45910 - Should he take a riba-based loan in order to buy a house?

the question

We are Palestinians living in the land that was occupied in 1948. We take out mortgages from the housing ministry for a 25-year period, part of which is a gift and the other part is to be paid off in monthly installments with interest (riba). If the borrower delays paying back for one year, the ministry is entitled to take the house and sell it to someone else. There is another condition in the loan contract which states that in the event of the death of one of the spouses who signed the loan, the other is let off from paying installments and the ministry has no right to demand repayment of the loan; the house will belong fully to him or her without any further debt. What is the Islamic ruling on such loans, knowing that if a person builds a house without taking such a loan he will be asked too many questions about where he got the cash from.

Detailed answer

Praise be to Allah.

Firstly:

There can be no doubt that riba is a prominent feature of Jewish life, and their tendency to consume haraam things in general and riba in particular is well known. Allaah has mentioned that and stated that He forbade that to them in the verse where He says (interpretation of the meaning):

“For the wrongdoing of the Jews, We made unlawful for them certain good foods which had been lawful for them — and for their hindering many from Allaah’s Way;

161. And their taking of Ribaa (usury) though they were forbidden from taking it”

[al-Nisa’ 4:160, 161]

al-Haafiz Ibn Katheer (may Allaah have mercy on him) said:

Allaah forbade them – i.e., the Jews – to engage in riba, but they dealt in it and took it and produced all kinds of tricks and devious methods to support that, and they consumed the people's wealth unlawfully.

Tafseer Ibn Katheer, 1/584.

Taking riba from you, burdening you with that and taking the house away from you if you are unable to pay are all things that are well known in their deviated religion and despicable dealings. The Jews have restricted the text which forbids riba to dealings amongst themselves only, but they say that there is nothing wrong with a Jew dealing with a non-Jew on the basis of usury and they regard that as permissible. They have made that a means of taking over other people's property.

One of their rabbis, whose name is Raab – says:

If a Christian needs money, the Jew has to make the most the most of this opportunity, and add usury to usury, until he has exhausted him and he is unable to pay it off except by giving up all his possessions in order to pray the principal and the interest. At that point the Jew should seize the opportunity and by the help of the judge take control of all his possessions.

Riba and its effects on human society by Dr. 'Umar ibn al-Ashqar, p. 31

Secondly:

Riba is forbidden in Islam, and it makes no difference to the ruling whether it is among Muslims or between Muslims and others. Loans which stipulate that payments must be made with something extra (i.e., interest) are riba-based loans and there is no doubt that they are haraam. Dealing in them, taking riba or giving it all expose a person to punishment in this world and in the Hereafter.

Allaah says (interpretation of the meaning):

"Those who consume Ribaawill not stand (on the Day of Resurrection) except like the standing of a person beaten by Shaytaan (Satan) leading him to insanity. That is because they say: 'Trading is only like Ribaa,' whereas Allaah has permitted trading and forbidden Ribaa. So whosoever receives

an admonition from his Lord and stops consuming Ribaa, shall not be punished for the past; his case is for Allaah (to judge); but whoever returns (to Ribaa), such are the dwellers of the Fire — they will abide therein”

[al-Baqarah 2:275]

It was narrated that Samurah ibn Jundub (may Allaah be pleased with him) said: The Prophet (peace and blessings of Allaah be upon him) said: Last night I saw two men who came to me and took me out to a holy land. We set out until we came to a river of blood in which a man was standing, and on the bank of the river there was a man with stones in front of him. The man who was in the river came and wanted to get out, but the other man threw a stone in his mouth and he went back to where he had been. Every time he wanted to get out, he threw a stone in his mouth and he went back to where he had been. I said, ‘What is this?’ He said: ‘The one whom you saw in the river is the one who consumed riba.’” Narrated by al-Bukhaari, 1979.

It was narrated from Abu Hurayrah (may Allaah be pleased with him) that the Prophet (peace and blessings of Allaah be upon him) said: “Avoid the seven sins that doom a person to Hell.” They said: O Messenger of Allaah, what are they? He said: “Shirk (associating others with Allaah), witchcraft, killing a soul whom Allaah has forbidden us to kill, expect in cases determined by Islamic law, consuming riba, consuming orphans’ wealth, running away from the battle field, and slandering chaste, innocent believing women.” Narrated by al-Bukhaari, 2615; Muslim, 89.

There is no difference in the ruling between the one who consumes riba (which is the bank in this case), the one who pays it (which is the one who took out this loan), the one who witnesses it and the one who writes it down; they are all equal in sin.

It was narrated that Jaabir ibn ‘Abd-Allaah (may Allaah be pleased with him) said: The Messenger of Allaah (peace and blessings of Allaah be upon him) cursed the one who consumes riba, the one who pays it, the one who writes it down and the two who witness it, and he said: “They are all the same.”

Narrated by Muslim, 1598.

The scholars of the Standing Committee were asked:

Is dealing with the bank riba or is it permissible? Because there are a lot of citizens who borrow from the bank.

They replied:

It is haraam for the Muslim to borrow gold, silver or money from someone on the basis that he will pay back more than he borrowed, whether the lender is a bank or anyone else, because that is riba, which is one of the worst of major sins. Any bank that deals in such transactions is a riba-based bank.

Fataawa Islamiyyah, 2/412

Based on this, it is not permissible for you to borrow from these banks, because their dealings with you come under the heading of riba which is clearly haraam. You can build with your halaal money and prove that you acquired it legitimately in many ways. Not everyone who builds a house without going through the bank is a thief or embezzler. There are many ways of acquiring wealth in good ways, and you can prove that and document it for anyone who has doubts about you. This is something that is not impossible.

We have explained the prohibition on riba and the fact that it is haraam to use it for building or buying houses in the answers to questions no. 21914 and 22905.

And Allaah knows best.