47354 - Can traders agree on prices before they submit their tenders?

the question

Is it permissible for a group of traders to agree on prices before they submit their tenders, after they learn of the amount allocated for this particular deal, in order to prevent another trader undercutting them, and after one of them wins the deal, they will share it with one another.

Detailed answer

Praise be to Allah.

It is not permissible for the traders to agree on prices before submitting their tenders, because that harms the one who is seeing the deal, who only invited them to submit their tenders in order to get the best deal. The Prophet (peace and blessings of Allaah be upon him) said: “Leave the people alone (to engage in trade), and Allaah will provide for some of them by means of others.” Narrated by Muslim, 1522. Moreover, agreeing in advance and sharing out the deal among the traders without the knowledge of the agent is deceiving him, and in the hadeeth it says, “Whoever deceives us is not one of us.” Narrated by Muslim, 101.

The Standing Committee was asked about buyers at an auction agreeing not to increase the price beyond a specific limit. They replied:

The agreement between buyers to stop when the price at an auction reaches a certain limit is a kind of selfishness, which will cause harm to the sellers of the product. Both selfishness and harming others are forbidden. This is a bad attitude that does not befit the Muslims and is not approved of by Islamic sharee’ah. The seller who is affected by such a conspiracy not to raise the price beyond a pre-set limit has the choice, if he realizes that he has been cheated, of either annulling the sale or allowing it to proceed.

Fataawa al-Lajnah al-Daa’imah, 13/114.

The Muslim should strive to ensure that his food comes from good, halaal sources. The Prophet (peace and blessings of Allaah be upon him) said: “Every body that is nourished from haraam sources, the Fire is more suited for it.” Narrated by al-Tabaraani and Abu Na’eem from Abu Bakr; classed as saheeh by al-Albaani in Saheeh al-Jaami’, no. 4519.

It was also narrated by al-Tirmidhi, 614, from the hadeeth of Ka’b ibn ‘Ajrah, where the wording is: “No flesh grows that was nourished from haraam sources, but the Fire is more suited for it.”

May Allaah protect us and you from the evil thereof.

And Allaah knows best.