9386 - Can Agents Take Extra Money If They Sell for a Higher Price?

the question

I am working for a company that sells products. The Sales Manager told me that I can sell a product with a cost of SR 1,000. Although I am not working in the Sales Department, I was able to locate customers who can pay more than that price, i.e SR1,500.

Is it Ok to sell it with 1,500 and give the company 1000 and leave the rest for me?

Summary of answer

If the company stipulated the price to an agent and agreed with him that if he sells it for more the extra money would be his, it is permissible for the agent to sell it for more and he can take the extra money.

Detailed answer

Praise be to Allah.

If the company has stipulated the price and said that you should not sell it for more than that, then it is not permissible for you to sell it for more than the stipulated price. However, if the company has stipulated the price but has not said that you should not sell it for more than that, then it is permissible for you to sell it for more. In either case, the extra money belongs to the company and it is not permissible for you to take it.

That is because the agent should work for the interests of his employer, not for his own interests.

The evidence for that is the report narrated by Al-Bukhari (3643) from `Urwah (may Allah be pleased with him), that the Prophet (peace and blessings of Allah be upon him) gave him a Dinar to buy a sheep for him. He bought two sheep and sold one for a dinar, and brought him a sheep and a Dinar. The Prophet (peace and blessings of Allah be upon him) prayed that he would be

blessed in his transactions and that even if he bought dust he would profit from it.

`Urwah (may Allah be pleased with him) was acting as the agent of the Prophet (peace and blessings of Allah be upon him) in this purchase, and he was able to make a profit in his buying and selling. This profit belonged to the Prophet (peace and blessings of Allah be upon him), because if it had belonged to `Urwah, the Prophet (peace and blessings of Allah be upon him) would not have taken it.

Ibn `Abd Al-Barr (may Allah have mercy on him) said:

“There is no dispute among the scholars that it is permissible to act as an agent . But the scholars differed concerning the meaning of this Hadith and whether, if the agent buys more than he was told to, that transaction is binding upon his employer. For example, if a man says to another, Buy me a pound of meat with this Dirham, and describes what kind of meat it should be, and he buys four pounds of that kind of meat with that Dirham. The opinion of Malik and his companions is that he has to accept this transaction, if the meat is of the kind stipulated but is of a larger amount because he has done well. This Hadith supports this view, and it is a good Hadith [sound]. It proves that the two sheep belonged to the Prophet (peace and blessings of Allah be upon him), otherwise he could not have accepted the Dinar or approved of this transaction.” (At-Tamheed, 2/108)

The Standing Committee was asked about this matter and they said:

“It is permissible to sell a product for more than its price if that is possible, but the extra money belongs to the owner of the product. But if the owner stipulated that it was not to be sold for a higher price, then it should be sold for the price stipulated by the owner.” (Fatawa Al-Lajnah Ad-Da’imah, 13/96)

But if the company stipulated the price to you, and agreed with you that if you sold it for more then the extra money would be yours, it is permissible for you to sell it for more and the extra money is yours.

Ibn Qudamah (may Allah have mercy on him) said in Al-Mughni (7/361):

“If he said, Sell this garment for ten and anything extra is yours, then that is valid and he is entitled to the extra money… Ibn `Abbas did not see anything wrong with that.”

And Allah knows best.