103149 - Some types of haraam transactions

the question

What are the types of haram transactions? Please quote the evidence for that.

Detailed answer

Praise be to Allah.

There are many types of haram transactions, and it is not possible to list them all in this brief answer. On our website, in the section on haram transactions you will find many of these transactions.

Shaykh al-Islam Ibn Taymiyah (may Allah have mercy on him) mentioned a useful principle concerning this matter, which will help one to understand the issue and by referring to it the issue will become clear.

He (may Allah have mercy on him) said in Majmoo‘ al-Fatawa (29/22):

The second principle concerning contracts, both halaal and haram: the basic principle in this regard is that Allah has forbidden us in His Book to eat up one another’s property unjustly (cf. 2:188); He condemned the rabbis and monks who ate up the people’s wealth unjustly; He condemned the Jews for consuming usury (riba) when they had been forbidden to do so, and for eating up the people’s wealth unjustly. This includes everything that is eaten up or consumed unjustly in transactions and donations, and whatever is taken without consent.

Eating up or consuming wealth unjustly in transactions is of two types, which Allah mentioned in His Book. They are usury (riba) and gambling.

The prohibition on usury, which is the opposite of charity, is mentioned at the end of Soorat al-Baqarah, Soorat Aal ‘Imraan and ar-Room. The Jews are condemned for it in Soorat an-Nisa’, and

the prohibition on gambling is mentioned in Soorat al-Maa'idah.

Then the Messenger of Allah (blessings and peace of Allah be upon him) explained in detail that which Allah had mentioned in general terms in His Book. The Prophet (blessings and peace of Allah be upon him) forbade ambiguous transactions, as was narrated by Muslim and others from Abu Hurayrah (may Allah be pleased with him). Ambiguous transactions are those of which the outcome is unknown, which leads to the same negative outcomes as gambling, namely enmity and resentment, in addition to consuming wealth unlawfully, which is a type of oppression or wrongdoing. Ambiguous transactions involve wrongdoing, enmity and resentment.

As for usury, the prohibition on it in the Qur'an is more emphatic. Hence Allah, may He be exalted, says (interpretation of the meaning):

"O you who believe! Be afraid of Allah and give up what remains (due to you) from Riba (usury) (from now onward), if you are (really) believers.

And if you do not do it, then take a notice of war from Allah and His Messenger" [al-Baqarah 2:278-279].

The Prophet (blessings and peace of Allah be upon him) included it among the major sins, as was narrated in as-Saheehayn from Abu Hurayrah (may Allah be pleased with him). Allah stated that some good things that had been permitted to the Jews became forbidden to them because of their wrongdoing, their preventing people from following the path of Allah, and their consuming people's wealth unlawfully. And He, may He be glorified and exalted, said that He will destroy riba (usury) as He gives increase for charity (cf. 2:276). Both matters are tried, tested and true in people's experience. End quote.

So the basic principle is that any transaction that includes either of these two forbidden matters – usury (riba) or gambling – or that is a trick to get around the prohibition on these two things, comes under the heading of haram transactions.

Examples of transactions that are haram because of usury (riba) include: 'Eenah transaction

[which means to sell something for a price to be paid at a later date, then to buy it back for a lower price to be paid immediately]; selling debts; combining a sale contract with a loan; and the like.

Examples of transactions that are haram because of gambling include: sales of unknown items; and sales of things that one cannot deliver.

See the answer to question no. 105339

And Allah knows best.