

Can a Businessman Cut Out The Broker Who Introduced Him to a Bank and do Business With The Bank Directly?

By Rabbi Aryeh Finkel

Question: Over the course of many years, Reuven did a lot of business in real estate and typically used a certain loan broker, who arranged loans for him from a specific bank. After a while, Reuven developed his own relationship with the bank and realized he could save money on commission by dealing directly with the bank. Is he allowed to cut out the broker?

Answer: If Reuven has an exclusivity agreement that he signed with the broker, he must pay the commission and he cannot cut out the broker for the duration of the agreement.

If he did not sign such an agreement, he still must follow common industry practices. If the accepted *minhag* is to use a broker for one or two years, he must abide by this societal norm and he would not be permitted to cut out the broker during that time period.

After that time, he no longer owes the broker anything and he doesn't have to pay commission for any new deals.