

20091 - Leasing a car

the question

Is leasing a car in the US haraam? I don't know if there is any interest involved or not.

Detailed answer

Praise be to Allaah.

The ruling on a thing is based on the way it is understood, so it is not possible to state whether this purchase is permissible or forbidden without studying the contract and its clauses.

There are two common forms of buying and selling by installments (leasing):

1 - Where you buy a car from the owner, whether the owner is an individual or a company, on the basis that you will pay for it in installments. There is nothing wrong with this, even if the price in installments is higher than the price if paid for in cash. See question no. [13973](#).

2 - Where you buy the car through a company or person who does not own it, rather they pay the price to the owner on your behalf, on the basis that you will pay off the price in installments with interest. This is haraam, because what this contract means is that this company or bank is giving you an interest-based loan, and is not buying anything in such a way that it becomes their property so that they can sell it on to you. See question no. [10958](#)

But if we assume that the bank buys the car in real terms and becomes its owner, then sells it to you in installments for a higher price, there is nothing wrong with that; this is akin to the first scenario.

The Standing Committee was asked:

Islam Question & Answer

General Supervisor:
Shaykh Muhammad Saalih al-Munajjid

A man asked his friend to buy a car for him with cash, then sell it to him for a deferred payment with extra money as a profit. Is this regarded as riba?

They replied:

If a man asks another to buy a specific car for him or a car that meets certain requirements that he stipulates, and promises to buy it from him, and he buys it from the one whom he asked to do that and takes possession of it, it is permissible for the one who asked for it to buy it from him after that for cash or in installments with a specific amount of extra money as a profit. This is not a kind of selling what one does not have, because the one who you asked for this product is selling it to the one who asked for it after buying it and taking possession of it. He does not have the right to sell it to his friend, for example, before he buys it, or after he buys it and before he takes possession of it, because the Prophet (peace and blessings of Allaah be upon him) forbade selling goods until the merchant has them in his own possession.

Fataawa al-Lajnah al-Daa'imah, 13/152

And Allaah knows best.