146236 - He took a loan from a riba-based bank; does he have to do pay zakaah on what he borrowed?

the question

I took a loan of 100,000 riyals from a riba-based bank because I was in urgent need of this money, on the basis that I would pay it back to the bank in five years. I have had this money for an entire year without achieving what I borrowed it for. Do I have to pay zakaah? And is it halaal and is it permissible for me to benefit from it or what?.

Detailed answer

Praise be to Allah.

Firstly:

It is not permissible to take loans from banks or other institutions on the basis that interest will be paid to the lender, even if that is for a case of need, because the purpose of giving loans is to show kindness and help one who is in need. If it is stipulated that there should be some benefit (to the lender) such as paying back the loan with an extra amount, this defeats the purpose. The basic principle is that every loan which brings a benefit is riba.

Shaykh Ibn Baaz (may Allah have mercy on him) was asked: Is it permissible to borrow from riba-based banks in order to compete with the missionaries with the aim of saving Muslims from Christianisation?

He replied: If the loan involves riba or interest, then it is not permissible according to the consensus of the early generations of the ummah, because the evidence from the Qur’aan and Sunnah indicates that that is haraam even if it is for a noble aim, because noble aims do not justify haraam means, or make them permissible. But if the loan is without interest, there is nothing wrong with it, although it is better to borrow from those whose wealth is free of riba and that is more on the safe side, if it is possible.

End quote from Majmoo‘ Fataawa (19/284); for more information see the answer to question no. 9054 and 39829.

Secondly:

What you have to do is repent to Allah from this haraam action, regret what you have done, give it up, and resolve not to do it again. But you do not have to do anything other than return the loan that you took, without interest. If you are compelled to pay the additional amount, in that case there is no blame on you and the sin is on them – if you have repented and regretted what you did.

You do not have to get rid of it; rather it is permissible to you to make use of this money in prescribed and acceptable ways. See the answer to question no. 9700 and 2379.

Thirdly:

You have to pay zakaah on what you borrowed from the bank if it reaches the minimum threshold (nisaab) and one full year has passed since you acquired it, even if it is a debt that you owe, according to the correct scholarly opinion. For more details of that please see the answer to question no. 22426.

And Allah knows best.