

Using Your Friend's Credit Card – Can You Reimburse the 3%?



QUESTION

Your friend purchases a piece of furniture for you using his credit card.

The advertised price of the furniture is \$2,000.

A week later, you are ready to reimburse him. Because the purchase was made with a credit card, the total charged to his card came to \$2,060 (an additional 3%).

Can you reimburse your friend \$2,060, or should you only pay him \$2,000?



THE HALACHIC BACKGROUND

When your friend purchases something on your behalf, he has effectively paid your bill. Once the purchase has been made and you owe him the money, a loan now exists between the two of you.

At first glance, it seems simple:

“ He paid \$2,060, so I’ll pay him back \$2,060. ”

However, before doing so, we need to determine what that extra \$60 represents.

That is the entire question.

PRICE
\$2,000

TOTAL CHARGED
(3%)
\$2,060



THE PRACTICAL ANSWER



You should only reimburse your friend \$2,000 — not \$2,060.

The additional \$60 is a 3% charge of the total purchase, which is not a convenience fee. It is a cost to use money (a form of interest), and therefore it is assur to pay back. This is considered Ribbit Deoritha.



IMPORTANT DISTINCTION

A true convenience fee is a flat fee (e.g., a few dollars) charged for the service of using a credit card. It is **never** a percentage of the total purchase. When the charge is a percentage of the amount, it is a form of **interest** and is prohibited.



WHEN CAN YOU PASS ALONG THE FEE?

A true flat service fee may be reimbursed.

Your friend borrows your debit card to withdraw \$20 from an ATM.



ATM withdrawal:	\$20.00
ATM service fee:	\$3.50
Total charged:	\$23.50

Because the ATM charges the same \$3.50 service fee regardless of the amount withdrawn, your friend may reimburse you the full \$23.50. The extra \$3.50 is payment for using the ATM — not payment for borrowing your money.

EXAMPLES SIDE BY SIDE



3% of \$2,000 = \$60
Percentage-based charge (for using credit card)
= **Ribbit concern**



ATM fee = \$3.50
Fixed service charge (for using ATM)
= **May be reimbursed**

PRACTICAL TAKEAWAYS



Focus on the actual price of the item.



Understand what the additional charge represents.



A convenience fee is generally a flat fee, not a percentage.



Percentage-based charges are a form of interest.



“שָׂכַל הַמִּלּוֹה בְּרִבִּית נִכְסָיו מִתְמוֹטָטִין”

“Anyone who lends his money to others with interest, his property, i.e., his financial standing, collapses.”

— Gemara, Bava Metzia 71a



Questions?

Please contact
Rabbi Yosef Dayan
(347)-598-2229



RIBBIT INSIGHT

A fixed service fee is different from a percentage-based charge. What matters is why the additional money is being charged.

Sources:

- Chalkot Benyamin – Siman 170:1
- Beurem – Page 392
- Mishnat Ribit: Milueem – Perek 7:2
- Nitivot Shalom – Siman 170, Par. 20

PARASHA OF THE WEEK:

Bereisheet

THIS WEEK'S SPONSOR:

Anonymous



Want Ribbit Q&A delivered weekly?

Email Ribbitrabbi@gmail.com

to sign up for the digital copies.