82267 - Is working as a sales agent regarded as underselling one another?

the question

I work as a sales agent of a company. My job is to market and display goods that might be already available in all the shops I visit. Some of these shops have already contracted with other agents about similar goods. Is offering lower price for the same goods, in order to compete with the other agent, haram and considered outbidding my brother? Although this is the reality of working as sales agents in any company.

Detailed answer

Praise be to Allah.

Al-Bukhaari (5142) and Muslim (1412) narrated from Ibn ‘Umar (may Allah be pleased with him) that the Prophet (peace and blessings of Allah be upon him) said: “No man should undersell his brother.”

Muslim (1408) narrated from Abu Hurayrah (may Allah be pleased with him) that the Prophet (peace and blessings of Allah be upon him) said: “and he should not outbid his brother.”

The scholars have described the situation to which this prohibition applies. They said: With regard to the seller and the buyer, one of the following three scenarios must apply:

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Where they start bargaining and each party tries to make a deal with the other, and neither of them seems to be accepting the other’s offer yet. At this stage the bidding begins, if the seller has offered his product for auction, or there may be a process of underselling, if the buyer wants to see who will offer him the cheapest price in public bidding.

At this stage there is nothing wrong with outbidding or underselling.

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When both the buyer and the seller have come to an agreement and they have decided to complete the transaction. Then it is not permissible for anyone else to interfere by offering to buy or sell or any kind of bargaining.

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When the deal has been struck and the transaction has become binding, but there remains the option of cancelling it, either because they have not yet parted or because that option has been stipulated in the deal (whereby one or both parties have stipulated that they have the right to cancel the deal within a certain period). In that case it is not permissible for anyone to interfere and try to sell for less or buy for more.

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If the deal has been struck between the two parties and the option of annulling is no longer available because they have parted or they did not stipulate the option of annulling, then some scholars are of the view that there is no sin on the one who intervenes between them and offers them something better. This is the view of the Shaafa'is and Hanbalis, based on the evidence of a report narrated by al-Nasaa'i (4504) of the hadeeth of Ibn 'Umar in which it says: "No one should undersell his brother until the deal has been done or cancelled." Classed as saheeh by al-Albani in Saheeh al-Nasaa'i.

Imam al-Shaafa'i (may Allah have mercy on him) said: I do not forbid two men before they enter into a transaction or after they depart from the place in which they did the transaction from selling whatever they want, because that is not outbidding someone else which is forbidden. End quote.

Al-Umm (3/92).

Some scholars favoured the view that it is haraam to undersell one's brother in this manner, i.e., even after the sale has become binding and it is not possible to cancel it, because the buyer may use trickery to cancel the sale, or that may lead him to a dispute between him and the first seller

because he thinks that he could have gotten that product for a lower price.

Ibn Rajab al-Hanbali said: This is the view of a number of our companions, and it is more likely to be correct.

Al-Mardaawi also inclined towards this view in al-Insaaf (11/178).

It was also viewed as more correct by Ibn ‘Uthaymeen (may Allah have mercy on him). He said in al-Sharh al-Mumti’ (8/204):

This view is the correct one, i.e., that underselling one's brother is haraam, whether that is at the time when they still have the option to cancel the deal or after that. But if it happens a long time afterwards, there is nothing wrong with it. i.e., if that happens before a week or a month or the like, and he comes and says: I will give you a similar product for nine, when he had bought it for ten, there is nothing wrong with that, because it is not possible to cancel the deal at that stage. End quote.

What the sales agent should do is pay attention to the rulings and cases mentioned above, so that he will not do wrong things or commit sin.

If he knows that the shopkeeper has decided to buy from another company, then it is not permissible for him to offer his goods to him in that case.

If he does not know anything – as is usually the case for most sales agents – then there is nothing wrong with him offering his products for whatever price he wants, and there is no sin in that.

And Allah knows best.