7851 - Selling a mobile phone for which the purchaser pays in installments, from which the vendor pays for the “smart card”

the question

There are some companies which sell mobile phones in the following way:
The two parties agree that the company will sell the individual a mobile phone, and will obtain a “smart card” from the telecommunications company, all for a total price of 5000 riyaals, of which the vendor will pay 3000 riyaals to the communications company in return for a “smart card” in the name of the purchaser. One thousand riyaals covers the price of the phone itself. The total figure is to be paid in monthly installments.
Is it permissible for the company to sell in installments before they bring the card to the purchaser, knowing that they do not actually own the card?

Detailed answer

Praise be to Allah.

We put this question to Shaykh Muhammad ibn Saalih al-‘Uthaymeen, may Allaah preserve him, who answered as follows:

It seems that this is not permissible, because the purchaser is telling the vendor, Lend me the cost of the “smart card”, then I will pay you back with something extra. This extra amount is ribaa (usury/ interest). But it is permissible to sell the phone on its own by installments, because the vendor actually owns it.

Question: what if he says, Give me the extra amount for the phone?

Answer: it does not work this way, because the extra amount is being paid for the whole package. This is haraam, and he should buy the “smart card” with his own money (i.e., the purchaser).

Question: does this come under the heading of two contracts in one? Could the relationship

between the purchaser and the vendor (with regard to the “smart card”) be that of delegating someone to do something and paying him for his services?

Answer: No, because every contract should be dealt with individually. The first contract is with the telecommunications company and the second is with the company (which is selling the phone) – and this is not permissible. It is as if they are giving him (the purchaser) a loan, which they then give to the telecommunications company, then they are asking for extra repayment. And Allaah knows best.