

# Islam Question & Answer

General Supervisor:  
Shaykh Muhammad Saalih al-Munajjid

## 220839 - Should debts and stolen wealth be returned exactly as they were taken or should their current value be taken into account?

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### the question

I would like to ask about how to restore what is rightfully owed to its owners after changes in prices and the drop in the value of currency. Should debts and stolen wealth be returned exactly as they were taken, or on the basis of their current value? Because the value of currency changes a great deal, meaning for example that 100 dinars in 1970 is worth 1000 dinars now.

### Detailed answer

Praise be to Allah.

Firstly:

If the debt that is owed to others consists of specific items that have intrinsic value, and there are equivalent items – such as things that may be evaluated on the basis of weight or measure, and gold and silver – then the view of most of the scholars is that the equivalent must be returned, regardless of changes in value and price between the time when the item was borrowed and the time when it is paid back.

Ibn Qudamah said: The borrower should return similar items when applicable, regardless of whether the price has dropped or risen, or has remained the same."(*Al-Mughni* 6/441).

And he said: It is obligatory to return the same in terms of weights and measures, and we do not know of any difference of scholarly opinion concerning that."(*Al-Mughni* 6/434).

A similar ruling applies with regard to items that were stolen or seized by force: similar items are

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to be returned, regardless of changes in price, according to the majority of scholars.

Imam Abu Thawr and Imam Ahmad, according to one report, were of the view – which was also favoured by Shaykh al-Islam Ibn Taymiyah – that what is required of the one who seized the item by force, in the event of a fall in prices, is that he should return the item and pay the difference in price.

It says in *al-Mawsu'ah al-Fiqhiyyah* (25/10): The majority of jurists are of the view that the one who seized something by force is not liable for the drop in value of the item due to changes in prices.

It was narrated from Abu Thawr that he [the one who seized something by force] is liable for the loss, because he is liable if the seized item is destroyed; therefore he is also liable if he returns the seized item after its price has dropped. End quote.

Al-Mirdawi said: If the value of the item drops because of changes in prices, he [meaning the one who seized it by force] is not liable. This is a stated view, and it is the view of our madhhab and the majority of scholars.

It was also narrated from him [meaning Imam Ahmad] that he is liable. This view was favoured by Ibn Abi Musa and Shaykh Taqiy ad-Din Ibn Taymiyah (may Allah have mercy on him)."*(Al-Insaf* 6/155).

Shaykh Ibn 'Uthaymin said: The correct view is that if the price has dropped, then he is liable. That is because this item was worth fifty thousand, but now it is only worth forty thousand. Thus he prevented the owner from benefitting from the rising price, so he is liable for the difference.... The correct view is that if the price has dropped, then he is liable, like the one who causes some defect to the item or causes some detrimental changes to its characteristics. This is the view favoured by Shaykh al-Islam Ibn Taymiyah (may Allah have mercy on him)."*(Ta'liqat Ibn 'Uthaymin 'ala al-Kafi* 5/343).

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Secondly:

But if the debt owed to someone else is one of the paper currencies that are still in circulation at this time, then its value dropped before paying off the debt, if the drop in the value of the currency is small, and does not amount to one third of the value of the debt, then the borrower must return the same amount of cash as was borrowed, no more and no less.

This situation was referred to in a statement of the Islamic Fiqh Council (no. 42, 5/4): What matters when paying off debts is that an equal amount is to be given, regardless of its value, because debts are to be paid off with the same amount. Therefore it is not permissible to connect debts owed, regardless of what they are, to their value. End quote.

Thirdly:

If the change in the value of the currency is great, then there is a difference of opinion among contemporary scholars as to how it is to be paid off by the debtor when there is an extreme drop in the value of the currency: should he pay back the same amount, or pay on the basis of the value of the currency?

The reason for this difference of opinion is that banknotes and currencies that are in circulation at present have no intrinsic value; rather their value is subjective and is based on people's use of them and the recognition of others states, who are committed to accepting them.

