

2149 - Making down-payments

the question

Some vendors stipulate that people who want to buy or rent a product must first pay a deposit; if the purchaser or renter later changes his mind, the vendor keeps the deposit. What is the ruling on this matter?

Detailed answer

The matter being discussed here is that of down-payments, which means that the purchaser pays an amount of money to the vendor in advance, and this is taken as part of the price paid for the product. If the purchaser doesn't buy the product, the vendor keeps the deposit. It is classified under the heading of "sales and rentals", because it is the sale of the benefits of the product. There is a hadeeth which forbids sales involving down-payments, but it is da'eef (weak). There are certain cases in which making a down-payment is not permitted, such as forward buying (bay' al-salam) [???], and the sale of money for money, and of gold and silver, because in all these cases the whole amount must be handed over at the time of drawing up the contract. Sales on the basis of a down-payment are not permitted in these cases.

Sales involving down-payments are permitted if a specific waiting-period is stipulated, and both parties agree that the down-payment will be counted as part of the price if the sale is completed, and that the vendor will keep the down-payment if the purchaser changes his mind.

And Allah knows best.