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Consumer Dispute Resolution Model in the Financial Services Sector in Indonesia

Agus Satory[1], Sufmi Dasco Ahmad[2] & Roby Satya Nugraha[3]

[1]Facuty of Law, Universitas Pakuan, E-Mail: agussatory@unpak.ac.id
[2]Facuty of Law, Universitas Pakuan, E-Mail: sufmidascoahmad@unpak.ac.id
[3]Facuty of Law, Universitas Pakuan, E-Mail: robysatyanugraha@unpak.ac.id

Abstract. *The purpose of this study is to analyze the model of consumer dispute resolution in the financial services sector in Indonesia. The research method used in this study is a normative juridical approach supported by empirical data. Consumer disputes can be resolved through the courts or out of court based on the voluntary choice of the disputing parties. This means that consumers are given the freedom to claim their rights if they are harmed by business actors, either through litigation or non-litigation channels. Thus, consumers in the financial services sector who have been harmed can choose from the current models of consumer dispute resolution in the financial services sector, namely litigation through breach of contract suits, unlawful act suits, class actions, legal standing, and small claims courts. Meanwhile, non-litigation can be pursued through BPSK, LAPS SJK, or LAPS SK. The use of the small claims court mechanism as one of the models for resolving consumer disputes in the financial services sector through litigation in court can be empowered, and the process of resolving consumer disputes through non-litigation via BPSK can be carried out in stages.*

Keywords: *Consumer; Disputes; Financial; Services.*

1. INTRODUCTION

The growth of economic activity in various sectors has driven the rapid growth of the financial services sector, both in terms of the number of business players and the types of services offered, such as banking services, insurance services, consumer financing services, and various other types of financial services such as foreign exchange trading, money exchange, and others. Government regulations and policies in the financial services sector are also dynamic, keeping pace with changes and developments in society, and even tending to facilitate growth. On the one hand, this situation is very beneficial to consumers because their needs can be met and they have greater freedom to choose from a wide range of financial services (Agus Satory, 2015: 270).

On the other hand, these phenomena and circumstances can lead to an imbalance between financial service providers (hereinafter referred to as PUJK) and consumers. Consumers are merely objects of PUJK business activities, which seek to maximize profits through promotions, sales tactics, advertising gimmicks, and the application of standard agreements that are detrimental to consumers. The public, as consumers with low awareness of their rights and obligations due to a lack of consumer education, become the entry point for the traps set by PUJK.

In such conditions and situations, it is clear that the use of standard agreements in business transactions can create an imbalance between PUJK and consumers, requiring a strong legal basis for the government and society to protect and empower consumers through consumer guidance and education. These efforts are important to counterbalance the activities of business entities that operate on economic principles to maximize profits with minimal capital, which can harm consumer interests, either directly or indirectly.

The legal relationship between consumers and PUJK should be equal. However, both de facto and de jure, consumers are in a weak position vis-à-vis service providers. There are many factors that contribute to consumer weakness, including consumer ignorance or lack of information, consumers' lack of bargaining power, and consumers' position of seemingly being one step behind business actors.

On the other hand, FSPs appear to be better informed and more powerful than consumers. It can even be said that financial service providers have a thorough understanding of their financial service products from A to Z, but consumers do not. Thus, it is amid this imbalance that the legal relationship between consumers and FSPs is built, which often causes various kinds of losses at the consumer level (Agus Satory, 2016: 465).

Based on these circumstances, steps are needed to empower consumers through the establishment of laws and regulations that can protect consumer interests in an integrated and comprehensive manner and can be effectively implemented in society. Legal instruments are not intended to stifle business activities, but rather to encourage a healthy business climate and the emergence of companies that are resilient in the face of competition through the provision of quality goods and/or services. This pro-consumer stance is also intended as a manifestation of a high level of concern for consumers (Yusuf Shofie & Somi Awan, 2014: 14).

Finally, on April 20, 1999, Law Number 8 of 1999 concerning Consumer Protection (hereinafter referred to as UUPK) was enacted, which came into effect on April 20, 2000. The main objectives of this law include improving the dignity and welfare of consumers by protecting them from negative experiences in the use of goods and/or services, as well as raising awareness among business actors about the importance of consumer protection, thereby fostering an attitude of honesty and responsibility in business. This law is expected to be effective in protecting the approximately 287.6 million inhabitants of Indonesia (based on data released by the BPS as of September 2025), who are, in fact, consumers (*https://news.detik.com/berita/d-8209414/*).

