9054 - Is It Permissible to Take Riba-Based Loan for a Need?

the question

What is the ruling on taking an interest-based loan from the bank for an urgent need such as continuing university studies, or buying a car for one who has a family, or buying a house for a family, knowing that the person who is taking the loan cannot find anyone to lend him money without interest?

Summary of answer

Taking a Riba-based loan is not permissible in Islam regardless of the level of need or hardship. The severe prohibition against Riba, supported by the Quran and Sunnah, serves as a stern warning to Muslims to seek lawful alternatives.

Detailed answer

Praise be to Allah.

The prohibition of Riba in Islam

Riba (interest, usury) is prohibited wherever it exists and whatever form it takes. It is prohibited for both the owner of the capital and whoever borrows it from him with interest, whether the borrower is rich or poor. Both are guilty of sin and indeed both of them are cursed. Whoever helps them in that, the one who writes down the contract and the one who witnesses it are also cursed, because of the general meaning of the verses and sound Hadiths which indicate that it is prohibited.

Allah Says (interpretation of the meaning):

{Those who eat Riba will not stand (on the Day of Resurrection) except like the standing of a

person beaten by satan leading him to insanity. That is because they say: ‘Trading is only like Riba,’ whereas Allah has permitted trading and forbidden Riba. So whosoever receives an admonition from his Lord and stops eating Riba, shall not be punished for the past; his case is for Allah (to judge); but whoever returns (to Riba), such are the dwellers of the Fire — they will abide therein.

Allah will destroy Riba and will give increase for Sadaqat (deeds of charity, alms). And Allah likes not the disbelievers, sinners.} [Al-Baqarah 2: 275-276]

`Ubadah ibn As-Samit (may Allah be pleased with him) narrated that the Prophet (peace and blessings of Allah be upon him) said: “Gold is to be paid for by gold, silver by silver, barley by barley, dates by dates, like by like, payment being made hand to hand. He who made an addition to it, or asked for an addition, in fact dealt in usury [Riba].” (Narrated by Muslim)

It was narrated that Jabir (may Allah be pleased with him) said: “The Messenger of Allah (peace and blessings of Allah 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. He said they are all the same.” (Narrated by Muslim)

... Whoever is unable to work and is poor is allowed to ask for help, and to take Zakah and social security.

Is it permissible to take Riba-based loan for a need?

The Muslim, whether he is rich or poor, is not allowed to take a loan from the bank at 5% or 15 % or more or less, because that is Riba and is a major sin. Allah has caused him to have no need of that because of the ways that He has prescribed such as means of earning a lawful income by working as an employee for company owners, or as a civil servant in permissible work, or by dealing with the money of another on a profit-sharing basis.

For more details, please see the following answers: 60185, 85562, 45910, 116968, 95005.

And Allah knows best.