



In the name of the Allah, The Beneficent, The Merciful

Assalamu Alaikum Mufti Sahib,

I have a question regarding the new government Help to Save scheme. Details of the scheme can be found at the following link: <https://www.gov.uk/government/publications/help-to-save-what-it-is-and-who-its-for/the-help-to-save-scheme>

In brief, the scheme is designed for UK residents on low incomes who are entitled to Working Tax Credit and receiving Working Tax Credit or Child Tax Credit payments or who are claiming Universal Credit and have a household or individual income of at least £542.88 for their last monthly assessment period. The Help to Save scheme, which is administered by HM Revenue and Customs, has been trialled since January 2018 and will be available to all those eligible from October 2018.

According to the gov.uk website:

Eligible customers can save up to £50 each month over a maximum period of four years after which the account will mature and close. At the end of 2 years, savers will get a 50% [tax free] bonus based on the highest balance achieved over years 1 and 2. Customers can carry on saving for another 2 years and get another 50% bonus on their additional savings. If the highest balance in years 3 and 4 is more than it was in years 1 and 2, the customer will receive a 50% bonus on the difference. Over 4 years, those saving the maximum of £2,400 will receive bonuses of £1,200 which will be paid in to the customer's UK bank account and not the Help to Save account. Money paid into the Help to Save account can be withdrawn at any time, but this could affect the size of the bonus payment. Customer can open only account once in their lifetime. The government website states that customers can "earn bonuses rather than interest, so it's not like a typical bank account".

Given the details above, is it permissible for Muslims to use this government savings scheme?

2nd Sha'bān 1439
19th April 2018

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It is not permissible for Muslims to avail of the Help to Save scheme referred to in the question. Under the Help to Save scheme, eligible customers actually *lend* to the **Government** the sums they deposit in to the Help to Save account and the **Government** then returns that *loan* after 2 (or 4) years with an agreed increment based on the highest balance achieved as described in the question. The National Savings and Investments (NS&I), which is a state-owned savings bank in the UK and a non-ministerial department of the Government is to be the single account provider for the Help to Save.¹ The scheme will be administered by HMRC, but NS&I will calculate the total bonus due and claim this from HMRC. HMRC will carry out the appropriate checks and transfer the bonus amount to NS&I, who will pay it to the account holder. Customers who invest in NS&I products are actually lending to the Government and, in return, the Government pays interest or gives prizes (as for Premium Bonds) whilst providing 100% security on all deposits.² The Help to Save scheme is another such scheme wherein the return on the deposits is described this time as a *bonus* as opposed to interest. However, as far as Islamic law is concerned, it is simply another case of the very *ribā al-nasī'a* prohibited in the Holy Qur'ān wherein a specified increase or profit is charged on a specific amount lent for a given period (also known as *ribā al-jāhiliyya* and *ribā al-Qur'ān*). Referring to it as a bonus does not change this fact and thus it is not permissible for Muslims to avail of the Help to Save scheme.

And Allah knows best.

Mufti Mohammed Zubair Butt
Chair, Al-Qalam Shariah Panel

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/576030/Help_to_Save_policy_design_note_2016.pdf accessed 19/04/2018.

²<http://nsandi-corporate.com/about-nsi/> accessed 19/04/2018.