

Q: (3)- I have some interest credited to my account from my days of ignorance. However, I intended to give away this interest money by the end of this year. However, as you know, BCCI has been closed in UK and it is unlikely that we will get full refund of our deposits with them. My deposits consists purely of my own money. Can I adjust some of previously received interest against the loss of my own money in BCCI? If not, can you suggest some other way in order to reduce my losses. (Ibid)

A: Yes, in this case you can adjust the interest money received earlier against the loss of your principal. The money you have deposited in the bank according to Shariah, is a loan advanced to the bank. You are entitled to receive it back in full. If the same bank has given you some amount in the name of interest, but has refused later to return your principal in full, you can treat the interest money received earlier as part payment of the principal and can use it for your own benefit to the extent of the total principal deposited by you in the bank.

This ruling is based on the general principles of Shariah and on a Fatwa of Maulana Ashraf Ali Thanwi given by him orally and published in a collection of his discourses named "Al-ifadatul yaumiyyal" v.6 p.20 para 32.

Contemporary fatawaa