose of it when he takes possession of the item or receives the price for the item when the deal is drawn up. If at that time he did not acquire the item or receive the price in full, then it is not valid, because that is like selling debt for debt, which is prohibited. End quote.

Based on that, it is not permissible for you to sell this item of which you have not yet taken possession, according to what is mentioned in the question. The basic principle regarding the prohibition on selling what one does not own is the hadith narrated by an-Nasaa’i (4613), Abu Dawood (3503) and at-Tirmidhi (1232) from Hakeem ibn Hizaam, who said: I asked the Prophet (blessings and peace of Allah be upon him): O Messenger of Allah, a man may come to me asking

me to buy an item that I do not have. Should I make a deal with him then go and buy it for him from the marketplace? He said: “Do not sell that which you do not possess.”

This hadith was classed as saheeh by al-Albaani in *Saheeh an-Nasaa’i*.

Secondly:

There are two ways out of this problem to make it permissible to sell what one does not possess on the internet:

The first way:

Profit-sharing with the one who instructs the middleman to purchase the goods. Thus you can reach an agreement with the one who wants to buy the product, that you will buy the product, then sell it to him for a specific profit. This is simply a promise that is not binding on either party, and it is not a complete sale.

You do not have the right to ask for the price, or part of it, in advance to guarantee that the purchaser is serious. That is because taking this money from the client before purchasing the item indicates that the deal between them is not merely a promise to buy; rather it is a firm commitment, and this money is in fact to confirm and guarantee that commitment.

This is contrary to what is mentioned above about the stipulation that the promise should not be binding on both parties or one of them.

This has been explained previously in the answer to question no. 229091 .

It is also stipulated that you should buy the item and take possession of it, before drawing up a deal with the customer.

When you have bought the item and taken possession of it, it is permissible for you to sell it to the customer.

We stipulated that you must take possession of it, because in some versions of the hadith of

Hakeem ibn Hizaam, it says that the Prophet (blessings and peace of Allah be upon him) said to him: “When you have bought an item, do not sell it until you have taken possession of it.” Narrated by Ahmad (15399) and an-Nasaa’i (4613); classed as saheeh by al-Albaani in *Saheeh al-Jaami‘*, no. 342.

Al-Daraqutni and Abu Dawood (3499) narrated from Zayd ibn Thaabit that the Prophet (blessings and peace of Allah be upon him) forbade selling an item in the place where it was bought, until the merchants had moved it to their places. This hadith was classed as hasan by al-Albaani in *Saheeh Abi Dawood*.

Based on that, it is not valid for you to ask Amazon to ship the item to the customer; rather you must first receive it from Amazon, or an agent must receive it on your behalf, then after that you can sell it to the customer.

The second way: acting as an agent in return for a fee.

It is permissible for you to act as an agent on behalf of customers, buying for them products that are available on Amazon for the same price for which they are sold on that website, without adding anything to it, in return for commission that you take from them, on condition that you buy the product with the customer’s money, not your money.

There is no stipulation that you should take possession of the item or obtain it; rather you should buy the item for the customer and ask the seller (Amazon) to ship it to him.

But the fact that the money remains with the middleman and you buy the item with your own money, means that the price you pay is from your wealth, as a loan from you to the customer, and combining a loan and acting as an agent in return for a fee is not allowed, because it is not permissible to combine a loan and a transaction, according to the majority of fuqaha’.

It says in a statement of the Islamic Fiqh Council concerning doing business on the basis of a margin of profit:

Secondly: if the middleman stipulates to the client that he should do trading through him, that

leads to combining a transaction (brokerage), which comes under the heading of combining a loan with a sales transaction, which is prohibited according to Islamic teaching, because the Prophet (blessings and peace of Allah be upon him) said: “It is not permissible to combine a loan with a sale…” This hadith was narrated by Abu Dawood (3/384) and by at-Tirmidhi (3/526), who said: It is a hasan saheeh hadith.

Thus he will be benefiting from his loan, and the fuqaha’ are agreed that any loan that brings a benefit comes under the heading of riba, which is haraam. End quote. See the Council’s statement in full in the answered question no. 106094 .

Based on that, the first way, with the conditions that we explained, is what is available to you.

And Allah knows best.