# 260196 - Ruling on cashback offers with credit cards

## the question

Can a person avail Cash back offer from a non-islamic bank? For example Spending 5000 aed from debit card and get 50aed back Or like spending in non-dirham currency and getting a small percentage back.

## Detailed answer

Praise be to Allah.

Firstly:

In order for it to be permissible to deal with unloaded credit cards, it is stipulated that it should be free from the following problematic issues:

1. Charging a fee for issuing or renewing the card, or making withdrawals with it, that is greater than the actual costs incurred by the bank in this process.

That is because making withdrawals with this card is taking a loan from the issuer, and stipulating that something extra be paid back with the loan constitutes riba.

2. The conditions should not include any stipulation of a fee in the event of late payment, as is the case with most of the credit or debit cards issued by riba-based banks. It is not permissible to use the cards in that case, even if the customer is determined to pay on time.

See the answer to question no. 97530.

Secondly:

If the card is permissible – according to what is outlined above – then there is nothing wrong with benefiting from cashback offers, because the more correct view is that it is permissible to agree to pay back a loan with less than what was taken. This is one view of the Shaafa'is and is the view of

the Hanbalis, because it is a benefit that is solely for the borrower, so it is the opposite of riba. Moreover, the loan is a contact motivated by kindness, so increasing the kindness in it is not prohibited.

Shaykh Abu ‘Umar ad-Dabyaan said in his book al-Mu‘aamalaat al-Maaliyyah (18/289-295):

Stipulating that less be paid back…

If the borrower pays back less than he took, without any prior condition, and the lender accepts that, this is valid, and there is no difference of opinion among the scholars concerning that; rather it comes under the heading of kindness and generosity for which he will be rewarded.

It is also prohibited for the borrower to delay payment and claim that he is unable to repay so that some of the debt will be waived for him, because this comes under the heading of consuming people’s wealth unlawfully.

But if the borrower stipulates when taking the loan that he will pay back less than he borrowed, and that is with the willing consent of the lender, then the scholars differed concerning that, and there are three views:

The first view:

If he stipulates that he will return less than he took in terms of quantity or quality, then this condition is invalid. As to whether it renders the contract invalid, there are two views:

i. It does not render the contract invalid. This is the more sound view according to the Shaafa‘i madhhab and is the well-known view of the Hanbalis.

ii. It does render the contract invalid. This is one view among the Shaafa‘is and is the view favoured by Ibn Hazm.

The second view:

The loan and condition are valid. This is one view among the Shaafa‘is and is another view, as

opposed to what is regarded as sound, among the Hanbalis.

The argument for the validity of the loan is as follows:

i. The basic principle with regard to conditions is that they are valid and permissible, and no condition is to be regarded as unlawful except on the basis of evidence, and there is no evidence to suggest that a condition such as this is unlawful.

ii. The loan is an act of kindness to the borrower, and stipulating that he will pay back less does not alter that fact, unlike stipulating that he should pay back more.

iii. This is the opposite of riba, so it cannot be prohibited, because riba is based on exploiting the person's need for money, so the lender lends to him and stipulates that he must pay back more then he took, whereas in this case the lender meets his need and accepts to waive some of what he owes, and this does not make it unlawful, even if it is stipulated in the contract.

The third view:

If the borrowed wealth is something that could be subject to riba, then it is not permissible to stipulate that less be paid back. This view was favoured by some of the Hanbalis.

The argument for this view:

If the wealth could be subject to riba, then it is stipulated that what is paid back must be equal in both quantity and quality. If it is stipulated that he pay back less, that would mean that the condition that it should be equal – which is obligatory – would not be fulfilled.

In al-Mughni it says: If he stipulates that he should pay back less than he borrowed, and that involves wealth that could be subject to riba, that is not permissible, because it will lead to missing out on the condition that it should be equal, which is an essential condition.

This argument may be countered by the following:

The condition that there be equality in terms of quality and quantity, and that the exchange take

place in the same sitting, is a condition in contracts based on exchange, such as sale transactions; these conditions are not applicable in loan contracts, because a loan is a contract based on kindness. Therefore payment is not required in the same sitting, even though the wealth could be subject to riba, and there is no requirement of equality. And Allah knows best.

The most correct view:

I think the view that it is permissible is the correct view, and that the view that it must be disallowed in all cases, or in cases involving wealth that is subject to riba, is an ill-founded view. And Allah knows best. End quote.

Based on that, if the credit card is Islamically acceptable, there is nothing wrong with benefiting from this offer, whether the card is from an Islamic bank or otherwise.

But if the credit card is not Islamically acceptable, then it is not permissible to use it at all.

And Allah knows best.