

41098 - Ruling on selling metals which are in the stores of the company that is keeping them

the question

What is the ruling on buying and selling metals in the following fashion:

The company which owns the metals stores them with one of the companies that specializes in that, and a lease or contract is written up to that effect. Then when a person, company or bank comes to buy the metals from the company that owns them, they pay for them but the metals remain with the storage company as they are, and all that happens is that the contract is transferred to the purchaser's name. Is this regarded as acquisition and taking possession?.

Detailed answer

It is proven that the Prophet (peace and blessings of Allaah be upon him) forbade selling a product in the place where it had been bought until the traders moved it to their own place. Narrated by Abu Dawood, 3499; classed as hasan by al-Albaani in Saheeh Abi Dawood.

And it was proven that he (peace and blessings of Allaah be upon him) said to Hakeem ibn Hizaam: "Do not sell that which is not in your possession." Narrated by al-Tirmidhi, 1232; classed as saheeh by al-Albaani in Saheeh al-Tirmidhi.

The scholars (may Allaah have mercy on them) stated that what is meant by taking possession varies according to the object sold. Taking possession of gold and silver, for example, is different from taking possession of land and real estate. There is a difference in taking possession between that which can be moved and that which cannot.

It seems that it is difficult to move these metals from one place to another, because the amount is very large and requires trucks, stores, and cranes, etc.

So there is a real need for them to remain with the storage company. Hence I think there is no reason why they cannot be sold in the manner described, and it is sufficient to transfer the contract to the name of the purchaser. And Allaah knows best.