171593 - Ruling on lending old steel for construction if the borrower will give back new steel

the question

I would like an explanation of the Islamic ruling on the following transaction: someone bought 12 mm steel for the purpose of building a residence, but the construction was not completed due to personal circumstances. This steel remained exposed to the rain until it became rusty, then the owner of the steel lent it to someone else so that he could make use of it, on the basis that he would pay him back when he needed it, but when he paid him back it should be in the form of new steel that was not rusty.

Detailed answer

Praise be to Allah.

Firstly:

There are two types of loans, the first of which is lending something that is made use of but it still remains, such as lending mounts and tools. As for lending steel and the like, that will be used up, to someone who will take it and gave a replacement for it, this is the second type of loan.

Secondly:

There is nothing wrong with lending steel, so long as its description is known in precise terms, such as its type, gauge (or thickness), weight and characteristics. It is permissible for the borrower to give back something better than what he took, provided that this is not something that is agreed to or stipulated beforehand. So it is not permissible for the lender to stipulate that the borrower must give new steel, because that comes under the heading of a loan that brings a benefit, which is riba (usury).

But if the borrower brings new steel – without that having been stipulated – then this is an act of kindness and generosity.

If the lender knows that the borrower will give back something better than what he took – without stipulating that – there is nothing wrong with that, according to the more correct scholarly view, because the Sahaabah used to lend things to the Prophet (blessings and peace of Allah be upon him), and he was known for being generous when paying back, and would pay back the loan with something better.

See the answer to question no. 148458 .

And Allah knows best.