

486872 - What is the ruling on accepting change in a different currency when buying something?

the question

What is the ruling on accepting change in a currency other than the one with which I paid when buying something? For example, I bought some batteries for \$90; I give the seller \$100 and he gave me back \$10 in Turkish currency.

Detailed answer

If you purchase something from a seller on the basis that the price is in dollars, for example, as mentioned in the question, and he owes you change, then there are two scenarios:

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You agree that he will give you the change in a different currency, as in your question. In this case, it is stipulated that it be done on the spot, so that you do not part before you settle what is outstanding between you [and you receive the full amount in the other currency].

Ibn al-Mundhir (may Allah have mercy on him) said: All of the scholars from whom I acquired knowledge are unanimously agreed that if the two parties who exchange currency for currency part before making the exchange, then the transaction is invalid."(*Al-Ishraf 'ala Madhahib al-'Ulama'* 6/61).

Ibn 'Abd al-Barr (may Allah have mercy on him) said: Ahmad ibn Hanbal used to say: He may accept dinars (gold coins) for dirhams (silver coins) and dirhams for dinars, whether it is a loan or otherwise, based on the current exchange rate."(*At-Tamhid* 10/52).

Al-Khattabi (may Allah have mercy on him) said: It is stipulated that they should not part with anything outstanding between them, because receiving payment in dirhams for a loan

in dinars is an exchange, and an exchange transaction is not valid unless it is done on the spot." (*Ma'alim as-Sunan* 3/74).

Ibn Qudamah (may Allah have mercy on him) said: If a man agrees to give one dinar in exchange for ten dirhams, but the other man only has five dirhams with him, it is not permissible for them to part until he has received all ten dirhams. If he accepts the five and they part, the transaction is invalid for half of the dinar. But is it also invalid with regard to the five dirhams that he received? There are two scenarios, depending on how they agreed to conclude the deal." (*Al-Mughni* 6/114).

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He does not have any change (smaller bills or coins), whether in dollars or any other currency. In that case it is permissible for you to leave what remains due to you from the hundred dollars as a trust with him, on condition that what he owes you is still ten dollars and not its equivalent in any other currency.

Then when you come to collect it from him, you may agree that he should pay you in the same currency (dollars) or in another currency, which you agree upon at that time. In that case, the exchange rate - when he gives you what he owes you of dollars in Turkish liras or any other currency - will be the rate at the time of payment, and you should not reach an agreement on the exchange rate at the time when you entrust it to him and leave it with him, so that it does not become an exchange of one currency for another with a delay in receipt of the money, which is prohibited.

Ibn Qudamah said, completing what is mentioned above, after discussing the invalidity of the exchange between both of them:

If they want to settle the matter, then they should nullify the exchange deal with regard to the other half for which he does not have money to pay it, or they can annul the entire deal, then he can buy half a dinar from him for five dirhams and give that to him, and take the entire dinar. Thus what he bought from him belongs to him, and the rest is a trust under his care, then they may part. Then later on, if he wants to give him the remainder of what he

owes him for the dinar, or buy something from him with what remains of it, or make it a payment for a salam transaction [paying for something in advance to be delivered later on], or give it to him, it is permissible for him to do that. The same applies if he wants to appoint him as his proxy to do something with it.

If he buys silver for one and a half dinars, and gives the seller two dinars and says to him: I appoint you as my proxy to dispose of the extra half dinar, that is valid.

If he exchanges ten dirhams for one dinar, then gives him more than a dinar, to weigh for him what he owes at some other time, that is permissible, even if a long time elapses, and the additional amount is a trust which is under his care; he is not liable if it is lost or damaged. Ahmad discussed most of these issues.

If one of them only has five dirhams and he buys half a dinar with it, but receives an entire dinar, and he gives him the five dirhams then borrows them back from him, and uses them to buy the other half of the dinar, or he buys the whole dinar from him for ten dirhams from the outset, and he gives him five dirhams, then he borrows them back from him and pays them to him for the other half, not by way of trickery, there is nothing wrong with that."(*Al-Mughni* 6/114).

Al-Bahuti (may Allah have mercy on him) said: If he buys silver for one and a half dinars and the purchaser gives the seller two dinars to take what he is owed from that, so the seller takes what he is owed from the two dinars, even after they part, then the exchange is valid, because it took place on the spot before parting, and what is delayed is separating what is his from what belongs to the other one. The extra amount left over from the two dinars is a trust under the seller's care, because there is nothing to indicate that he is liable for it.

If he offers him five dirhams in exchange for half a dinar, then he gives him a dinar to take half from it, the exchange is valid, because the exchange has taken place on the spot, even if separating what is his from what is owed to the buyer is delayed until after they part, as half of it is for him and the rest of the dinar is a trust under his care, meaning that it is under the care of the one who took the dinar, because of what we have noted above. Thus they

may part before the dinar is split. Then if the one who took the dinar completes the exchange by returning to him what he owes him of the dinar, that is permissible. Or if he purchases something from him with the rest of the dinar, that is permissible; if he makes it a payment for something to be delivered later on (salam transaction), that is permissible, because it is his money and is not a debt. Or if he gives it to him as a gift, meaning that the one who gave the dinar gives the rest of it to the one who took it, that is permissible because the owner of the dinar has disposed of what is left of it in an appropriate manner.

End quote from *Kashshaf al-Qina'* (8/46). See also: *Masa'il al-Imam Ahmad* by Abu'l-Fadl Salih (3/234).

Based on that, if you gave the other person \$100 so that he could take \$90 from it as the price for the goods and give the rest back to you in Turkish currency, there is nothing wrong with that, so long as it was done on the spot [before parting].

If he does not have any change, then you may leave the \$10 with him as a trust, then when you want to ask him to give it back to you, he may either give you \$10 or give you the equivalent in another currency.

And Allah knows best.