

502471 - Doing business with customers of the company after the partnership has been dissolved

the question

I started a partnership with a friend of mine, and after six months I wanted to introduce to the market a product that I had already started to develop myself without any contribution from my partner. But that was not very clear, even though in my own mind I thought that he understood from our conversation that I would sell to some of my own exclusive customers [and keep that profit for myself], and we would share the profit on what he sold, because I gave him the product. After one year, when we divided the assets of the company and dissolved the partnership, he asked me to pay him his share of what I had collected of profits. After referring the matter to an imam in our neighbourhood, I give him half of what I had collected from customers. Now there are outstanding debts still owed by customers whose accounts I was in charge of, and I intend to give him half of what they pay back to me. My question is about another type of customers; they are customers who were with me and I will continue to provide services to them. There are also other customers who spoke to me during that year [when the company was operating] but did not buy the product from me until after the partnership had been dissolved. Is he [my former partner] entitled to a share of the income from these customers on the grounds that I got to know them and they got in touch with me during the time of our partnership, or is it income in which he has no share, because we clearly changed the partnership, and those transactions were done after these changes were made to the partnership and it was dissolved?

Detailed answer

Praise be to Allah.

Your question is not clear, and you should have explained what you meant by services and how they are connected to the products. If, for example, you sold a product during the lifetime of the



company, and that product needs regular maintenance in return for fees, then a deal should have been made when dissolving the partnership to share these customers, or to agree on a specific way of dealing with those who bought these products, because these services are connected to the partnership, so neither partner should keep the customers and exclude the other partner.

Moreover, if a product was offered to a customer during the lifetime of the company, and that took effort and time, but the sale was done after the dissolution of the partnership, then you must tell your former partner and reach an agreement with him to divide the profits, because the profits resulted from efforts made during the lifetime of the company.

This applies so long as the partners did not agree when dissolving the partnership that each partner would deal with whatever calls he received for maintenance, sales and so on, regardless of whether it was a continuation of the partner's work during the lifetime of the company or not.

But generally speaking, if the partnership has ceased, there is nothing wrong with any of the partners dealing with former customers of the company, and there should be no restrictions on him. So no one should be told to end his connection with the customers or to get rid of customers' phone numbers and the like. The partner has no right to stipulate that when dissolving the partnership.

The partner does not have to give away any of his profits to his former partner because he did business with some customers whom he came to know through the company. If it were to be suggested that that should be the case, this means that the partnership should still exist. But in principle partnership is not a permanently binding contract, and it has now been dissolved.

For more information, please see the answer to guestion no. 417781.

And Allah knows best.