



Rent-to-Own Contracts

📅 15 December, 1988 | Fiqh of Financial Transactions, Lease Ending with Ownership

In the Name of Allāh,

the Entirely Merciful, the Especially Merciful

Praise is due to Allāh, Lord of the worlds, may the blessings and peace be upon our master Muḥammad, the last of prophets, on his family, and all his companions.

Resolution No. 44 (6/5) Rent-to-Own Contracts

The Council of the International Islamic Fiqh Academy of the Organization of the Islamic Conference, holding its 5th session in Kuwait City, State of Kuwait, on 1-6 Jumādā al-Ūlā 1409h (10-15 December 1988),

Having examined the research papers of the Academy's members and experts concerning *Rent-to-own Contracts*,

Having listened to the discussions on this subject,

Having recalled resolution of the Academy no. 13 (1/3), in response to the questions submitted by the Islamic Development Bank (IDB) (Par. B) concerning renting transactions,

Resolves

First: It is a priority to refrain from rent-to-own modes and adopt other alternatives, two of which are as follows:

1. Installment sale after receiving adequate
2. The rental contract, by which the lesser gives to the lessee the choice, after completing all due installments, between the following options:
 - Extension of the rental period,
 - Termination of the rental contract and return of the property to its owner,
 - Purchase of the rented item at market value at the end of the rental

Second: There are many other forms of rent-to-own contracts, on which the debate has been postponed to the next session, pending the receipt of their sample contracts, with explanations on the realities and conditions governing such contracts. This task will be conducted in collaboration with Islamic Banks, pending further studies and to issue an appropriate resolution in this regard.

Indeed, Allāh is All-Knowing.