The Islamic Fiqh Council discussed this issue in more than one session (the third, fifth, eighth, ninth and twelfth sessions), and there were three main views concerning it:

1. The first view is that we should adhere to the principle that it is obligatory to pay back the same amount in the same currency, no matter how great the drop in value of that currency, so long as the currency is still in circulation.

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This view was favoured by many contemporary scholars, including Shaykh Ibn Baz, Shaykh Ibn 'Uthaymin, Shaykh as-Siddiq Muhammad al-Amin ad-Darir and Shaykh 'Ali as-Salus. The fatwas of the Permanent Committee are also based on this view.

The scholars of the Permanent Committee for Ifta' said: The borrower must give back the pounds that he borrowed when the lender asks him to do so, and it does not matter if there is a difference in the purchasing power, whether it has increased or decreased."(*Fatawa al-Lajnah ad-Da'imah* 14/146).

Shaykh Ibn 'Uthaymin (may Allah have mercy on him) said: If the currency has been abolished and replaced with another currency, then [the lender] may ask for the debt to be repaid based on its value at the time of lending or at the time when the currency was abolished. But if the currency is still in use, the lender only has the right to the same currency, regardless of whether its value has increased or decreased.... Such as if he lent him a sa' of wheat a few years ago, at which time a sa' was worth five riyals, then its value dropped to two riyals, for example, can he tell him to give him the sa' and also give him three riyals? No, he is only entitled to the sa'. So when it comes to items other than currency, the borrower only has to return the equivalent items. The same applies to currency, so long as the currency has not been abolished as legal tender."(*Liqa' al-Bab al-Maftuh* 72/9).

2. The second view is that the borrower must return the value of the currency as it was at the time when the loan was provided, either based on the purchasing power of the currency or based on the value of the currency in gold at the time when the loan was provided.

This is the view of many contemporary scholars and researchers, including: Shaykh al-Albani, Shaykh Mustafa az-Zarqa, Shaykh 'Abdullah al-Bassam, Shaykh Muhammad Sulayman al-Ashqar, Shaykh 'Abd ar-Rahman al-Barrak, Shaykh Muhammad al-Mukhtar as-Salami, Shaykh 'Ali al-Qarah Daghi and Shaykh Wahbah az-Zuhayli.

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See: *Majallat Majma' al-Fiqh al-Islami*, issues no. 3, 5, 8, 9, 12.

Shaykh al-Albani (may Allah have mercy on him) said: If you loaned me one hundred dinars a year ago, and today one hundred dinars is worth fifty dinars, meaning that fifty dinars in the past would buy what I need one hundred dinars to buy today of wheat, barley, milk and other necessities, let alone anything else, then it is not permissible for me to be literal-minded and give you one hundred dinars, and say to you: O my brother, this is what I borrowed from you, and this is what I am giving you in cash.

And he said: Rather he should pay him back on the basis of the purchasing power of the dinars on the day when he borrowed them.

End quote from *Silsilat al-Huda wa'n-Nur* (tape no. 285, 0.57 onwards).

3. The third view is that in such cases, the matter should be resolved on the basis of negotiation, which is obligatory, after evaluating the harm that may be incurred by both parties (the lender and the borrower). In other words, they should come to an agreement on the amount that the borrower should pay back.

One of the recommendations of the Juristic Economic Symposium for the Study of Issues connected to Inflation, which was held by the Islamic Fiqh Council in Jeddah, in cooperation with the Faisal Islamic Bank of Bahrain in 1420 AH/1999 CE states:

If inflation was not expected at the time when the loan was given, but it occurred, then the inflation is either high or is low. The guideline on whether inflation is too high is when it reaches one third of the debt.

- i. If the inflation is low, then it cannot be taken as justification to adjust the debt at the time when it is due, because the basic principle is that debts are to be paid with the same amount as that which was borrowed, and slight differences come under the heading of slight

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ambiguity or differences in quality that are overlooked according to Islamic teachings.

- ii. If inflation is too high, then paying off the debt at that time with the same amount as that which was borrowed will cause great harm to the lender, therefore that harm must be mitigated, in accordance with the holistic principle that harm is to be eliminated.

