97648 - Ruling on prize draws in shopping centres

the question

I want to ask about prize draws in large shopping centres – are they halal or haram?

Detailed answer

Praise be to Allah.

The scholars differed concerning the ruling on prize draws offered by commercial companies, markets and shops. Some of the scholars are of the view that these prizes are haram. Others regard them as permissible, subject to two conditions:

1. That the cost of the goods sold by those shops and marketplaces do not increase (as a result of offering the prize draw)

2. That the purchaser buys the product because he needs it, and is not buying it only for the purpose of entering the contest.

Not allowing such prize draws is the view of Shaykh ‘Abd al-‘Azeez ibn Baaz (may Allah have mercy on him) and the scholars of the Standing Committee. Allowing it subject to certain conditions is the view of Shaykh ‘Uthaymeen (may Allah have mercy on him).

Shaykh Muhammad ibn Saalih al-‘Uthaymeen (may Allah have mercy on him) was asked:

Here in Kuwait we have various kinds of transactions that are now widespread. The trader offers his products, and distributes coupons or tickets to the purchasers, according to the value of what each person buys. These coupons or tickets are entered into a prize draw, then after that, the draw is made and some people win prizes that are distributed to them by the dealer. What is the ruling on that, may Allah reward you with good?

He replied:

With regard to this kind of transaction, we address both the seller and the purchaser. We say to the seller: are you raising the price of the item in order to offer this prize, or not? If you are raising the price, then it is not permissible, because if the price is raised and the people buy from him, then they will be either losers or winners. If the market value of this item is 10, for example, and this trader makes it 12 in order to offer the prize, then this is not permissible, because the one who buys it for 12 will either lose the additional amount, or he will win the prize which is worth many times more than the additional amount. This comes under the heading of gambling, which is forbidden.

If the seller says: I am selling it at the going rate, no more and no less, then he may offer those prizes, so as to encourage people to buy from him.

Then we address the purchaser, and say to him: did you buy this item because you need it, and you would have bought it whether there was a prize or not, or did you buy it only because of the prize? If he says the former, we say: there is nothing wrong with you buying it from this dealer or another, because so long as the price is the market price, and you are going to buy this item because you need it, then in that case you will either gain something extra or you will lose nothing. In this case, there is nothing wrong with you buying it from the one who is offering prizes.

But if he says: I am buying it but I do not want the product; I am only buying it so that I can win the prize, then we say: This comes under the heading of wasting money, because you do not know whether you will win the prize or not.

I have heard that some people buy a carton of milk which they do not want; they buy it and pour it away in hopes of winning the prize. This comes under the heading of wasting money, and it is proven that the Prophet (blessings and peace of Allah be upon him) forbade wasting money.

There is a third matter: if someone were to say that this transaction may harm other sellers, because when this seller offers prizes to the purchasers, and his price is the market price, all the people will go to him, and sales of the products will stagnate with other sellers, so this is harming

others – in that case we say: this matter should be referred to the state, which should intervene. If it decides that this issue is adversely affecting the market, then it may ban it, if it sees that there is an interest to be served by banning it. Or if it sees that this is a kind of tampering with the market it may also ban it, because tampering with the markets is something that the authorities should prevent. End quote.

Liqaa'aat al-Baab al-Maftooh (49/question no. 5)

In the answer to question no. 22862 you will find a detailed discussion of the matter and the difference of scholarly opinion, and an explanation of why the view of Shaykh al-'Uthaymeen (may Allah have mercy on him) is more likely to be correct.