In addition to the enactment of the UUPK as an umbrella act in consumer protection, consumer protection law in Indonesia, particularly for consumers in the financial services sector, has undergone significant developments following the enactment of Law-Law Number 21 of 2011 concerning the Financial Services Authority and Law Number 23 of 1999 concerning Bank Indonesia, as amended several times and most recently amended by Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (hereinafter referred to as the P2SK Law). The commitment to protect consumers in the financial services sector has been implemented in Indonesia, under the supervision of the Financial Services Authority (hereinafter referred to as OJK) and Bank Indonesia (hereinafter referred to as BI).

In an effort to empower consumers in the financial services sector through consumer protection and increased access to finance for the community, in 2013, the OJK issued OJK Regulation Number 01/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector, which has been revoked by OJK Regulation Number 6/POJK.07/2022 concerning Consumer and Public Protection in the Financial Services Sector. In addition, in 2014, the OJK also issued OJK

Regulation Number 1/POJK.07/2014 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector, which was later replaced by OJK Regulation Number 61/POJK.07/2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector (hereinafter referred to as LAPS SJK), which is based on the premise that consumer protection includes education, information services, and complaints, as well as the facilitation of complaint resolution. Then BI issued Bank Indonesia Regulation Number 3 of 2024 concerning Alternative Dispute Resolution Institutions in the Financial Sector (hereinafter abbreviated as LAPS SK).

Then, in the context of realizing a healthy business climate and relationship between business actors and consumers, as well as to encourage an efficient and equitable national economy, it is necessary to implement consumer protection that is synergistic, harmonious, and integrated. Therefore, the government issued Presidential Regulation Number 50 of 2017, which in 2024 was replaced by Presidential Regulation No. 49 of 2024 concerning the National Strategy for Consumer Protection, (hereinafter referred to as STRANAS-PK), which is a document containing policy directions, strategies, and priority sectors for consumer protection to achieve the 2024 targets. The Ministry of Trade was given the responsibility to coordinate the formulation of national consumer protection actions by involving the National Development Planning Agency (Bappenas). In STRANAS-PK, the financial services sector is one of the 11 priority sectors for strengthening consumer protection based on survey results, the number of complaints, and the number of consumer disputes. The eleven priority sectors for strengthening consumer protection are: medicine, food & beverages, financial services, household electricity & gas, health services, transportation services, housing, water & sanitation, telecommunications services, electronic goods, telematics & motor vehicles, tourism & creative economy, logistics services, and trade through electronic trading systems (e-commerce).

Another thing that is also expected from the establishment of LAPS SJK and LAPS SK is consumer protection. Activities in financial institutions are certainly recognized as posing risks to the public as customers or consumers. In Indonesia, the presence of LAPS SJK and LAPS SK is considered as institutions that can address public concerns about financial institution fraud (which generally occurs without a license). There are many financial investment products that offer high returns but harm consumers.

This may be due to the weak position of consumers due to their lack of knowledge, factors such as businesses hiding information, or fraudulent or illegal investments. Regardless of the consumer's background, they can become victims of financial crime because consumers do not understand the ins and outs of financial investments, which ultimately leads to disputes with PUJK.

According to Sularsi, consumer disputes are disputes or conflicts that arise between consumers as the aggrieved party and business actors as the party that

produces, sells, or provides goods or services that are consumed or utilized by consumers (Sularsi, 2001: 84). Meanwhile, according to Article 1 point 8 of the Decree of the Minister of Industry and Trade of the Republic of Indonesia Number: 350/MPP/Kep/12/2001 concerning the Implementation of the Duties and Authorities of the Consumer Dispute Settlement Agency, it is stated that a consumer dispute is a dispute between a business operator and a consumer who demands compensation for damage, contamination, and/or suffering losses as a result of consuming goods and/or utilizing services.

