

When the company buys the car and it comes into its possession, then it
may sell it

A car agency has its own system for selling by instalments, whereby the customer pays a certain amount of money as a down payment, then there is an additional rate to be paid on the delayed portion (between 11 and 20 per cent); the amount increases according to the number of years it will take to pay. What is the ruling on that?.

Praise be to Allaah.

If the company has taken possession of the car and has acquired it, and it took possession of it by buying it, then it may sell it to customers for the price agreed upon, with any extra sum it sees fit, whether it is all deferred, or some of it is deferred and some of it is paid in cash. There is nothing wrong with that because Allaah says (interpretation of the meaning): “ Allaah has permitted trading and forbidden Riba ” [al-Baqarah 2:275]. So this is a legitimate transaction, if the company has taken possession of the car and acquired it. End quote.