The solution in that case is to work out a deal.

This means that the two parties should come to an agreement to split the difference resulting from inflation between the borrower and the lender, in whatever ratio they agree upon."(*Majallat Majma' al-Fiqh al-Islami* 12/4/286).

What appears to be the case – and Allah knows best – is that among these views, the view which is most likely to be correct is the view which says that the same amount should be paid back, or a deal should be worked out between the two parties if the change is great and reaches one third.

One third is regarded as the dividing line between what is low and what is high, because the Islamic texts regard one third as the dividing line in many issues between what is low or a small amount and what is high or a great amount.

Ibn Qudamah said: We have seen that the religious texts refer to one third in many situations, including bequests, what a sick person may give in charity, and compensation for injury of a woman, which is equal to compensation for injury of a man, so long as it does not exceed one third of the diyah.

Al-Athram said: Ahmad said: They refer to one third in seventeen issues.

That is because one third is the dividing line between what is high or a large amount and what is low or a small amount, based on the fact that the Prophet (blessings and peace of Allah be upon him) said regarding bequests: "One third, and one third is a lot." This indicates that it is the dividing line between what is a lot and what is a little, therefore it is taken as the guideline in this

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issue."(*Al-Mughni* 6/179).

Fourthly:

The view that the same amount should be returned, or a deal should be worked out to split the difference between the two parties so that each party will bear some of the loss, is in harmony with the general meaning of the religious texts which enjoin justice and fairness, and eliminating harm, and forbid injustice.

As for the view which says that the same amount should be returned when there is a great change in the value of the currency, there are some problematic issues:

1. It is detrimental to the lender and is contrary to the dictates of fairness and what Islam promotes of warding off and alleviating harm.
2. There is a focus on the face value of the currency, without paying attention to what it really means. True equivalency cannot be achieved in this currency except when its purchasing power is the same. This is difficult in situations where the value of the currency has changed a great deal.

Shaykh al-Islam Ibn Taymiyah said in *Sharh al-Muharrar*: If he lends him food or takes food from him by force, and its value drops, then this is a shortcoming, so he should not be forced to accept repayment with this shortcoming, therefore reference should be made to its value. This is what is fair, because the two types of this item are only equal if their values are equal, but if there is a difference in value, then they are not equal. End quote.

Narrated from him by al-Bahuti in *al-Minah ash-Shafiyat*, p. 443.

Shaykh 'Abdullah ibn 'Abd ar-Rahman Aba Butayn, the mufti of Najd during his era, said: If the price drops, then the shaykh's view clearly states that one should return the equivalent value of the loan. This view is stronger. And if such a case is referred to us, we would try to find an

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arbitrator to bring about an agreement, if possible."(*Ad-Durar as-Saniyyah* 6/206).

Similarly, Shaykh Hasan ibn Husayn Al ash-Shaykh said regarding the words of Shaykh al-Islam: This is the correct view, on which we base our fatwas."(*Ad-Durar as-Saniyyah* 7/212).

Shaykh 'Abdullah al-Bassam (may Allah have mercy on him) said: Shaykh Taqiy ad-Din and Shams ad-Din Ibn al-Qayyim, and some of the scholars of the Salafi Najdi da'wah, favoured the view that if the currency increases or decreases in value, or has fallen into disuse, then the lender is entitled to the value of the loan, such as if the government abolishes the currency. Shaykh Taqiy ad-Din stated that the same ruling is to be applied to all types of loans, and many of the scholars followed him in that."(*Majallat Majma' al-Fiqh al-Islami* 9/2/443).

Shaykh 'Abd ar-Rahman al-Barrak (may Allah preserve him) said: If the currency falls into disuse, to the extent that causes a great deal of devaluation of the currency in which the lender gave the loan, then in that case it is not valid to pay back the loan in the same currency. Rather its value on the day when the loan was given must be worked out. So we must find out the value of the pound against the dollar on the day when the loan was given, and pay off the loan on that basis, or come to some agreement with the lender.