Theoretically, according to Rachmadi Usman, dispute resolution can be carried out in two ways. The first method of dispute resolution is through litigation in court, followed by the development of dispute resolution through cooperation (cooperative) outside of court. Litigation produces adversarial decisions that are unable to accommodate mutual interests, tend to create new problems, are slow to resolve, are costly, are unresponsive, and create hostility between the disputing parties (Rachmadi Usman, 2003: 3). Meanwhile, non-litigation processes produce win- win solutions, with relatively quick resolution times, and are therefore expected to be less costly.

According to Bryan A. Garner (2010: 798). "litigation is the process of carrying on a lawsuit", which can be loosely translated as a legal process involving the filing of a lawsuit through the courts. Conversely, non-litigation is a legal process involving the filing of a lawsuit without going through or outside of the courts.

Issues related to the resolution of consumer disputes in the financial services sector must be examined in the context of law as a system. Law as a system provides a means for resolving conflicts that arise within the system, namely by providing the principle of legal certainty (Sudikno Mertokusumo, 2011: 55).

Observing the current condition of consumer dispute resolution in the financial services sector in Indonesia, it is necessary to immediately revise the UUPK and improve the laws and regulations related to consumer dispute resolution in the financial services sector into a single set of laws, both for litigation and non-litigation dispute resolution. This is based on the fact that although the resolution of consumer disputes in the financial services sector in Indonesia still does not meet the principles of simplicity, speed, low cost, and legal certainty, if it is utilized as effectively as possible, it is hoped that it can meet or at least approach these principles.

This research is scientifically accountable and has novelty compared to previous research or writings. This research has a different substance from previous research, namely focusing on a model for resolving consumer disputes in the financial services sector in Indonesia that is in line with the dynamics of society, thereby creating a policy on resolving consumer disputes in the financial services sector that is simple, fast, and inexpensive, as well as providing legal certainty within a system that is part of the Indonesian judicial system.

2. RESEARCH METHODS

This research method uses normative legal research supported by empirical data. This research is descriptive-analytical, which is research that explains and describes clearly, systematically, concretely, and accurately the implementation of electronic fiduciary registration in Indonesia, related to its theory and practice. Data processing is carried out qualitatively, namely by using words and sentences with the intention of compiling a systematic and easy-to-understand discussion material that is also accountable.

3. RESULTS AND DISCUSSION

Article 45 of the UUPK states that any consumer who has suffered losses may sue the business operator through an institution tasked with resolving disputes between consumers and business operators or through the courts within the general court system. Consumer disputes can be resolved through the courts or out of court based on the voluntary choice of the parties involved in the dispute. This means that consumers are given the freedom to claim their rights if they are harmed by a business operator, either through litigation or non-litigation channels.

The following is a brief explanation of the financial services sector consumer dispute resolution model, as follows: (Agus Satory, 2017: 158)

1) Through Litigation

a. Breach of Contract Lawsuit

Breach of contract, often known as breach of promise or breach of covenant, is the obligation of the debtor to fulfill a performance. If in carrying out the obligation, the debtor is not affected by circumstances, then the debtor is considered to have committed a breach of contract. The word breach of contract comes from Dutch, which means poor performance (compare: wanbeheer, which means poor management, wanddad, which means bad deeds). Violation of contractual rights gives rise to an obligation to pay compensation based on breach of contract as stipulated in Article 1236 of the Civil Code (for the performance of giving something) and Article 1239 of the Civil Code (for the performance of doing something). Furthermore, with regard to wanprestasi in Article 1343 of the Civil Code, it states that compensation for costs, losses, and interest due to the non- fulfillment of an agreement shall only be required if the debtor, after being declared in default of fulfilling their agreement, continues to default, or if something that must be given or done can only be given or done within a period of time that has already passed.

According to R. Subekti, a debtor's default can take four forms, namely: (R. Subekti, 197: 45)

a) Failure to do what they have agreed to do;

b) Performing what was promised, but not as promised;

c) Performing what was promised but late;

d) Doing something that according to the agreement should not be done.

