

2128 - Buying a house through the bank

the question

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

Detailed answer

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. Allah says (interpretation of the meaning): And whosoever fears Allah 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 Allah, then He will suffice him. Verily, Allah will accomplish his purpose. Indeed Allah has set a measure for all things. [al-Talaaq 65:2-3]

May Allah bless our Prophet Muhammad.