334744 - Is Dropshipping Halal?

the question

I have a question, which is the topic of e-commerce or drop shipping. I found an answer on your site which says that this kind of business is haram, but I found a fatwa on another website saying that it is permissible according to the Maliki madhhab, unless what is sold is food, in which case it is haram.

Another answer on your website says that it is permissible, but the question that you answered was formulated in a different way. So for example, if I correspond with some vendor on the Internet, and I say to him: I want to sell your product in return for a margin or profit that I add to the original price of the product, or let us say that I agree with him on how much profit I can add to the original price, is this regarded as haram?

As the other way of doing this type of transaction, which you said is haram, is selling on the Shopify platform, which is the same Method, as the vendor agrees with another vendor that he will sell this item for him in return for a fee, and they either agree on it or not.

My last question is: why are you making things difficult for Muslims in this regard, even though most of the hadiths that speak of it are either da‘if or marfu‘?

Summary of answer

Dropshipping is halal if you turn it into profit-sharing or if you act as an agent in return for a fee.

Detailed answer

Praise be to Allah.

Forbidden transactions

If the product is permissible, then what is not permissible in this regard is three things:

- Selling something that one does not own, unless it is done in the form of a salam transaction [payment in advance], in accordance with the guidelines thereon.
- Selling something that one has bought but not yet taken possession of .
- Selling gold, silver or currency without the exchange taking place on the spot, in the place where the deal was drawn up.

With regard to the first scenario, there are clear sahih hadiths concerning it, such as the report narrated by an-Nasai (4613), Abu Dawud (3503) and at-Tirmidhi (1232) from Hakim ibn Hizam, 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 for something that I do not have. Can I sell it to 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 sahih by al-Albani in *Sahh an-Nasai*.

At-Tirmidhi (1234), Abu Dawud (3504) and an-Nasai (4611) narrated from 'Amr ibn Shu'ayb, from his father, that his grandfather said: The Messenger of Allah (blessings and peace of Allah be upon him) said: "It is not permissible to arrange a loan combined with a sale, or to stipulate two conditions in one transaction, or to make a profit on something that is not under your control, or to sell something that you do not possess." (Classed as sahih by at-Tirmidhi and al-Albani)

There is no difference of scholarly opinion concerning this matter.

Ibn Qudamah said in *al-Mughni* (4/155):

"It is not permissible to sell an item that you do not possess, so that you will go and buy it and deliver it. This is a unanimous view. This is the view of ash-Shafi'i, and we do not know of anyone who disagreed with him, because Hakim ibn Hizaam said to the Prophet (blessings and peace of

Allah be upon him): A man may come to me, looking to buy something from me, so I go to the marketplace and buy it, then I sell it to him. The Prophet (blessings and peace of Allah be upon him) said: “Do not sell that which you do not possess.”

With regard to the second scenario, the hadith of Hakim ibn Hizaam that is quoted above indicates that if you buy an item, you cannot sell it until you take possession of it.

This was narrated by Ahmad (15316) and an-Nasai (4613), and classed as sahih by al-Albani in *Sahih al-Jami‘* (342).

This includes food and other things, so it is not permissible to sell what you have bought before you take possession of it. This is the view of ash-Shafi'i (may Allah have mercy on him), in contrast to those of the scholars who limited this prohibition to food.

With regard to the third scenario, which is the prohibition on selling gold, silver or currency for another of this category without the exchange taking place on the spot, please see the answer to question no. 182364 .

Is dropshipping halal?

We have discussed drop shipping in the answer to question no. 289386 , where we explained the way to make this transaction permissible, which is either by turning it into profit-sharing or by acting as an agent in return for a fee.

We also explained the salam transaction, and stated that it is essential for you to receive the price in full when drawing up the contract; it is not valid if the money remains with the online middleman. Please see the answer referred to, because there is no need to repeat it here.

Ruling on profit-sharing

The scenario we discussed before was that of a person who wants to sell a product on his own behalf, then he goes and buys it. But what you mentioned in your question is “if I correspond with some vendor on the Internet, and I say to him: I want to sell your product in return for a margin or

profit that I add to the original price of the product, or let us say that I agree with him on how much profit I can add to the original price, is this regarded as haram?"

This way of doing the transaction is acting as an agent, and it is not stipulated that the agent should own the product; rather he is selling what his client owns.

This is acting as an agent on behalf of the trader, so you present his product and sell it for him in return for a known commission that you receive from him.

It is permissible for him to say to you: I want 100 for this item, for example, and anything more than that is yours. This is permissible according to Ahmad and Ishaq (may Allah have mercy on them), who regarded it as being like profit-sharing. However, the majority of scholars disallowed it because of ambiguity with regard to how much the agent's fee will be.

Al-Bukhari (may Allah have mercy on him) said in his *Sahih*: "Chapter on the fee of a broker. Ibn Sirin, 'Ata, Ibrahim and al-Hasan did not see anything wrong with the fee of a broker.

Ibn 'Abbas said:

"There is nothing wrong with saying: Sell this garment, and anything more than such and such is yours. Ibn Sirin said: If he says: Sell it for such and such, and any profit made is yours, or is to be shared between me and you, there is nothing wrong with that. The Prophet (blessings and peace of Allah be upon him) said: "The Muslims are bound by their conditions."

You should realize that this is acting as an agent for the original shop, whereas what we mentioned in question no. 289386 is acting as an agent for the customer by buying for them.

How to correct dropshipping transactions

From this we may conclude that dropshipping may be corrected in four ways:

1. By making it a salam transaction, in accordance with the guidelines thereon.
2. By making it a profit-sharing transaction.

3. By acting as an agent for the customers, on condition that you take money from them and buy items with it, and you do not buy items with your own money then ask them to pay you back.
4. By acting as an agent for the original shop.

To conclude, you should understand that we have no reason to be strict with people, and that is not our way. Rather we are striving to adhere to the proven religious texts, and not go beyond what the jurists said. We look at what people go through and their transactions and try to find sound ways of dealing with that. We try to find that way within the scholarly discourse, especially if there is a need for that and we manage to find a way to solve problems in what the scholars said.

As for selling something that may be used in either permissible or sinful ways, that is subject to further discussion. Please see the answer to question no. 67745 .

We ask Allah to enable us and you to do that which He loves and which pleases Him.

And Allah knows best.