According to M. Yahya Harahap, in general, default is "the improper performance of an obligation at the appointed time or in a manner that is not in accordance with what is appropriate." Thus, a debtor is said to be in default if he has neglected to perform his obligations under the agreement, resulting in a delay from the specified schedule or in performing an obligation not in accordance with what is "proper or appropriate." When discussing "default," we cannot ignore the issues of "statement of default" (ingebrekke stelling) and "negligence" (verzuim). The consequence of default is that the debtor must pay compensation or, if one party is in default, the other party can demand "cancellation of the contract/agreement" (M. Yahya Harahap, 1986 : 60).

Article 45 paragraph (1) of the UUPK stipulates that every consumer who has suffered losses may sue the business operator through an institution tasked with resolving disputes between consumers and business operators or through the courts within the general court system. This means that consumers who have suffered losses due to PUJK can file a lawsuit for breach of contract in a district court.

b. Lawsuit for Unlawful Acts

A lawsuit for unlawful acts is based on Article 1365 of the Civil Code, which stipulates that every unlawful act that causes harm to another person obligates the person who caused the harm to compensate for the harm.

From this definition, it can be concluded that the elements of an unlawful act are as follows:

a) there is an unlawful act;

b) there is fault;

c) there is a causal relationship between the damage and the act;

d) there is damage.

Before the enactment of the UUPK, Article 1365 of the Civil Code was used to sue PUJKs that caused losses to consumers. In order to hold PUJK accountable, consumers must first prove that the fault lies with PUJK. If the aggrieved consumer fails to prove this, PUJK is deemed not guilty and the lawsuit is dismissed. However, proving that PUJK is at fault for causing losses to consumers is not an easy task. This is because it is the business operators, not consumers, who are familiar with the ins and outs of the production process.

Therefore, Article 28 of the UUPK reverses the burden of proof, making it the basic obligation of business actors to prove that they are not at fault. If business actors cannot prove this, they are considered guilty of causing losses to consumers. Business actors must be responsible for all losses suffered by consumers.

c. Class Action Lawsuit

A class action lawsuit is a lawsuit in which the litigants act not only on their own behalf, but also on behalf of a group. This is possible because they have a common interest in seeking justice in a particular case (Intan Nur Rahmawanti dan Rukiyah Lubis, 2014 : 71). Class action lawsuits aim to facilitate public access to justice and the efficient resolution of legal violations that harm many people. If these two objectives are achieved, then the dream of a simple, fast, inexpensive, transparent, and legally certain judicial system will become closer and more effective.

Article 46 of the UUPK states that the existence of group representatives in assisting the legal settlement of disputes between consumers and business actors is carried out considering that it is not of a private legal nature (lex privatum), every consumer who has suffered losses files their own lawsuit in the district court, even though the number of consumers who have suffered losses is quite large and of course a special power of attorney is required for lawyers if each consumer uses the services of a lawyer. It turns out that filing a lawsuit for compensation is not easy for consumers who have suffered losses, so a more effective and efficient class action lawsuit is needed to file a lawsuit for compensation.

If the court's decision in a consumer dispute has permanent legal force and upholds the consumer's lawsuit, which must be carried out by the business operator, then in addition to the group of consumers who filed the lawsuit, other consumers who did not file a lawsuit can also obtain compensation in the same case. Therefore, the role of group representation is necessary to help consumers.

The provisions governing class actions in the UUPK are inadequate, as there is no specific minimum number of members (numerosity) required for a class action and no specific identification of the number of consumers who have suffered damages. This can lead to differences in inteIDRretation, thereby providing no legal certainty for the parties, whether plaintiffs, defendants, or the court, in determining the requirements for numerousity in class action lawsuits.

Article 2 of PERMA Number 1/2002 stipulates that a lawsuit may be filed using class action procedures if: (Perma No. 1 of 2002: 2)

1) The number of group members is so large that it would be impractical for each member to file a lawsuit individually in a single lawsuit;

2) There are substantial similarities in the facts (events) or laws (legal basis used) between the group representative and the group members;

3) There are similarities in the types of claims between the group representatives and the group members;

4) The group representative has the honesty and sincerity to protect the interests of the group members he or she represents;

5) In the event that a lawyer acts in a manner contrary to their obligation to defend and protect the interests of their group members, the judge has the right to recommend that the group representative replace the lawyer.

d. Organizational Right to Sue (Legal Standing)

Legal standing is an institution that originates from the common law system. Legal standing has been adopted and recognized in Indonesian legislation. This was done solely for the sake of legal interests and legal needs. Legal standing is the right to sue granted by law to non-governmental organizations (NGOs) and community- s engaged in certain fields that are not directly victims, to file claims for rights (Darwan Prinst, 2002: 28).

