87782 - He agreed with his colleagues that he would buy a product and sell it to them for more

the question

I buy a halaal product for 200 riyals and sell it to my colleagues for 300 riyals after agreeing the price with them. Is this transaction permissible?.

Detailed answer

Praise be to Allah.

This transaction is permissible so long as certain conditions are met:

1 – That you buy the product and take possession of it, then sell it to them, because the Prophet (peace and blessings of Allah be upon him) said to Hakeem ibn Hizaam (may Allah be pleased with him): “When you buy something, do not sell it until you have taken possession of it.” Narrated by Ahmad (15399), al-Nasaa’i (613); classed as saheeh by al-Albaani in Saheeh al-Jaami’ no. 342.

Ahmad narrated that Hakeem ibn Hizaam (may Allah be pleased with him) said: I said: O Messenger of Allah, I deal in some goods. What is permissible for me with regard to them and what is forbidden? He said: “If you buy something, do not sell it until you have taken possession of it.”

Al-Daaraqutni and Abu Dawood (3499) narrated from Zayd ibn Thaabit (may Allah be pleased with him) that the Prophet (peace and blessings of Allah be upon him) forbade selling a product in the place where it was bought, until the traders take possession of it and move it to their places. This hadeeth was classed as hasan by al-Albaani in Saheeh Abi Dawood.

It is not permissible to make an agreement to sell it until you have taken possession of the goods, but it is permissible for you to promise to bring it and for them to promise to buy it, and for you to agree with them on the price, but this promise is not binding on any of you.

2 – You should not be an agent for them in buying it. It is not valid for them to appoint you as their agent to buy a product, then for you to buy it for 200 and sell it to them for more, because it is not permissible for an agent to make a profit from the one who appoints him, except with his knowledge. Rather you should deal with them on the basis that you are a dealer who is buying for them the goods that they want, and sell it to them for a profit.

3 – You should sell it to them at the market price. Adding a large mark-up when they are unaware of the real price is cheating and it is not permissible to do that. If they know the real price and agree to that, then there is nothing wrong with it, but if they do not know the real price it is not permissible to increase the price too much. See question no. 13341.

And Allah knows best.