

Who Reserves the Right to Cancel an Invalid Transaction?

Question: What is the directive of the Shari'ah when a transaction is rendered invalid for some reason or another? Who reserves the right to cancel the invalid transaction and does the seller have to refund the buyer?

Answer: It is Waajib (compulsory) to cancel a deal that has been rendered invalid on condition that the commodity is in its original condition with the buyer. This is because an invalid transaction is a sin and it is not permissible to sustain a sin.

According to Imaam Abu Haneefah RAH. and Imaam Abu Yusuf RAH. both the buyer and seller have the option of cancelling the transaction. The person cancelling must, however, do so in the presence of the other or, at least, inform the other of his intentions.

Cancelling the transaction simply means that the buyer returns the goods and the seller refunds the money in full, without keeping anything back. However, if the buyer has gifted or sold the item to someone else, the deal cannot be cancelled and the invalid transaction will become a completed transaction.

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