96508 - He borrows money from his friend and returns the money to him with a share of the profit

the question

I work as a trader. Is it permissible for me to borrow from a Christian friend of mine, and agree with him to return the money to him with a proportion of the profit? I specify the time period and the profit myself.

Detailed answer

Praise be to Allah.

It is not permissible to take a Christian as a close friend, because Allaah has stated that there can be no close ties between them, as He says (interpretation of the meaning):

“You (O Muhammad صلى الله عليه وسلم) will not find any people who believe in Allaah and the Last Day, making friendship with those who oppose Allaah and His Messenger (Muhammad صلى الله عليه وسلم), even though they were their fathers or their sons or their brothers or their kindred (people)”

[al-Mujaadilah 58:22]

“O you who believe! Take not for Awliyaa’ (protectors or helpers or friends) disbelievers instead of believers. Do you wish to offer Allaah a manifest proof against yourselves?”

[al-Nisa’ 4:144]

“O you who believe! Take not the Jews and the Christians as Awliyaa’ (friends, protectors, helpers), they are but Awliyaa’ of each other. And if any amongst you takes them (as Awliyaa’), then surely, he is one of them. Verily, Allaah guides not those people who are the Zaalimoon (polytheists and wrongdoers and unjust)”

[al-Maa’idah 5:51]

“O you who believe! Take not as Awliyaa’ (supporters and helpers) your fathers and your brothers if they prefer disbelief to Belief. And whoever of you does so, then he is one of the Zaalimoon (wrongdoers)”

[al-Tawbah 9:23]

“O you who believe! Take not as (your) Bitaanah (advisors, consultants, protectors, helpers, friends) those outside your religion (pagans, Jews, Christians, and hypocrites) since they will not fail to do their best to corrupt you. They desire to harm you severely. Hatred has already appeared from their mouths, but what their breasts conceal is far worse. Indeed We have made plain to you the Ayaat (proofs, evidences, verses) if you understand”

[Aal ‘Imraan 3:118]

And the Prophet (peace and blessings of Allaah be upon him) said: “Do not keep company with anyone but a believer.” narrated by Abu Dawood (4832) and classed as hasan by al-Albaani in Saheeh Abi Dawood.

And there are other texts which indicate that it is haraam to take kaafirs as close friends or love them and choose them as confidantes and close friends. See also the answer to question no. 2179.

Secondly:

It is permissible to interact with the kuffaar by buying, selling, lending, pledging and so on, so there is nothing wrong with you borrowing money from him, but it is not permissible for that to involve interest, because that is riba which is haraam. If a person borrows one hundred from someone on the basis that he will give him back one hundred and ten, for example, then he has fallen into riba which is one of the worst of major sins, because every loan which brings a benefit is riba.

The permissible way to do it in this case is to take the money from him and give it back to him without paying anything extra. This is the good kind of loan which is acceptable in sharee’ah.

It is permissible for him to join you as a (business) partner, so he can give you the money for you to use in business, on the basis that he will have a set share of the profit which Allaah decrees for you, such as five or ten percent of your profits. This share must be agreed upon before the partnership begins, and it is not permissible for it to remain unknown. You can agree on what the share should be, whether it is a little or a lot.

So you can agree that you will invest his money for a year, for example, and he will have a quarter of the profit or 10%. Then whatever profit you make, whether it is a little or a lot, give him his share. If you do not make any profit, then he is not entitled to anything. This is what is called mudaarabah (profit sharing) in sharee'ah.

In the event of loss, the loss is borne by all partners according to each partner's share of the capital, and it is not permissible to agree to share the loss in any other manner.

And Allaah knows best.