The legal position (quality) of LPKSM in filing an organizational lawsuit (legal standing) in court is that in civil procedure law there is a principle of "no lawsuit without legal interest." With this principle, a person is considered to have sufficiently proven that he or she is the "victim" or the one who "suffers" as a result of another person's actions. If a person has no interest, then they cannot file a lawsuit, as stated by the adage "point d'interet, point d'action" (zonder belang geen rechtsingang), which means that without interest, there is no action (Paulus E. Lotulung, 1993: 51). However, in the field of consumer protection, there may be circumstances in which an organization or group of people files a lawsuit based on interests that are not personal to them or their group, but on behalf of the public interest or the interests of the people (society), or what is referred to as "algemeen belang".

The term "standing" here refers to the right of community groups or institutions to act for and represent the public interest. This right is known as NGO standing. The legal standing provisions in the UUPK are contained in Article 46 paragraph (1) letter c and paragraph (2) of the UUPK, whereby lawsuits for violations committed by business actors can be filed by LPKSM in general courts. LPKSM must meet the following requirements:

a) being a legal entity or foundation;

b) its Articles of Association explicitly state that the organization was established for the puIDRose of consumer protection;

c) has carried out activities in accordance with the articles of association.

Although the legal standing of organizations has been recognized in several laws in Indonesia, the procedures or procedural law have not been regulated, either in laws, government regulations, or even through Supreme Court Regulations. Several laws and regulations state that the procedural rules for legal standing refer to the applicable civil procedural law, such as class action lawsuits. However, legal standing has its own characteristics or peculiarities, which are not accommodated in the applicable procedural law. Therefore, it is advisable that the right to sue as an organization (legal standing) be regulated in a procedural law as a legal umbrella for court proceedings. This aims to ensure uniformity in the form and stages to be followed in the filing and settlement of the right to sue as an organization (legal standing).

e. Small Claims Court

A small claim court is a type of lawsuit that can be filed by consumers, even if the economic value of the claim is very small. In consumer protection laws in various countries, the small claim court process has become a widely adopted principle. There are three fundamental reasons why small claim courts are permitted in consumer cases, namely: (Shidarta, 2000: 53)

a) The interests of the plaintiff (consumer) cannot be measured solely by the monetary value of the loss;

b) The belief that the door to justice should be open to everyone, including small and poor consumers; and

c) To maintain the integrity of judicial bodies.

This simple lawsuit is regulated in the Supreme Court Regulation Number 2 of 2015 concerning Procedures for Settling Simple Lawsuits, as amended by Supreme Court Regulation Number 4 of 2019 concerning Amendments to Supreme Court Regulation Number 2 of 2015 concerning Procedures for Settling Simple Lawsuits. According to Supreme Court Regulation No. 2 of 2015 on Procedures for Settling Simple Lawsuits (Small Claims Court), consumer disputes are among the disputes that can be settled by filing a simple lawsuit with the district court (Perma No. 2 of 2015).

The subject matter of the case is a case with a material claim value in PERMA Number 2 of 2015 of at most IDR 200,000,000.00 (two hundred million rupiah), while in PERMA Number 4 of 2019, the maximum amount is IDR 500,000,000.00 (five hundred million rupiah) and the procedures and evidence are simple. Meanwhile, the subject of the case, namely the plaintiff and defendant, is no more than 1 person, except with the same legal interests. The domicile of the parties is within the same district court jurisdiction and does not require a public summons, and the principal party must appear in person at the hearing.

If a consumer files a dispute in two forums, namely the BPSK and the court simultaneously, the lawsuit must be declared inadmissible. The court must declare the lawsuit inadmissible if it is proven that the plaintiff has already filed the dispute with another forum, in this case (in casu) the BPSK. The same applies to the BPSK, namely that the BPSK must declare the lawsuit inadmissible if it is proven that the plaintiff has filed the lawsuit first through the court.

