

93339 - He took a loan with interest and is paying it off with the interest from investment certificates at the bank

the question

We took a loan from the bank, giving certificates that we have in this bank as a guarantee, in order to buy a car. There is interest on the loan but it is paid by means of the interest on the certificates. What is the ruling now?.

Detailed answer

Firstly:

Borrowing from the bank with interest is haraam. It is a form of riba for which Allaah has threatened those who engage in it with war, as He says (interpretation of the meaning):

“O you who believe! Fear Allaah and give up what remains (due to you) from Ribaa (from now onward) if you are (really) believers.

279. And if you do not do it, then take a notice of war from Allaah and His Messenger but if you repent, you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums)”

[al-Baqarah 2:278-279]

This loan is haraam, whether the interest is paid from your halaal wealth or from haraam interest that you take from the bank by some other means.

Secondly:

Investment certificates that are issued by the banks in your country are also haraam, and are not free of riba. This applies equally to all kinds of groups or certificates. See question no.

[72413](#).

So the answer involves two things:

1 – Repentance to Allaah from having taken out a loan with riba, and striving to end this contract however you can, and repenting from buying haraam certificates.

2 – Getting rid of these certificates, by taking your capital and disposing of the interest by donating it to charitable causes.

You do not have to sell the car that you bought with the riba-based loan, and there is nothing wrong with your making use of it, rather what you have to do is repent from engaging in riba.

And Allaah knows best.