292 - Using interest to pay for tuition

the question

Assalam alaikum,
The question has arisen due to many needy Muslims who are being thrown out of schools due to lack of tuition. There are many Muslims who have bank accounts which give interest, and they have not been using it as interest is haram. What should one do with the interest. Should he leave it to the bank or can it be used for such case as paying the tuition to the non Islamic institutions ? Please give valid reasons. This question is very important and urgent as the academic term has just started and funds are not available.
Jazakawallahu Kheiran,

Detailed answer

Praise be to Allah.

and may His peace and blessings be upon His Messenger Muhammad and on his family and companions.

To the honorable brother: Sheikh Ali Darani , May Allah safeguard you , Judge of Nairobi - Kenya

May Allaah’s peace and blessings be upon you.

I have received your question by e-mail concerning the legality of spending interest money for the benefit of needy students studying in educational institutions in your country. Herein, I will summarize the answer to your question according to what scholars have mentioned:

If a Muslim has earned or received unlawful money, he should get rid of it. He must neither derive any personal benefit from it, such as spending this money in eating, drinking, housing, family expenditure, educational tuition, nor can he use it in averting hardship and acts of injustice as paying compulsory insurance fees, government or sales taxes, and customs and duty charges.

Indeed, the intention of its removal must be the purification of one’s money from interest, and it is not considered alms giving because Allaah is pure and good and He, the Almighty, accepts only that which is pure and good.

This interest money can be spent in many beneficial areas, such as for the poor and needy, for medication costs for needy people, helping mujaahideen and advocators of Islam, sustaining the impoverished and relieving debtors who can not repay their debts. Moreover, this money could be used in Islamic Center needs, such as maintaining mosques (i.e. mosque washrooms and other such facicilities), roads, etc… Thus, spending this money in the tuition of needy students studying in educational institutions falls within the aforementioned possible avenues of expenditure. This is permissible even if these institutions are supervised and directed by unbelievers, on condition that the subjects areas studied are Islamically permissible and do not result in any harmful or unlawful consequences. Moreover, this interest is considered forbidden and unlawful to the one who earns it, but as for the people to whom this money given, it is permissible and lawful to make use of it, for it is considered as lost money that no one owns.

Finally, may Allaah grant us success in supporting Islam and Muslims.

Reference: Fataawa Islamiyyah, 2/401-411, "What should one do who repents from earning forbidden money", Al-Fawzaan.