122062 - It is not permissible to rent a house to him on condition that he gives a loan

the question

There is a system in our country for renting out houses, and it is as follows: لاق,. The house is rented out in return for a specific, symbolic amount of money, such as 5000 dirhams, as a loan for a period of one year, even if he (the landlord) does not need this money, but it is just to guarantee that the renter will move out after the rental period is over, in return for living in the house for a limited period of one year. After that period has ended, the same money is returned, with nothing added or subtracted, as well as taking an annual rent of 10,000 dirhams. Is this regarded as a form of riba?.

Detailed answer

Praise be to Allah.

Yes, it is not permissible for a transaction to be accompanied by a condition of giving a loan; if the lender will benefit from this loan by having the price reduced or anything else, then that benefit is a kind of riba.

It is proven that the Prophet (peace and blessings of Allaah be upon him) forbade combining a sale with a loan, and he (peace and blessings of Allaah be upon him) said: “It is not permissible to arrange a loan combined with a sale.” Narrated by Abu Dawood (3504) and al-Tirmidhi (1234); classed as hasan by al-Albaani in Irwa’ al-Ghaleel (1307).

It says in Tuhfat al-Ahwadhi (4/361):

Al-Qaadi (may Allaah have mercy on him) said: i.e., it is not permissible to sell with the condition of a loan, by saying for example: “I will sell this garment to you for ten on the basis that you lend me ten.” End quote.

Shaykh al-Islam Ibn Taymiyah (may Allaah have mercy on him) said that one kind of riba-based transaction is combining a loan and a sale.

Majmoo' al-Fataawa (28/73).

He also said:

The fuqaha' are unanimously agreed that it is not permissible to stipulate with the sale a contract such as this, so it is not permissible to sell to him on the basis that he gives him a loan. End quote.

Majmoo' al-Fataawa (30/83).

Ibn Juziy said:

Sale with the stipulation of a loan from one of the two parties to the transaction is not permissible according to scholarly consensus. End quote.

Al-Qawaaneen al-Fiqhiyyah (2/125).

Based on that, stipulation of a loan in the rental contract is not permissible.

As for protecting rights (i.e., security deposit), this is something that people need, especially when there is a great deal of dishonesty and love of this world has taken over the hearts of many of them.

In order to guarantee that the renter will leave, you can ask him to write a cheque , so that you will be able to make him leave in time without any delay.

See the answer to question no. 103920.