2) Non-litigation

a. Through the Consumer Dispute Resolution Agency (BPSK)

The existence of the Consumer Dispute Settlement Agency (BPSK) is regulated in Articles 49 to 58 of the UUPK. The BPSK is an alternative dispute resolution institution outside of the court system (non-litigation) that is given judicial authority to resolve disputes between consumers and business actors quickly, easily, and cheaply. It's speed is determined by the 21 working days that the appointed BPSK panel has to produce a decision. Its ease lies in the administrative procedures and decision-making process, which are very simple, straightforward, and can be done orally or in writing. Its affordability lies in the court costs charged to business actors in accordance with the proven amount of losses.

Article 23 of the UUPK stipulates that if a business operator fails to respond and/or does not provide compensation to consumers, they can be sued at the BPSK or court in the consumer's place of residence. This article makes it easier for consumers to file a consumer dispute resolution request with the BPSK in the consumer's place of residence (plaintiff), rather than in the business operator's place of residence (defendant). However, if a BPSK has not yet been established in the district/city where the consumer is located, the consumer's lawsuit may be filed at the BPSK closest to the consumer's place of residence.

Not all consumer complaints can be accepted by the BPSK. There are several types of complaints that cannot be accepted by the BPSK, namely if: (Agus Satory, Radar Bogor : 9)

1) the complaint is not accompanied by valid evidence;

2) the complaint form is not filled out completely and correctly;

3) the dispute reported is not within the jurisdiction of the BPSK;

4) the plaintiff is not an end user;

5) the complaint is a class action lawsuit;

6) the lawsuit is of a legal standing nature; or

7) lawsuits filed by business actors.

Every consumer dispute settlement by BPSK is carried out by a Council formed based on the Decision of the Chair of BPSK and assisted by a Registrar. The Council must have an odd number of members and consist of at least 3 BPSK Members representing the government (as chair) and consumers and business actors as members. Meanwhile, the Registrar is appointed from among the members of the BPSK Secretariat.

The proceedings were conducted in accordance with the manner agreed upon by the parties, namely:

1) Through Conciliation

The settlement of consumer disputes through conciliation is carried out by the disputing parties themselves, accompanied by a panel acting passively as conciliators. In this case, the panel leaves the dispute settlement process entirely to the parties, both in terms of the form and amount of compensation.

2) Through Mediation

The mediation provisions stipulated in Supreme Court Regulation No. 1 of 2016 concerning Mediation Procedures in Court differ from the mediation applied in BPSK. Mediation is a process of resolving consumer disputes outside of court with the assistance of BPSK as an active advisor, and the resolution is left to the parties.

Therefore, the provisions regarding mediation cannot be used in practice in the consumer dispute resolution process at the BPSK, because mediation, which is used as one of the methods chosen by the parties, is based on the Decree of the Minister of Industry and Trade Number: 350/MPP/Kep/12/2001 concerning the Implementation of the Duties and Authorities of the Consumer Dispute Settlement Agency.

The settlement of consumer disputes through mediation is carried out by the disputing parties themselves, accompanied by a council that acts actively as a mediator. In this case, the council leaves the dispute settlement process entirely to the parties, both in terms of the form and amount of compensation, but the council acts actively by providing advice, guidance, suggestions, and other efforts to resolve the dispute.

3) Through arbitration.

Consumer disputes are resolved through arbitration, which is conducted entirely and decided by a panel acting as arbitrators. In this case, the parties select arbitrators from among BPSK members. Consumers select arbitrators from among consumer representatives, and business operators select arbitrators from among business operator representatives as panel members.

The selected arbitrators choose a third arbitrator from BPSK members representing the government as the Chair of the Panel. During the dispute resolution process, evidence (goods and/or services, statements from the parties, witness and/or expert witness statements, letters and/or documents, other supporting evidence) may be submitted by the panel at the request of the disputing parties.

Even though in the consumer dispute resolution process the burden of proof lies with the business operator, consumers also have the right to submit evidence to support their claims. After considering the statements from both parties regarding the matter in dispute and considering the results of the evidence and the parties' requests, the council will issue a BPSK Decision.

The Council must resolve consumer disputes no later than 21 working days from the date the complaint is received in full by the BPSK. The results of consumer dispute resolution through conciliation or mediation are set out in a written agreement signed by the consumer and the business operator, and subsequently confirmed by a council decision signed by the Chair and Members of the Council.

