

# ***ISLAMIC STUDY CIRCLE***

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**Bank or Building Society  
Interest in the UK**

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# Bank or Building Society Interest in the UK

## Riba (Sood)

Riba:- An "addition" to or an "increase" of a thing over and above its original size or amount (Literal translation)

Riba:- Any unlawful addition, by way of interest, to a sum of money or goods lent by one person or body of persons to another (In Islamic Law)

# Bank or Building Society Interest in the UK

## Important Terms Defined

**Mal (Singular);**

**Amwal (Plural):** Possessions, goods, wealth, money, assets, capital, estate, fortune.

**Ma'sum:-** Protected by the laws (of Islam)

**Mahfuz:-** Guarded, secured, safeguarded

**Ghair:-** Other than, non, un-, not

**Mal Masum or Mal Mahfuz:-**

1. Mal of Muslims in Muslim lands
2. Mal of Muslims in non-Muslim lands
3. Mal of non-Muslims in Muslim lands

**Mal Ghair Masum or Mal Ghair Mahfuz**

Mal of non-Muslims in non-Muslim lands

**Harbi:-** Non-Muslims living in non-Muslim lands

**Zimmi:-** Non-Muslims living permanently in Muslim lands

**Must'amin:-** Non-Muslim visitors to Muslim lands

# Bank or Building Society Interest in the UK

## Important Terms Defined

### **Murabaha**

To sell a commodity with a contract to buy it back with a price differential equal to the agreed interest.

### **Musharakah**

The depositor is a partner, and after settling aside charges for management, shares in the profits as well as the losses.

### **Mudarabah**

The Sleeping Partnership.

Putting up financial backing for operations as a co-investment which brings a return to both parties.

# Bank or Building Society Interest in the UK

## What is Riba? (Sood)

1. Receiving a fixed rate of interest or fixed amount of profit from the loan of money or goods which are **M'asum**, under conditions agreed and arranged in advance.
2. Receiving such a payment is possible in only three ways:
  - a) by a Muslim in a Muslim land.
  - b) by a Muslim in a non-Muslim land.
  - c) by a non-Muslim in a Muslim land.
3. Receiving a fixed rate of interest or fixed amount of profit from the loan of money or goods which are **not M'asum** (i.e. from a non-Muslim in non-Muslim land) will not be **Riba**
4. This condition of **M'asum** is based upon an Hadith that says:-  
*There is no Riba between a Muslim and a Harbi in Dar al-Harb (non-Muslim land)* (Baihiqi).
5. However payment of a fixed rate of interest or fixed amount of profit for a loan of money or goods by a Muslim to a Muslim or to a non-Muslim in a Muslim or non-Muslim land is **Riba**.

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## Riba in the Quran

1. *Those who take Riba, shall rise up before Allah (on the Day of Judgement) like men Satan has confounded with his touch; for they say that Riba is like trading (buying and selling). But Allah has made trading lawful and Riba unlawful. Hence whoever becomes aware of his Lord's admonition and thereupon desists (from Riba), may keep his past gains and it will be for Allah to judge him; but those who return to it, shall be among the people of the Fire: Therein they will abide.*

(Surah No 2, Al-Baqarah, Verse 275)

2. *O you who believe! Have fear of Allah, and give up all outstanding gains from Riba, if you are (truly) believers.*

(Surah No 2, Al-Baqarah, Verse 278)

3. *O Believers! Do not take Riba, doubling and redoubling it, but have fear of Allah so that you might prosper; and beware of the fire which awaits those who deny the truth.*

(Surah No 3, Aal Imran, Verses 130-131)

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## Hadith that excludes receiving interest from non-Muslims in non-Muslim lands from being Riba

The Prophet (peace be upon him) is reported to have said:

*"There is no Riba between a Muslim and a Harbi in Dar al-Harb."*

(Reported by Imam Makhul Ibn Abdullah Shami)

### References

- |                              |          |         |
|------------------------------|----------|---------|
| 1. Muatta of Imam Abu Yousuf | (Hadith) | 182 AH  |
| 2. Musnad of Imam Shafiyee   | (Hadith) | 204 AH  |
| 3. Baihiqi Sharif            | (Hadith) | 458 AH  |
| 4. Hidayah                   | (Fiqh)   | 593 AH  |
| 5. Kanz ad-Daqaiq            | (Fiqh)   | 710 AH  |
| 6. Enayah                    | (Fiqh)   | 782 AH  |
| 7. Fat-hul-Qadeer            | (Fiqh)   | 861 AH  |
| 8. Bahr al-Raiq              | (Fiqh)   | 970 AH  |
| 9. Durr-e-Mukhtar            | (Fiqh)   | 1088 AH |
| 10. Fatawa Alamgiri          | (Fiqh)   | 1119 AH |
| 11. Shami                    | (Fiqh)   | 1253 AH |

