


Legal Protection for Consumers in the Parate Execution of Fiduciary Guarantee Objects

Davina Tasya Kirana Pakaya

Faculty of Law, Gorontalo State University

Article Info	ABSTRACT
<p>Keywords: Legal Protection, Consumers, Fiduciary Guarantee</p>	<p>This research addresses the problem of inadequate legal protection for consumers in the implementation of parate execution of fiduciary collateral objects. The study aims to examine regulations, transparency, and fair treatment of consumers within this context. Employing normative legal research through the analysis of legal literature and secondary data, the study explores the legal relationship between debtors and creditors in Consumer Finance Companies, highlighting the principle of freedom of contract under Article 1338 paragraph 1 of the Indonesian Civil Code. Findings indicate that parate execution must comply with consumer protection principles concerning security, safety, and legal certainty, as mandated by Law No. 8 of 1999 on Consumer Protection. The research concludes that additional protections, such as requiring debtor agreement or court approval for execution, are necessary, alongside recommendations for legal education, enhanced government oversight, and stricter adherence to the principle of prudence in fiduciary collateral execution.</p>
<p>This is an open access article under the CC BY-NC license</p> 	<p>Corresponding Author: Davina Tasya Kirana Pakaya Faculty of Law, Gorontalo State University pakayachacha@gmail.com</p>

INTRODUCTION

Consumer protection is a crucial topic in the Indonesian legal system, a priority for both the government and the people. This is explicitly regulated by Law Number 8 of 1999 concerning Consumer Protection (the Consumer Protection Law). This regulation aims to provide adequate protection for consumers against unfair and arbitrary company activities, while also ensuring that customers receive their fair rights in every transaction they undertake. (Muhamad Jiia Fauzi, Deny Guntara, and Muhamad Abas, 2023)

One important case where legal protection for consumers is particularly relevant is in the context of the implementation of fiduciary guarantees. Fiduciary guarantees are a form of debt security in which the owner of an item transfers ownership of the item to the creditor as collateral for the debt, while the owner retains the right to use the item. (Ayu Riski Septiani Daniel Panda, 2016)

Based on Law Number 42 of 1999 concerning Fiduciary and Fiduciary Guarantees, fiduciary refers to the transfer of ownership rights of an object where control over the object remains with the original owner. (Ministry of Law and Human Rights Fiduciary Guarantee Law No. 42 of 1999, 2006). Meanwhile, fiduciary guarantee is a guarantee right imposed on movable objects, both tangible and intangible, as well as certain immovable objects such as

buildings which cannot be made the object of mortgage rights as regulated in Law Number 4 of 1996 concerning Mortgage Rights. The object used as fiduciary collateral remains under the control of the fiduciary as collateral for the repayment of certain debts, giving priority rights to the fiduciary recipient compared to other creditors.

According to the aforementioned laws and regulations, fiduciary collateral constitutes a preferential material right. Specifically, if the debtor (consumer) defaults, the fiduciary creditor has the right to prioritize the payment of their receivables through parate execution on the object serving as fiduciary collateral. (Masyhuri, 2016).

The process of executing a fiduciary guarantee as regulated in Article 29 of Law Number 42 of 1999 concerning Fiduciary Guarantees can be carried out through three methods: (a) Implementation of the executorial title by the fiduciary recipient in accordance with the provisions of Article 15 paragraph (2). (b) Sale of the fiduciary guarantee object by the fiduciary recipient through a public auction, where the proceeds are used to pay off receivables, and (c) Direct sale (underhand) based on an agreement between the giver and the fiduciary recipient, with the condition that the price obtained is the highest value that benefits both parties. Direct sales can only be carried out after one month has passed since written notification by the giver or fiduciary recipient to the relevant parties, and announced in at least two local newspapers circulating in the area. (Article 29 of Law No. 42 of 1999 concerning Fiduciary Guarantees).

However, the implementation of fiduciary guarantees has often created problems for consumers, particularly in relation to the protection of their rights. Some common issues faced by consumers include: First, Lack of Information and Transparency. In this context, consumers lack adequate information about the procedures and consequences of signing a fiduciary guarantee. This situation prevents consumers from fully understanding the risks associated with the agreement. Second, Unfair Execution Procedures. In this context, the execution of the guarantee is carried out arbitrarily and without notification to the consumer and without a warrant of seizure from the court. This creates injustice and is detrimental to consumers who may be unprepared for the situation. Third, Use of Violence and Intimidation. When executing the guarantee against the collateral object, producers or companies often use violence and intimidation against consumers. (Roida Nababan, 2021). This certainly violates basic consumer rights and causes psychological trauma to consumers.