The Council's decision in conciliation and mediation does not include administrative sanctions. Meanwhile, the results of consumer dispute resolution through arbitration are made in the form of a Council decision signed by the Chair and Members of the Council. The Council's decision in arbitration may include administrative sanctions.

The Council's decision shall be based as much as possible on deliberation to reach consensus, but if it has been tried earnestly and it turns out that deliberation does not produce consensus, then the decision shall be taken by majority vote (voting). The Council's decision is also referred to as a BPSK decision. A BPSK decision can be in the form of:

1) settlement;

2) the lawsuit is dismissed; or

3) the lawsuit is granted.

Article 54 paragraph (3) of the UUPK states that the council's decision is final and binding, meaning that there is no appeal or cassation for consumer disputes settled through the BPSK and that the decision must be carried out voluntarily and in good faith. However, on the other hand, Article 56 paragraph (2) of the UUPK states that the parties may file an objection to the BPSK decision with the district court no later than 14 working days after receiving notification of the BPSK decision, thus creating a conflict between the two articles.

To ensure the smooth processing of objections to BPSK decisions, the Supreme Court deemed it necessary to regulate the procedure for filing objections to BPSK decisions in order to avoid a legal vacuum while awaiting the revision of the UUPK with a Supreme Court Regulation (PERMA).

To that end, on March 13, 2006, PERMA Number 1 of 2006 concerning Procedures for Filing Objections to Decisions of the Consumer Dispute Settlement Agency was issued. PERMA No. 1 of 2006 stipulates that objections can only be filed against arbitration decisions issued by the BPSK, which can be filed by both business actors and/or consumers to the district court in the place of legal domicile of the consumer, where the BPSK is not a party.

b. Through the Alternative Dispute Resolution Institution for the Financial Services Sector (LAPS SJK)

Regulations concerning dispute resolution mechanisms in the financial services sector are the implementation of Article 29 letter c of Law Number 21 of 2011 concerning the Financial Services Authority (OJK Law), whereby the OJK is tasked with facilitating the resolution of complaints from consumers who have been harmed by PUJK in accordance with laws and regulations in the financial services sector. The meaning of facilitating the resolution of consumer complaints needs to be interpreted broadly, namely through a policy on dispute resolution mechanisms in the financial services sector.

The dispute resolution mechanism in the financial services sector is carried out in two stages, namely internal dispute resolution within financial services institutions (work units owned by PUJK itself to carry out consumer complaint services, which are required to resolve complaints no later than 20 working days after the date of receipt of the complaint) and external dispute resolution through LAPS SJK. LAPS SJK is an institution that resolves disputes in the financial services sector outside of court.

Article 32 of OJK Regulation Number 61/POJK.07/2020 stipulates that LAPS SJK can handle the settlement of consumer disputes in the financial services sector with the following criteria: (POJK No. 61 of 2020: 32)

1) Complaints have been resolved by PUJK but rejected by consumers or consumers have not received a response to their complaints as stipulated in POJK regarding consumer complaint services in the financial services sector. Complaints are complaints that indicate disputes as referred to in POJK regarding the implementation of consumer and community services

in the financial services sector by OJK. Meanwhile, "rejected" means that the consumer has rejected the complaint response or objection response submitted by the PUJK. "The consumer has not received a complaint response" means that the PUJK has not submitted a complaint response after the complaint handling period as stipulated in the POJK regarding consumer complaint services in the financial services sector has expired.

2) The dispute submitted is not a dispute that is currently being processed or has been decided by a court, arbitration, or other alternative dispute resolution institution; and

3) The dispute is of a civil nature.

In addition to the disputes referred to above, LAPS SJK may handle other disputes that have been approved by the OJK. An example of other disputes that have been approved by the Financial Services Authority is disputes filed by PUJK. The handling of disputes through LAPS SJK is confidential. This means that the settlement of disputes is closed and the decision is not exposed or announced to the public.

c. Through the Financial Sector Alternative Dispute Resolution Institution (LAPS SK)

LAPS SK was established through Bank Indonesia Regulation Number 3 of 2024 concerning Alternative Dispute Resolution Institutions in the Financial Sector, to implement the provisions of Article 246 paragraph (2) of Law-Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector, which was then followed up with Regulation of the Board of Governors Number 18 of 2024 concerning the Implementation Regulations for Alternative Dispute Resolution Institutions in the Financial Sector, namely an institution that resolves disputes between consumers and operators in the financial sector outside of court.