3. It is not valid to compare currencies to what the scholars mentioned about paying back in the same amount and type in the case of gold and silver. That is because gold dinars and silver dirhams do not lose their value altogether. Gold and silver may drop in value, but they never lose their value altogether, therefore there is no harm in paying back the exact amount, in contrast with paper currency which is no more than pieces of paper that would have no value, were it not for the fact that they are recognized by states.

Fifthly:

If someone owes something to another party, because he seized it by force or stole it, or has been



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delaying payment of a debt he owes, then we say that he should pay back the loan on the basis of its value (at the time when it was taken), because the one who seized something by force or stole something or is taking too long to pay a debt is an aggressor, so he is liable for all harm that results from his aggression.

Therefore the one who seized something by force is responsible for paying it back on the basis of its value (at the time when he seized it), if inflation occurred or got worse. This applies if the inflation caused devaluation of the currency to an extent that people would not usually tolerate."(*At-Tadakhkhum an-Naqdi* by Shaykh Khalid al-Muslih p. 222).

But if what is owed is based on a deal by mutual consent between the two parties, such as a goodly loan, or a purchase on credit, or the delayed portion of the mahr, then we should say that the correct view is that an agreement should be worked out between the two parties, by sharing liability in whatever ratio they agree upon, because there is no blame on the borrower for the extreme change that has occurred in the value of the currency.

Moreover, allowing the borrower to return the same amount of money that he borrowed is clearly harmful to the lender, and the lender insisting on receiving payment on the basis of its value is harmful to the borrower. Fairness dictates that neither of the two should sustain the loss on his own; rather the loss [which results in devaluation] should be borne by both, on the basis of an agreement between them. Although in principle reaching an agreement is recommended, it is not obligatory. But there reasons may arise which make it obligatory and a must for both parties.

Ibn 'Arafah said: it – namely reaching an agreement – in and of itself is recommended, but it may become obligatory when there is a clear interest to be served thereby.

Narrated from him in *Mawahib al-Jalil* (5/80).

Sixthly:

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In a situation in which it is decided that payment should be in accordance with the value of the loan on the day on which it was given, in that case the payment should be made in a different currency, to avoid falling into what may look like riba when paying back the loan in the same currency but with a larger figure.

Al-Mirdawi said: With regard to the phrase “in accordance with the value of the loan on the day on which it was given”, it should be understood that if the loan involves the type of wealth that is subject to riba al-fadl [when similar commodities are exchanged unequally], then he should pay him back in a type of wealth that is not subject to riba. So if the loan is involved broken dirhams [silver coins], then the ruler abolished that currency, its value should be paid back in gold, and vice versa.

This was stated clearly in *al-Irshad* and *al-Mubhij*, and it is clear.

It says in *al-Furu'*: The lender is entitled to the value of the loan, to be paid in a different type of wealth. End quote from *al-Insaf* (5/127).

Al-Bahuti said: The lender may demand payment of the value of the loan on the day it was given, but it should be a different type of currency, if that could lead to riba al-fadl. So if it was dirhams, he should be given dinars instead, and vice versa, lest it lead to riba."(*Al-Minah ash-Shafiyat bi Sharh Mufradat al-Imam Ahmad* 1/439).

Conclusion:

What is required of one who seized wealth by force or stole it is to return the currency in accordance with its value on the day on which it was seized or stolen. If what was stolen was particular items, then the thief is liable for any drop in prices.

In the case of other debts, there should be differentiation between small and great changes in the value of currency. If the change is small, and does not reach one third of the debt, then the same

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amount must be paid back, and not attention should be paid to the value of the loan when it was given.

But if there was a big change, as much as one third or more, then an agreement must be worked out between the two parties to share the loss.

If it is decided that payment is to be made on the basis of the value of the loan on the day when it was given, then it should be worked out according to the price of gold at the time when the loan was given, or according to the purchasing power of the currency at that time, but it should be paid back in a different currency than that in which the loan was given.

For more information, please see the answer to question no. [99642](#) .

And Allah knows best.