637500 - If the insurance company paid the debt of the deceased, has his responsibility been absolved?

the question

A man took out a loan from the bank, then he passed away and the insurance company paid the loan. Is there any sin on the deceased? And is any expiation required?

Summary of answer

If the insurance company paid the debt on behalf of the deceased, he is absolved of responsibility. But if the debt was riba-based and the insurance was commercial insurance, then the heirs must offer a great deal of supplication for the deceased and give charity on his behalf.

Detailed answer

Praise be to Allah.

I.

If the deceased had taken out a loan from a riba-based bank – as appears to be the case, because Islamic banks do not give loans – riba-based loans are prohibited according to scholarly consensus.

Ibn Qudamah (may Allah have mercy on him) said in *Al-Mughni*, 5/436: Every loan in which it is stipulated that more should be paid back is prohibited, and there is no difference of scholarly opinion concerning that. Ibn al-Mundhir said: The scholars are agreed that if the lender stipulates that the borrower should pay back more or give a gift, and he gives the loan on that basis, then taking the additional amount is riba (usury). It was narrated from Ubayy ibn Ka`b, Ibn `Abbas and Ibn Mas`ud that they forbade loans that bring benefits. End quote.

It says in a resolution of the Islamic Fiqh Council, no. 86 (3/9) about bank accounts:

1.Deposit accounts (current accounts), whether with Islamic banks or riba-based banks, are loans from a jurisprudential (fiqhi) perspective, as the bank that receives these deposits is liable for them and is legally obligated to return the money upon demand. The fact that the bank (the borrower) is solvent does not affect the ruling on the loan.

2.Secondly: Bank deposits are divided into two types according to the reality of banking transactions:

a.Accounts that receive interest, as is the case in riba-based banks, are prohibited usurious loans, whether they are deposit accounts (current accounts, from which money may be withdrawn at any time), time deposits (savings accounts in which no withdrawal can be made before the stated duration of the account ends), notice deposits (saving accounts in which advance notice must be given before withdrawing money), or savings accounts.

b.Accounts in banks that genuinely adhere to Islamic Sharia principles through an investment contract with a share of the profit are regarded as mudarabah capital. The rules of mudarabah (profit-sharing) in Islamic jurisprudence apply to these accounts, including the prohibition of the mudarib (the bank) guaranteeing the mudarabah capital. End quote.

If the deceased did that out of necessity, or because he was unaware of the Islamic ruling, or he was following a fatwa issued by a scholar, then there is no sin on him.

But if it was otherwise, then you should offer sincere supplication for him and give charity on his behalf, in the hope that that will reduce the consequences of this sin for him.

II.

If the debt was paid off on behalf of the deceased, then he is absolved of responsibility, whether it was paid by the insurance company or anyone else.

But if it was commercial insurance, then it is a prohibited type of insurance that combines riba (usury) and gambling, as we have explained in the answers to questions no. 205100 and 36955.

It says in a fatwa of the Jordanian Dar al-Ifta':

Question: My father died owing a debt to a riba-based bank, and the debt was paid by the insurance company. Is my father absolved of responsibility thereby? Please note that some of the heirs intend to pay off the debt on the grounds that this debt was unlawful in principle and must be paid.

Answer: It is prohibited to get involved in loans that involve receiving or paying interest. Allah, may He be Exalted, says: {O you who have believed, fear Allah and give up what remains [due to you] of interest, if you are believers} [Al-Baqarah 2:278]. So whoever erred by taking out an interest-based loan must pay it, and also repent and seek Allah's forgiveness.

In the case of the deceased whose debt was paid by the insurance company, the debt is waived and he is absolved of responsibility, and therefore his heirs do not have to pay their father's debt to the riba-based bank.

But if some of the heirs want to cleanse their father of the sin of riba, we advise them to give charity on his behalf to different charitable causes, and offer supplication for him and ask Allah to forgive him, in the hope that good deeds will erase bad deeds. The Messenger of Allah (blessings and peace of Allah be upon him) said: "When a person dies, his good deeds come to an end except three: ongoing charity, beneficial knowledge, and a child who offers supplication for him." Narrated by at-Tirmidhi, who said: This is a hasan sahih hadith. And Allah knows best. End quote.

III.

No expiation is required for taking out a riba-based loan except repentance when one is still alive. After death, however, there is the hope that Allah will pardon the deceased because of others offering a lot of supplication asking Allah to forgive him, and giving charity and doing Hajj and `umrah on his behalf. These are actions that may benefit the deceased according to scholarly consensus.

Ibn Abil-`Izz al-Hanafi (may Allah have mercy on him) said in *Sharh at-Tahawiyyah*, 2/664: Ahl as-

Sunnah are unanimously agreed that the dead may benefit from the efforts of the living in two ways, the first of which is that of which the deceased was the cause when he was still alive.

The second is the supplication of the Muslims and their praying for forgiveness for him, and their giving charity and doing Hajj on his behalf.

And Allah knows best.