The providers in the financial sector referred to here are: (PBI No. 3 of 2024: 2)

1) Operators in the field of payment systems;

2) Service providers in the field of money services;

3) Parties conducting activities in the money market and foreign exchange market; and

4) Other parties regulated and supervised by Bank Indonesia.

LAPS SK aims to resolve disputes between consumers and operators in an accessible, independent, fair, effective, efficient manner that is trusted by consumers and operators. LAPS SK functions to provide integrated dispute resolution services in the financial sector. To carry out this function, LAPS SK has the following duties and authorities:

1) handling and resolving disputes;

2) providing consultation on dispute resolution in the financial sector;

3) conducting research and development of dispute resolution services in the financial sector;

4) establishing regulations for dispute resolution in the financial sector;

5) collaborating with consumer protection institutions and/or agencies, both nationally and internationally; and

6) developing the competencies of mediators and arbitrators registered with LAPS SK.

The criteria for consumer disputes that can be handled by LAPS SK are as follows:

1) the complaint has been resolved by the organizer but rejected by the consumer or the consumer has not received a response complaint as stipulated in Bank Indonesia regulations regarding Bank Indonesia consumer protection;

2) the dispute submitted is not a dispute that is currently being processed or has been decided by a court, arbitration, or other alternative dispute resolution institution; and

3) the dispute is of a civil nature.

In addition to the disputes referred to above, LAPS SK may handle other disputes that have been approved by Bank Indonesia. The handling of disputes through LAPS SK is confidential.

4. CONCLUSION

Consumer disputes are disputes between businesses and consumers who demand compensation for damage, contamination, and/or losses suffered as a result of consuming goods and/or using services. Article 45 of the UUPK states that any consumer who has suffered losses can sue the business through an institution tasked with resolving disputes between consumers and businesses or through the courts within the general court system. Consumer disputes can be resolved through the courts or out of court based on the voluntary choice of the disputing parties. This means that consumers are given the freedom to claim their rights if they are harmed by a business operator, either through litigation or non-litigation channels. Thus, consumers in the financial services sector who have been harmed by PUJK can choose from the following existing models for resolving consumer disputes in the financial services sector: Through Litigation. Breach of Contract Lawsuit. Tort Claim Lawsuit. Class Action Lawsuit, Legal Standing, Small Claims Court, Non-litigation. Through the Consumer Dispute Resolution Agency (BPSK), Through the Alternative Dispute Resolution Institution for the Financial Services Sector (LAPS SJK), Through the Financial Sector Alternative Dispute Resolution Institution (LAPS SK). Recommendations, In order to empower the use of the small claims court mechanism as a model for resolving consumer disputes in the financial services sector through litigation in court and to ensure its rapid dissemination with the active participation of law enforcement officials (judges and lawyers), it is advisable to make a second amendment to PERMA No. 2 of 2015, so that the use of the small claims mechanism becomes an obligation that must be pursued by the disputing parties (and of course must meet the requirements for a small claim) before filing a regular civil lawsuit. This is important because if the use of the simplified lawsuit mechanism in the settlement of consumer disputes in the financial services sector is only an option for the disputing parties, there is a concern that the use of this simplified lawsuit mechanism will not develop and be properly socialized. In addition, regulations are needed regarding simple evidence and the process of summoning the parties at the first hearing via electronic mail (e-mail), which is limited to only 2 working days, so as not to hinder the case resolution process. It is recommended that the non-litigation settlement of consumer disputes at the BPSK be carried out in a "tiered" manner. The rationale behind this is that if no agreement can be reached on the choice of method or if no settlement is reached during the conciliation or mediation process, the council may take over and examine the dispute through arbitration. In this arbitration process, the decision is made entirely by the BPSK council, which must be based on facts, evidence, and statements from the parties involved, and it is possible to request expert testimony. Thus, there is legal certainty in the resolution of consumer disputes through the BPSK.

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