To address this issue, strong and effective legal protection is essential to ensure that consumers do not fall victim to unfair and arbitrary business practices. The government and relevant institutions need to strengthen regulations and oversight mechanisms to ensure that parate execution is carried out fairly, transparently, and in accordance with applicable law.

These protection efforts must also include providing consumers with clear and easily understandable information regarding their rights and obligations under fiduciary guarantee agreements, as well as the expected enforcement procedures. Furthermore, strict oversight of implementation and firm law enforcement against violations are also necessary to protect consumer rights. (Ahmadin, 2021).

Providing adequate legal guarantees provides consumers with a sense of security in every transaction, including in the context of fiduciary guarantees (Ahmad Sanusi, 2013). This will not only increase consumer confidence in the legal and banking systems but also encourage fairer and more responsible business practices in Indonesia.

Based on the background description, the author is interested in conducting more in-depth research and analysis of the issue of How Legal Protection for Consumers is in the Parate Execution of Fiduciary Guarantee Objects.

This study differs from previous research in several key ways, highlighting specific research gaps. Earlier studies have primarily focused on general consumer protection under Indonesian law, particularly Law Number 8 of 1999, and the legal framework of fiduciary guarantees, including their registration and the rights of creditors to execute these guarantees through parate execution (Law Number 42 of 1999). While these prior works examined the legal principles and procedural issues surrounding fiduciary collateral—such as preferential rights, execution methods, and registration requirements—they often highlighted broad problems like lack of transparency, unfair execution procedures, and consumer rights violations including violence and intimidation during execution.

However, this study addresses the less-explored area of how legal protection is concretely implemented and enforced in the specific context of parate execution of fiduciary collateral objects, especially focusing on the balance between creditor rights and consumer protection principles such as security, safety, and legal certainty. It examines the legal relationship between debtors and creditors within consumer finance companies and critically evaluates the implications of constitutional court decisions (e.g., Decision Number 18/PUU-XVII/2019) that affect the execution authority and procedural fairness, which previous studies have not deeply analyzed. Additionally, this research seeks to fill the gap regarding the need for enhanced protections for debtors, such as requiring agreement or court approval for execution, the promotion of transparency, and the role of governmental oversight and public legal education in safeguarding consumer rights during the execution process.

Thus, the research gap lies in the in-depth normative legal analysis of the implementation and enforcement of consumer protection in the practical execution of fiduciary guarantees, particularly the parate execution process, beyond the theoretical or procedural perspectives covered by earlier work. This study emphasizes reconciling creditor enforcement power with consumer protection imperatives, an area that demands further legal scrutiny and regulatory development.

METHOD

Referring to the above problems, the method used in this research is normative legal research, which is a type of legal research by analyzing library materials or secondary data of a legal nature (Soerjono, Soekarto, dan Sri Mamudji, 2003). The approach used in this research is descriptive analytical, namely research that involves one or more variables. Descriptive analysis is a method that functions to describe or provide an overview of an object being studied through data or samples that have been collected as they are, and

conducting analysis to draw conclusions that apply to the public (Soerjono Soekanto, 2014).

The research method employed in this study is normative legal research, which involves analyzing legal materials primarily derived from library sources or secondary legal data. This approach is appropriate for examining the laws, regulations, doctrines, and legal principles relevant to the topic (Soerjono, Soekarto, and Sri Mamudji, 2003). The focus is on understanding the normative aspects of the law, including statutory provisions and judicial decisions related to consumer protection and fiduciary collateral execution.

The research uses a descriptive analytical approach, which entails collecting and presenting data or information as it exists in reality without manipulation, with the aim of providing a comprehensive overview of the studied object—in this case, the legal framework and implementation practices around parate execution of fiduciary collateral. The descriptive analysis involves synthesizing the collected data to accurately depict the current legal context and issues, followed by analytical assessment to interpret the findings and draw conclusions that can be applied broadly (Soerjono Soekanto, 2014).

