

343162 - Ruling on receiving a scholarship from an organisation that deals with riba

the question

In my country there is an official organisation that is connected to government jobs, which offers a number of services to government employees and their families, such as helping with healthcare costs, free train travel, and buying houses, even through riba-based loans, but at a rate lower than the bank rate. They also allocate exclusive use of some parks for a very low price. The income of this organisation is through financial help from the government, such as gifts and free money, loans, and also compulsory contributions from participants, in the form of 2% of their annual income. My father has been a participant for approximately twenty years. The organisation also offers major scholarships for students who graduate from high school with a certain high grade. Praise be to Allah, Allah enabled me to benefit from that, and my father has benefited from their services before. But recently, I began to have doubts about whether that is halaal or not. That is firstly because of the riba-based loans that they help people to obtain, and secondly, because I realised that the activities of this organisation are similar to those of insurance companies. That is because everyone pays but not everyone benefits to the same extent, as is the case with regard to children of employees who do not get high grades and do not benefit from the scholarship. Is this money haraam, even though I received the scholarship deservedly? What should I do with the remaining money? Please note that I have already spent one third of it, but praise be to Allah, Allah, may He be exalted, enabled me to spend it in halaal ways. My father will not allow me to get rid of the money, not because he is trying to transgress the sacred limits, but because he believes that I took it deservedly and not by force, and because my father made payments to this organisation.

Summary of answer

There is nothing wrong with you making use of this scholarship, even if the organisation commits some haraam actions, or some of its sources of income are from haraam wealth, because in the case of money that is haraam because of the manner in which it was earned, it is

haram only for the one who earned it, and it is not haram for the one who takes it from him in a permissible manner, such as if it is a gift or reward and the like. With regard to your father's participation in this organisation, that is subject to further details, which may be seen in the long answer.

Detailed answer

Firstly:

There is nothing wrong with you making use of this scholarship, even if the organisation commits some haram actions, or some of its sources of income are from haram wealth, because in the case of money that is haram because of the manner in which it was earned, it is haram only for the one who earned it, and it is not haram for the one who takes it from him in a permissible manner, such as if it is a gift or reward and the like.

Muhammad 'Aleesh al-Maaliki (may Allah have mercy on him) said: There is a difference of scholarly opinion concerning wealth that was acquired in haram ways, such as *riba* or invalid transactions, if the one who acquired that wealth dies and leaves it behind: is it permissible for his heir, and which is the correct view?

As for items that were acquired by haram means of which the rightful owner is known, such as stolen property and that which was taken by force, it is not permissible for him.

End quote from *Minah al-Jaleel Sharh Mukhtasar Khaleel* (2/416).

Shaykh Ibn 'Uthaymeen (may Allah have mercy on him) said: One of the scholars said: With regard to that which is haram because of the way in which it was acquired, the sin of that is only on the one who acquired it, not on the one who takes it in a permissible way from the one who acquired it. This is in contrast to that which is haram in and of itself, such as alcohol, that which is seized by force, and so on. This is a strong and valid opinion, based on the evidence that the Prophet (blessings and peace of Allah be upon him) purchased food for his family from a Jewish man, and he ate some of the lamb that was given to him by the Jewish woman in Khaybar, and he accepted the invitation of the Jewish man, and it is well known that most of the

Jews deal in *riba* and consume wealth that is unlawful. This view may be further strengthened by the words of the Prophet (blessings and peace of Allah be upon him) concerning the meat that was given in charity to Bareerah: “It is charity for her and a gift from her to us.” End quote from *al-Qawl al-Mufeed ‘ala Kitaab at-Tawheed* (3/122).

Secondly:

With regard to your father paying into this organisation, that is subject to further discussion:

1.. If the subscription was compulsory, there is no blame on him, regardless of whether the organisation’s dealings were in accordance with shar‘i guidelines or not, and he may make use of what he gets from it, even if it is more than he paid in.

2.. If participation was voluntary, and the organisation does not keep for itself anything that is surplus to the fees paid by participants – rather it leaves it for the participants or invests it for them – then it is a type of cooperative insurance, which is permissible.

There is no problem with the fact that everyone pays into this cooperative insurance and only a few benefit from it, because this is the nature of cooperative insurance, which is that the funds are allocated to meet some specific need, such as if someone dies or loses his job, or needs to pay blood money, or to offer scholarships to the best students, and the like. So whoever meets the conditions may take that money, and it is assumed that the participant is donating what he pays without expecting anything in return; rather he knows that he is giving and may not get anything in return for what he pays.

But if the organisation lends to its members on the basis of *riba* (interest), or provides houses to them on the basis of *riba*, or puts that money into a *riba*-based investment account, then it is not permissible to subscribe to this insurance, and your father should leave it, because the sin of *riba* – and any other *haraam* transaction – is borne by all members. That is because the administration is acting as an agent on behalf of the participants, so the sin of what the administration does is also borne by them, if they are aware of it and continue to subscribe.

3.. If participation is voluntary, and the organisation keeps the surplus for itself, then this comes under the heading of commercial insurance, which is haraam.

For more information on the difference between cooperative insurance and commercial insurance, please see the answers to questions no. [205100](#) and [205100](#) .

And Allah knows best.