260161 - Ruling on buying gold over the phone and receiving it one or two days later

the question

When I want to buy gold ingots, I contact the shop that sells gold, and ask them to set aside for me a certain amount of gold, such as 1 kg, on the basis that the price of the kilo is 150,000 riyals at that time, and I will go to the gold shop two or three days later, and will give them 150,000 riyals, and they will give me the gold that I asked to be set aside. Please note that if the value of the gold falls or rises before I receive it, that will not affect the agreement drawn up between me and the seller. What is the Islamic ruling concerning this matter?

Detailed answer

Praise be to Allah.

With regard to the sale of gold, if it is bought for gold or silver or cash, it is stipulated that the cash and gold both be present at the time of the meeting in which the agreement is drawn up. It is not permissible to buy gold in the manner that you mentioned; rather both the gold and the cash must be present in the meeting in which the agreement is drawn up, so that the exchange may be done hand-to-hand, as will be mentioned in the hadith quoted below. This is what is called an immediate exchange. If this exchange does not take place, then it comes under the heading of riba an-nasee'ah.

It was narrated that 'Ubaadah ibn as-Saamit (may Allah be pleased with him) said: The Messenger of Allah (blessings and peace of Allah be upon him) said: "Gold for gold, silver for silver, like for like, same for same, hand to hand. If any of these thing are different, then sell however you like, so long as it is hand to hand." Narrated by Muslim (2970).

Muslim (1586) narrated from Maalik ibn Aws ibn al-Hadathaan, that he said: I was going around saying: Who will exchange dirhams (for my gold)? Talhah ibn 'Ubaydullah, who was with 'Umar ibn

al-Khattaab, said: Show us your gold, then come to us later, when our servant comes, and we will give you your silver. ‘Umar ibn al-Khattaab said: No, by Allah! Either give him his silver (now) or give him back his gold, for the Messenger of Allah (blessings and peace of Allah be upon him) said: “Silver for gold is riba, unless it is exchanged on the spot; wheat for wheat is riba, unless it is exchanged on the spot; barley for barley is riba, unless it is exchanged on the spot; dates for dates is riba unless it is exchanged on the spot.”

Paper money comes under the same ruling as silver in this regard, so it is not permissible to sell gold for cash except hand-to-hand.

It says in a statement of the Islamic Fiqh Council belonging to the Organization of the Islamic Conference:

With regard to the ruling on paper currency: it has no inherent value, but it is given value based on universal custom, and it comes under the same shar‘i rulings as gold and silver with regard to riba, zakaah, salam transactions, and other rulings.

End quote from Majallat al-Majma‘, issue no. 3, vol. 3, p. 1650; issue no. 5, vol. 3, p. 1609

It says in Fataawa al-Lajnah ad-Daa’imah (13/475):

Sometimes the shopkeeper buys gold wholesale over the phone, from Makkah or from outside the Kingdom, when he is in Riyadh, from a goldsmith whom he knows, and the final product is known to the purchaser, such as whether it is in the form of bracelets or otherwise, and they agree on the price and he transfers the money to him through the bank. Is that permissible, or what should he do?

Answer: This transaction is not permissible either, because the transfer of the two items – the money and the item purchased – is delayed, and they are both gold, or one of them is gold and the other is silver or cash, which takes the place of silver or gold.

This is called riba an-nasa, and it is haraam. Rather the transaction should take place when the money becomes available, to be paid according to the price agreed upon at the time of the

contract, and the exchange should be made hand to hand (on the spot).

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‘Abdullah ibn Ghadyaan, ‘Abd al-‘Azeez ibn ‘Abdillah ibn Baaz. End quote.

It also says (13/483):

It is not permissible to sell gold for gold or silver for silver, except like for like, hand to hand…

If one of the two items is gold, in the form of jewellery or cash, and the other is silver, in the form of jewellery or cash, or any other currency, it is permissible for the two to vary in quantity, but the exchange must be done before leaving the place where the agreement was made.

Anything other than that with regard to this matter comes under the heading of riba and is included in the general meaning of the verse in which Allah, may He be exalted, says (interpretation of the meaning):

“Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, ‘Trade is [just] like interest.’ But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah . But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein”

[al-Baqarah 2:275].

Shaykh ‘Abd al-‘Azeez ibn Baaz, Shaykh ‘Abd ar-Razzaaq ‘Afeefi, Shaykh ‘Abdullah ibn Ghadyaan, Shaykh ‘Abdullah ibn Qa‘ood.

End quote.

You can call them to find out the price and make sure that they have the quantity you want, but the transaction cannot be completed until you go to the shop and exchange cash for the gold in

the meeting in which you conclude the deal.

If the price changes between the time of your phone call and your going to the shop, what matters is the price at the time when you are present in the shop, because that is the time when the deal is concluded.

And Allah knows best.