50016 - Is it permissible to act as guarantor for a person taking a loan from the bank?

the question

What is the Islamic ruling on acting as guarantor for a person taking a loan from the bank?.

Detailed answer

If this loan is riba-based (as is the case with most banks), meaning that the bank will take interest from him, then it is not permissible for you to act as a guarantor for the borrower, because by doing so you are helping the borrower and the bank to engage in riba (usury, interest), which is forbidden by Allah and His Messenger, and which the Muslims are unanimously agreed is haraam.

The scholars of the Standing Committee were asked about the ruling on sponsoring a person who wants to borrow from a riba-based bank. They replied:

If the situation is as described, and the bank will charge interest on the loan, it is not permissible for the manager, the accountant or the treasurer to cooperate with them in that, because Allah says (interpretation of the meaning):

“do not help one another in sin and transgression”[al-Maa'idah 5:2]

And it was proven that the Prophet (peace and blessings of Allah be upon him) cursed the one who consumes riba, the one who pays it, the one who writes it down and the two who witness it, and he said: “They are all the same.”

Fatawa al-Lajnah al-Daa’imah, 13/410

And Allah knows best.