

## Rulings Regarding Buying a Plot on Installments And Imposing A Fine on Late Installments

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What do the respected Islamic scholar say concerning the following: Is it permissible to buy a plot on Installments? Also, can one impose a condition of fine in case of late payment of installments?

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجواب بعون الملك الوهاب اللهم هداية الحق والصواب

selling and purchasing a plot on installments is permissible provided a fixed price and duration of the payment has been mentioned. Also, there must not be such a violation of rules of transaction which render a transaction impermissible. As per a general rule, only that plot can be sold and purchased which exists (physically) and whose location is known in such a way that if a customer stands there, he can have a look on his plot and he can be told that this is your plot i.e. it must not exist only on papers (or in files). Secondly, it should also not be the case that a housing society exists, but the customer does not know which plot belongs to him. Buying and selling in both these scenarios is impermissible.

Plot dealers typically provide a chart detailing plot prices and payment schedules. This chart also shows the amount of downpayment along with the other details of monthly payments.

It is a good practice as it (specifies everything and) does not leave any confusion regarding the price of a plot and duration of its payment.

However, if instead of specifying a price for a plot and the duration of its payment, only different price-packages were mentioned and none of them was finalized at the time of concluding a deal, it would be impermissible. For instance, a dealer says, “if you pay all your installments within a year, such and such will be the price and if you go for two years plan such and such will be the price and if you opt for three years plan such and such will be the price. In short you will have to pay according to the package which your duration of payments falls in. This deal is not permissible as neither price of a plot nor period of its payment is specified whereas both these things must be specified in order for a deal to be a valid deal.

Furthermore, for a deal to be valid in terms of Shariah, it must not include a condition of imposing a fine for late payment of installments. Because receiving a fine in this case is *riba* and *riba* is *Haram* (prohibited) in Islam.

It must be known that concluding a deal without fixing the price of a plot or the duration of its payment, or imposing the condition of fine is an impermissible and sinful action. It is obligatory to end this deal and make a new contract if they want to do this deal.

Regarding selling something on installments, it is stated in the book *Al-Majalla Al Ahkam Al Adliyya*:

”البيع مع تاجيل الثمن وتقسيطه صحيح، يلزم ان تكون المدة معلومة في البيع بالتاجيل والتقسيط“

Translation “A transaction in which Saman (price) is deferred or is paid in installments is valid but the duration of payment must be known in these cases.”

(Al-Majalla Al Ahkam Al Adliyya, page 50, Karachi)

Ala Hazrat Imam-e-Ahle-Sunnat Al-sha Imam Ahmed Raza Khan (رحمة الله عليه) writes in Fatawa Razaviyya:

”التاجيل جائز كما حققنا كل ذلك وما التنجيم الانوع من التاجيل“

Translation: fixing a duration (in a sale) is permissible as I have proved and paying in installments is also a kind of fixing a duration.

(Fatawa Razaviyya, vol 17, page 493, Raza Foundation, Lahore)

It is written under the conditions of valid sale in Fatawa Aalam-Giri:

”أن يكون المبيع معلوما والثمن معلوما علما يمنع من المنازعة فبيع المجهول جهالة تفضي إليها غير صحيح“

Translation: From amongst the conditions which make a sale valid is that the subject of sale and its price are known (i.e. clearly mentioned) and there remains no room for any dispute. Therefore, a sale of an unknown subject whose sale might lead (the parties) to a dispute is invalid.

(Fatwa Aalam-Giri, Vol 03, page 03, Beirut)

Hujja Tul Islam Imam Abu Bakar Ahmed bin Ali Razi Jassas Hanafi while explaining the ruling regarding charging extra amount in case of late payment of an installment under the verse 278 “وَذُرُّوا مَا بَقِيَ مِنَ الرِّبَا” from Suraha Baqarah in third Para writes:

"حظر أن يؤخذ للأجل عوض---ولا خلاف انه لو كان عليه الف درهم حالة فقال له اجلنى وازيدك فيها مائة درهم لا يجوز لان المائة عوض من الاجل"

Translation: it is prohibited to charge something against a period. He further says: if one owes one thousand Dirham to someone and in order to attain a respite from him gives him the following offer, "If you give me some respite, I will pay you an extra amount of one hundred dirham." This offer is impermissible and there is no difference of opinion in impermissibility of this because the extra amount of one hundred Dirham will be against the period. (And charging against the period is impermissible.)

(Ahkam-ul-Quran Lil-Jassas, Vol 02, page 186, Beirut)

Shams-ul-Aemmah Muhammad bin Ahmed Al-Sarkhasi writes in Mabsoot:

"مقابلة الأجل بالدرهم ربا، ألا ترى أن في الدين الحال لو زاده في المال ليؤجله لم يجز"

Translation: Charging Dirham (other than the price) against a period is Riba. Don't you see if a debtor increases the amount of current credit (دين الحال) so that the creditor gives him respite is impermissible?

(Al-Mabsoot, Vol 13, page 126, Beirut)

Allamah Abul Hasan Ali Bin Al-Husain Al-Hanfi while explaining the different examples of Ribah writes in his Book "Al-Nutaf-Fil-Fatawa"

"ان يبيع رجلا متاعا بالنسيئة فلما حل الاجل طالبه رب الدين فقال المديون زدني في الاجل ازدك في الدرهم ففعل فان ذلك ربا"

Translation: If a man sells goods on credit and when the time of payment comes and he demands his money, the debtor

offers him an extra amount of Dirham provided he gives him further respite and the creditor accepts this offer, it will be Ribah.

(Al-Nutaf-Fil-Fatawa, page 485, Moassatur-Risalah, Beirut)

Ala Hazrat Imam-e-Ahle-Sunnat Al-sha Imam Ahmed Raza Khan (رحمۃ اللہ علیہ) writes in Fatawa Razaviyya while explaining the ruling regarding making a contract with an invalidating condition (Shart-e-Fasid).

”وكل شرط فاسد فهو يفسد البيع وكل بيع فاسد حرام واجب الفسخ على كل من العاقدین فان لم يفسخا اثمًا جميعاً“

Translation: Every invalidating condition (Sharte-Fasid) invalidates a sale as well. Also, every Fasid (invalid) sale is Haram and it is obligatory upon both parties to end this sale. If they do not end, both will be sinful.

(Fatawa Razaviyya, vol 17, page 160, Raza Foundation, Lahore)

والله اعلم عز وجل ورسوله اعلم صلى الله تعالى عليه وآله وسلم

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