102055 - Withdrawing money with a credit card in return for paying a fee of 700 dirhams every three months

the question

I was offered a credit card with a 20.000 dirham limit by a bank. I can withdraw this amount from the machine on four occasions; the maximum of each withdrawal is 5.000. They take fees for every withdrawal I do, 90 dirham. This fee is fixed whether I withdrew 5.000 or 500. Plus 7000 dirham every three months, the bank calls it ‘fees’!
They told me that if I pay off on time, the bank will give me amounts of money as ‘gifts’ in return of paying on time. It was not mentioned how much these ‘gifts’ will be. The bank specifies them on time, so this leaves no doubt that it includes Riba (interest).

Detailed answer

Praise be to Allah.

It is not permissible to use this card, because it is based on riba, which is a loan which brings a benefit to the lender.

That is because you are borrowing 20,000 dirhams, and paying it back to them with an extra amount of 700 dirhams every three months, which they call fees, which is not right. Every dirham that the card-issuing company takes in addition to the actual costs is riba, and undoubtedly the actual costs cannot under any circumstances reach this large amount every three months.

To sum up, it is a trick to engage in riba, and calling things by something other than their real names. You must beware of that and not get involved in this transaction.

Dr. Muhammad al-‘Usaymi (may Allaah preserve him) said concerning one of these dubious credit cards: If it is as the questioner described, it is haraam. I also know that the bank charges a fee every month to the customer under the name of fees, but undoubtedly the fees for credit cards that offer loans should be based on the actual costs to the issuer, which is the bank. And it is not

permissible for it to make a profit from those fees, because the loan offered via the card will be a riba-based loan if what the bank charges as administrative fees is more than the actual costs. End quote from the shaykh's website:

http://www.halal2.com/ftawaDetail.asp?id=8215

We ask Allaah to help and guide us and you.

And Allaah knows best.