

286976 - Ruling on investing money in the International Diamond Bank

the question

I was surfing the Internet, and suddenly an ad popped up for the International Diamond Bank. When I clicked on it, it said that I had to pay \$500 [to open an account], and they would add \$150 to my account as a kind of initial support, and they would start to extract diamonds and sell them every four days. They would get in touch with me and ask me if I wanted to buy a particular diamond, and after four days they would sell it and I would receive the profit, and the bank would take 4% of the profit. Is it permissible to work with them?

Detailed answer

It is not permissible to work with what you have mentioned, because what the bank adds to your account, which is \$150, is regarded as a loan, in return for your being a partner with them, and their acting as your broker in selling after that. It is not permissible to combine a loan and a business transaction according to the majority of jurists, because that is a loan which brings a benefit to the lender, and that is *riba* (usury).

In the hadith of ‘Amr ibn Shu‘ayb from his father, from his grandfather, it says: The Messenger of Allah (blessings and peace of Allah be upon him) said: “It is not permissible to arrange a loan combined with a sale.” Narrated by al-Tirmidhi (1234), Abu Dawud (3504) and al-Nasa’i (4611); classed as *sahih* by al-Tirmidhi and al-Albani.

Based on this hadith, the jurists determine that it is *haram* to combine a loan with a business transaction.

It says in a statement of the Islamic Fiqh Council, explaining the prohibition on dealing in margins: Secondly, if the middleman stipulates that the customer should do business through him, this leads to combining a loan and a business transaction (brokerage), and this comes under the heading of combining a loan and a sale, which is prohibited according to Islamic teachings in the hadith of the Prophet (blessings and peace of Allah be upon him): “It is not

permissible to arrange a loan combined with a sale.” Narrated by Abu Dawud (3/384) and by al-Tirmidhi (3/526), who said: It is a hasan sahih hadith. Thus he will have benefitted from his loan, and the jurists are unanimously agreed that every loan that brings a benefit is riba, which is forbidden.

End quote from *Majallat al-Majma‘ al-Fiqh al-Islami*, issue no. 22, p. 229.

For the full text of the statement, please see the answer to question no. [106094](#).

If we assume for the sake of argument that what the bank said is genuine, and is not a trick or scam, it is very unlikely that someone could become a partner in buying raw materials and preparing them, then selling them, and only take 4% of the profits!

That applies if he is contributing his labour only, which is unlikely, so how about if he also contributes money and gives you a sum equal to one third of your money to be added to your account!

You must beware of dealing with these organisations whose work cannot be seen and it is impossible to watch how they operate. What you have mentioned of the transaction is sufficient to deem it haram, as noted above.

And Allah knows best.