# Bank or Building Society Interest in the UK

## Question of Masum and non-Masum Mal

1. I have been instructed (by Allah) to fight against people unless they pronounce Shahadah (bear the witness) that there is no God but Allah and Muhammad is the Messenger of Allah, and perform Salah, and pay Zakah. When they do so their Amwal and their blood (life) will become Masum (Bukhari and Muslim)
2. On the day of his last Hajj, in the field of Arafat, the Prophet (peace be upon him) delivered a Khutba. In his Khutba, among other things, he also said:

*Indeed your blood (life) and your Amwal are Haram (Masum) for each other.*  
(Muslim and Mishkat)



مجلس الشريعة  
**THE MUSLIM LAW**  
**(SHARIAH) COUNCIL**

**The Law of Necessity**

There is a principle in Islamic Law that "Necessities make forbidden things permissible". In fact this principle has become one of the important laws that govern Islamic Jurisprudence. Muslim scholars while interpreting and formulating various regulations of Islamic Law, have always taken into account this law of necessity.

1. The foundation of this law is directly derived from the Quran. The following references clearly prove that at a time of dire necessity Allah Almighty has allowed us to practise a flexible approach to the otherwise strict laws the Quran says:  
He has forbidden to you carrion, and blood, and the flesh of swine, and that over which any name other than God's has been invoked, but if one is driven by necessity - neither coveting it nor exceeding his immediate need - no sin shall be upon him, for behold, God is much-forgiving, a dispenser of grace. (2:173)
2. As for him, however, who is driven (to what is forbidden) by dire necessity and not by inclination to sinning, behold, God is much-forgiving, a dispenser of grace. (5:3)

In the opinion of the vast majority of Muslim Ulama these two references do not merely cover cases of extreme hunger (which make the eating of otherwise prohibited categories of meat permissible) but also other situations in which overwhelming force beyond a person's control may compel him against his will to do something that is normally prohibited by Islamic Law. For example Muslim Jurists (Fuqaha) unanimously allow the use of intoxicating drugs whenever illness make their use imperative and unavoidable.

There is a Hadith mentioned in all the prominent collections of the Prophet's sayings that once some people came to visit the Prophet (Blessings of Allah and peace be upon him) from a village. They were suffering from various illnesses. The Prophet allowed him to use the milk and urine of camels as medicines and they were cured. Scholars of the Hadith say that the very law of necessity was applied by the Prophet in this case.

This "Law of Necessity" is further strengthened by another principle which is also derived from the Quran. This is the principle of "Least possible burden". It means that Islamic Laws are originally based on the principle of providing facilities to the followers. These Divine Laws are not meant to create anguish or difficulty in our daily lives. The following references from the Quran provide the basis of this principle.

1. God wills that you should have ease and does not will you to suffer hardship. (2:185)
2. God does not burden any human being with more than he is well able to bear (2:268)
3. God wants to lighten your burden for man has been created weak (4:28)
4. God does not want to impose any hardship on you. (5:6)
5. (It is He Who) has laid no hardship on you in religion (22:78)

On the basis of these two principles of Islamic Jurisprudence (Fiqh) the Ulama of this century have thoroughly and critically examined a number of new issues and have accordingly issued Fatwas (legal opinions) about various newly developed situations. For example:

#### **Photographs**

Ulama and Muftis (religious scholars and Muslims Jurists) have unanimously issued Fatwas in favour of photographs for passports, visas, identity cards, examination forms etc. They say that its prohibition in the modern world will cripple the whole Muslim Ummah.

#### **Video Films**

They have allowed the use of video Films for the sake of Islamic education and Dawah. Otherwise they think that Islam and Muslims cannot lead missionary work from the front.

#### **Mortgage advances for buying a house**

They have allowed Muslims to take a loan from a Bank or Building Society and pay interest to them for buying a property with the following conditions.  
The property is being purchased by a person who does not own a home.  
The property is being purchased for residential purposes only.  
The buyer cannot afford to buy the property without an interest bearing loan.

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