90098 - He took out a riba-based loan to buy a house and now the bank is asking for interest

the question

My father wanted to buy the house in which we are living, so he asked the bank for a loan and they gave him half of the amount only. After he received it, the owner of the house refused to sell it because the money wasn’t enough. Now my father has to pay money every month for fifteen years with interest at 8.5%. Now we want to know what the ruling on this money is. How should he dispose of it? What is the Islamic ruling concerning my father?.

Detailed answer

Praise be to Allah.

Firstly:

Your father made a grave mistake when he took out a riba-based loan, even if the aim was to buy a house. There is a stern warning concerning riba which should make the believer keep away from it, no matter what the reasons or excuses.

Allaah 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”

[al-Baqarah 2:278-279]

The Messenger of Allaah (peace and blessings of Allaah 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. Narrated by Muslim (1598).

Allaah tells us that He will destroy riba, hence no one deals in riba but he usually finds his life hard and his wealth is not blessed. Most of those who borrow from the banks find themselves in great difficulty as the bank seizes their collateral and sells it, and they may end up in an even worse situation. There is a lesson to be learned from these people and others, but few people learn from this.

What your father has to do is repent to Allaah, by regretting what he has done and resolving not to do it again.

Secondly:

With regard to the riba-based loan, your father should go to the bank and tell them that he wants to pay off the money now, instead of paying instalments for fifteen years. In that case they should reduce the interest to less than 8.5%. If that is not possible, and they leave the interest as it is, then if he has repented sincerely and regrets what he has done, we hope that Allaah will pardon him, and he may make use of this money however he wants, and pay his instalments every month. We ask Allaah to accept his repentance and to make things easy for him.

And Allaah knows best.