40000 - Selling by installments to the one who asked us to buy something

the question

I have been offered the opportunity to take part in a project selling household appliances by installments. This operates in the following manner:
We do not have a store, so the customer comes to us and says, “I want to buy certain appliances (for example, four air conditioners). We buy these appliances and give the price to a store with which we deal and from whom we always buy things. Then we sell it to the customer who wants to buy them, after agreeing on a price to be paid in installments. For example, if the cash price is 1200 riyals, we sell it by installments for 2000 riyals.
Some purchasers take them to use them, and some take them to sell them back to the same store from which we buy them, because the best price that can be found is in that store. We are doing it this way now until we have enough capital to open a store where we can sell appliances directly for cash or by installments.
Is this way of selling valid? We hope that you can explain that for us and for many Muslims who are selling in this manner. May Allaah reward you with good.

Detailed answer

Praise be to Allah.

If the matter is as described, and you buy the product that the customer wants in a real sense, taking possession of it and then selling it for a price to be paid by installments, there is nothing wrong with that, even if the price by installment is higher than the cash price.

It does not matter if the one who buys it from you sells it to the first store, because there is no connection between him and this store.

The Standing Committee was asked:

I agreed with another man that I would buy a car for him. I told him that the showroom price is

50,000 riyals but if I bring it to you the price will be 60,000. Is that permissible?

They replied:

There is nothing wrong with selling a car or any other product, if you are selling it after buying it and taking possession of it. It is permissible for you to sell it for a cash price or for a deferred payment that is higher than the cash price, whether the deferred payment is made in installments or otherwise. That is because Allaah says (interpretation of the meaning):

“Allaah has permitted trading”

[al-Baqarah 2:275]

“O you who believe! When you contract a debt for a fixed period, write it down”

[al-Baqarah 2:282]

This includes the price of goods sold for a deferred payment.

Selling a product to a person who has asked for it before you have bought it and taken possession of it is not permissible, because it is proven that Zayd ibn Thaabit (may Allaah be pleased with him) said: The Messenger of Allaah (peace and blessings of Allaah be upon him) forbade selling goods in the place where they had been bought, until the traders had taken them to their own locations. Narrated by Abu Dawood, 3499. Shaykh al-Albaani said: It is hasan because of corroborating evidence.

And the Prophet (peace and blessings of Allaah be upon him) said: “Whoever buys foodstuff should not sell it until he takes possession of it.” Narrated by Muslim, 1596.

And the Prophet (peace and blessings of Allaah be upon him) said: “Do not sell what you do not have with you.” Narrated by Ahmad and Abu Dawood, 3503; classed as saheeh by Shaykh al-Albaani in Saheeh al-Jaami’, 7206.

Ibn ‘Umar (may Allaah be pleased with him) said: We used to buy food willy-nilly, then the

Messenger of Allaah (peace and blessings of Allaah be upon him) sent word to us forbidding us to sell it until we had moved it to our own locations. Narrated by al-Bukhaari and Muslim, 1527.

As for the ‘aynah transaction that is forbidden, this refers to buying a product for a deferred payment, then selling it back to the person who sold it to you for a lower price. This is not what is being done in this case. See question no. 36408.

And Allaah knows best.