

91474 - The charges made by the bank when making a withdrawal when the account is empty

the question

My salary is paid by a bank, and this bank offers a service to everyone whose salary is paid by them at times of need and when they have money in the account. This service is offered whereby you can withdraw money equivalent to your salary and the bank charges three riyals for this service straight away, and they do not take any more than that. The money withdrawn is deducted from the next salary payment without any other fee, and the fee is not even equal to one per cent.

Detailed answer

Withdrawing money from the bank when the account is empty is regarded as a loan, and it not permissible for the lender to stipulate payment of anything in addition to the amount that is loaned, no matter how small it is, because that is riba (usury) and there is consensus that it is haraam.

Ibn Qudaamah (may Allaah have mercy on him) said: "Every loan in which it is stipulated that something extra must be paid back is haraam, with no difference of scholarly opinion. Ibn al-Mundhir said: [the scholars] are unanimously agreed that if the lender stipulates that the borrower must pay extra or give him a gift, and he lends him money on that basis, then accepting the extra payment is riba. It was narrated from Ubayy ibn Ka'b, Ibn 'Abbaas and Ibn Mas'ood that they forbade every loan that brings benefits."

Al-Mughni, 6/436

But if the fee that the bank charges is in return for making the withdrawal only, and is not something extra, then there is nothing wrong with that, because it is not regarded as something in addition to the amount loaned.

Based on this, if the payment for the service mentioned (3 riyaaals) is a fee for things connected to this transaction such as recording and checking, etc, then it is permissible. But if it is in addition to the cost of this transaction, then this additional amount is riba, and it is not permissible to engage in this transaction in that case. The same applies if the fee varies according to the amount of money that is withdrawn.

The International Islamic Fiqh Council that is attached to the Organization of the Islamic Conference, in its twelfth conference held in Riyadh in the Kingdom of Saudi Arabia from 25 Jumaada al-Aakhirah 1421AH until the beginning of Rajab 1421 AH (23-28 September 2000), issued a statement concerning the fee that is charged by the bank when a withdrawal is made with a credit card that is not covered. In that statement it says:

If the user of the credit card withdraws cash, then that is a loan, but there is nothing wrong with it from the shar'i point of view unless it results in payment of interest. That does not include payment of a set fee for this service that is not connected to the size or duration of the loan. But any amount in addition to the real cost of this transaction is haraam because it is riba which is forbidden in sharee'ah, as was stated by the Council in its statement no. 12 (2/10) and 13 (1/3). End quote.

And Allaah knows best.