268554 - Ruling on paying for a product by cheque at a higher price

the question

What is the Islamic ruling on dealing with cheques, but the price of the product will be higher if I pay for it by cheque, and it will be lower if I pay for it with cash, and sometimes the increase is between 10% and 25%?

Detailed answer

Praise be to Allah.

Firstly:

There is nothing wrong with selling an item for deferred payment at a higher price than the price if payment is made immediately, such as if the deferred price is 10-25% higher, if both parties agree to that and it is decided that the payment will be made in one of two ways, either cash or deferred payment.

It may be understood from the question that what is meant is a personal cheque, not a certified cheque, that the individual writes in the name of the seller, without getting it certified by the bank. This is a deferred cheque, and is subject to what we have mentioned above.

It is not permissible to buy gold, silver or currency with an uncertified cheque, because in when buying these things it is stipulated that the exchange take place in the same sitting. But it is permissible to purchase other goods with an uncertified cheque, such as food, furniture, clothing and so on.

Secondly:

There are two other kinds of cheques, namely a certified cheque that is certified by the bank, and a banker’s cheque or bank draft cheque, that the bank issue in the name of a specific person. Both of these come under the same ruling as cash, so it is permissible to purchase gold, silver and

currency with them, except in some exceptional cases where the bank does not have sufficient funds to cover the amount on the cheque. In that case, that cheque comes under the rulings on deferred payments.

It says in al-Ma‘aayeer ash-Shar‘iyyah – al-Mi‘yaar ash-Shar‘i raqm 16 al-Awraaq at-Tijaariyyah:

1.6. Receiving a cheque that may be cashed immediately comes under the same ruling as receiving cash, if it is a banker’s cheque or a certified cheque, or it is virtually certified, such as when cheques are cashed between banks, or between banks and their branches.

Based on that, it is permissible to use cheques in dealings where exchange in the same sitting is stipulated, such as exchanging currencies or purchasing gold or silver, and to use the cheque as payment in advance.

2.6. The cheque that is payable immediately cannot be regarded as being the same as cash if it is not a banker’s cheque or a certified cheque, or a virtually certified cheque. If it is not like that, then it is not permissible to use it in transactions where exchange in the same sitting is stipulated. End quote.

For more information, please see the answer to question no. 260145.

And Allah knows best.