

Question 1266) - A man is owed 1000 black Dirham. Can he settle for 500 white Dirham?

A: It is not permissible.*

NOTE:? A compromise on a debt owing will not be interpreted as an exchange [for that would be Riba]. It is interpreted as receiving part of a right and forgiving the rest. For example, he is entitled to 1000 genuine Dirham from a man, and settles for 500 alloyed Dirham. That will be as if he forgave part of his right.

* Because he is not entitled to the white at the time of the contract which is better quality than the black. Thus the exchange of 1000 for 500 with an increase in quality is Riba. However, if he was owed 1000 white and accepted 500 back instead then it is permissible because it is a forfeiture of part of a right in quality and quantity. It is not allowed to compromise on the quantity in exchange for quality because that is an exchange of like for like. Here no regard is paid to the difference in quality other than it has to be taken possession of in the gathering. [al-Hidayah]

~ al-Quduri ~