

115815 - He gave his car to someone to sell it and buy a newer model for him. Is this riba?

the question

One of my relatives has asked me to take my car to sell it and use its value, and promised to buy a newer model for me in six months. He convinced me that this is not riba (does not involve interest) because we did not specify which model he will buy. What is the ruling on this? If this transaction is not permissible then what should I do? Please bear in mind that he sold my car for a very low price, I wouldn't have sold it for this much. He cannot give me my car back. This incident occurred four months ago.

Detailed answer

What you and your relative did is riba which is haraam, because what the transaction really meant was that you lent the car to him on the basis that he would give you back something better than it, and the scholars are agreed that any additional amount of benefit that the lender takes from the borrower in return for the loan is riba.

Ibn Qudaamah (may Allaah have mercy on him) said:

“Every loan in which it is stipulated that something extra must be paid back is haraam, with no difference of scholarly opinion. Ibn al-Mundhir said: [the scholars] are unanimously agreed that if the lender stipulates that the borrower must pay extra or give him a gift, and he lends him money on that basis, then accepting the extra payment is riba. It was narrated from Ubayy ibn Ka'b, Ibn 'Abbaas and Ibn Mas'ood that they forbade every loan that brings benefits...”

End quote from al-Mughni (4/211).

So you have to repent and seek forgiveness for this action.

With regard to what your relative has to do after selling the car for a low amount:

It seems that he should pay the value that it was worth at the time when he took it from you, not the price that he sold it for, because the contract between you was not valid in the first place, and what he did after that of selling it for a low price is irrelevant, unless you let him off, waive your rights and accept the price for which he sold it.

It may be that this transaction was a sale, not a loan, in the sense that you sold him one car for another. If that is the case, then the sale was also haraam and invalid, because the price was unknown, namely the car that you will get, because you did not agree on any of its features except that it should be newer than your car, and this description is not sufficient and does not alter the fact that it is unknown.

Whatever the case, whether the transaction was a loan or a sale, it is haraam, and your relative must return to you the price of the car at the time when he took it from you.

And Allaah knows best.