

Islam Question & Answer

General Supervisor:
Shaykh Muhammad Saalih al-Munajjid

2128 - Buying a house through the bank

the question

Assalaam 'alaikum wa rahmatullaahi wa barakaatuhu.

Innal hamdalillaah was-salaat was-salaam 'alaa rasoolillaah.

Is it permissible to obtain a fixed rate mortgage from a british bank in order to purchase a house.

jazakallaahu khairaan

wasalaam

Detailed answer

Praise be to Allaah.

If the bank owns the house, then it is permissible for it to sell it to you for a fixed price, whether payment is deferred or made in installments, even if this will cost more than paying the full price for it immediately. This is according to the more sound opinion among the scholars.

But if the bank is involved in this transaction as the supplier or lender of funds, which you then have to repay with some extra, then this is clearly an interest-based transaction, which is undoubtedly haraam.

It may be almost impossible to avoid interest-based transactions when dealing with real estate in many countries, and one may hardly be able to find any halaal alternative, but the Muslim must bear this with patience and seek out halaal means. Allaah says (interpretation of the meaning):
And whosoever fears Allaah and keeps his duty to Him, He will make a way for him to get out (of every difficulty). And He will provide for him from (sources) he could never imagine. And whosoever puts his trust in Allaah, then He will suffice him. Verily, Allaah will accomplish his purpose. Indeed Allaah has set a measure for all things. [al-Talaaq 65:2-3]

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May Allaah bless our Prophet Muhammad.