The specific steps in the research process include:

1. Identifying relevant legal materials such as laws, regulations, court decisions, legal scholarly writings, and other secondary sources concerning fiduciary guarantees, consumer protection, and parate execution.
2. Collecting and reviewing these secondary legal materials systematically to gather information about the legal norms and principles involved.
3. Describing the existing legal landscape in detail based on the collected data, focusing on the rights and protections available to consumers and the procedural aspects of fiduciary collateral execution.
4. Conducting a critical analysis of the data to identify gaps, inconsistencies, or areas where consumer protection may be lacking in the execution process.
5. Drawing conclusions and providing recommendations based on the analysis to strengthen legal protections and improve the fairness and transparency of parate execution practices.

This method allows the study to thoroughly explore the normative legal framework and its application to consumer protection in fiduciary collateral execution, providing a well-founded basis for concluding and suggesting improvements.

RESULTS AND DISCUSSION

Legal Protection for Consumers

Consumer protection is a collection of legal principles and regulations that govern and protect consumers in their interactions and disputes with providers of goods and services. The definition of consumer protection encompasses efforts to protect buyers from low-quality and potentially dangerous products and advertising that could be deceptive (Hulman Panjaitan, 2021). According to Soerjono Soekanto, legal protection is the protection provided to legal entities through available legal instruments.

Article 1 of the Consumer Protection Law states that "consumer protection includes all measures to ensure legal certainty for consumers." (Law Number 8 of 1999 concerning

Consumer Protection). This means that consumer protection in this law encompasses all efforts to ensure legal certainty to protect consumers. Consumer protection has a broad scope, including protection in obtaining goods and services.

Consumer protection encompasses all concepts and standards designed to regulate and protect consumers regarding the provision and use of consumer goods between suppliers and users in society. This perspective aligns with Mochtar Kusumaatmadja's statement that consumer law consists of a set of principles and regulations governing the interactions and issues surrounding the provision and use of products and/or services between producers and consumers (Agus Suwandono, 2020).

If we look at Article 2 of Law Number 8 of 1999, it explains that consumer protection is implemented as a joint effort based on 5 relevant principles in national development, namely (Rini Tiarni, 2017):

a. Principle of Benefit

This principle mandates that the profit process is an effort to implement consumer protection must maximize benefits for consumers and businesses together.

b. Principle of Justice

This idea aims to maximize the participation of all individuals and ensure that consumers and corporate entities can fairly achieve their rights and fulfill their obligations.

c. Principle of Balance

Prinsip ini bertujuan untuk memaksimalkan keterlibatan semua individu dan memastikan bahwa konsumen dan entitas perusahaan dapat secara adil menggunakan hak mereka dan memenuhi kewajiban mereka.

d. Principle of Protection

This principle aims to provide security and safety for customers in consuming and using goods and/or services.

e. Principle of Legal Certainty

The doctrine of legal certainty aims to ensure that both commercial entities and consumers comply with the law, achieve justice, and facilitate the enforcement of consumer protection, while the state provides legal certainty.

Furthermore, consumer legal protection encompasses various important aspects aimed at creating a fair, safe, and transparent environment for consumers. Article 3 of Law Number 8 of 1999 details several key objectives of this consumer legal protection (Puteri Asyifa Octavia Apandy, Melawati, and Panji Adam, 2021). As stated in Article 3 of Law Number 8 of 1999:

a. Improving consumer understanding, ability and independence in protecting their rights.

b. Honoring consumers by preventing negative impacts from the use of goods and services.

c. Empowering consumers to be more active in choosing, determining and demanding their rights.

d. Establish a consumer protection system that guarantees legal certainty, information

transparency, and easy access to information.

- e. Helping business actors understand the importance of consumer protection so that they can run their businesses honestly and responsibly.
- f. Improving the quality of goods and services to support sustainable production, as well as ensuring the health, comfort, security and safety of consumers, including protecting their rights in accordance with legal provisions.

Process of Executing the Collateral Object in Fiduciary Guarantee

1. Parate Execution of Fiduciary Guarantee in Law Number 49 of 1999

In principle, a consumer's breach of fiduciary obligations requires the fulfillment of the promised performance. If a debtor fails to comply with the agreement within a specified timeframe or within a specified period, they will be subject to legal sanctions as stipulated in the Fiduciary Guarantee Law (Sri Mulyani, 2023).

The process of executing fiduciary guarantees in accordance with Article 29 of Law Number 42 of 1999 concerning fiduciary guarantees is carried out in 3 ways, namely: (a). Implementation of the executorial title by the fiduciary recipient. This process is carried out in accordance with Article 15 paragraph (2). Trisadini Prasastinah Usanti and Leonora Bakarbesy emphasized that execution with the title of executor can be carried out directly through the court under the supervision of the head of the district court or requires an execution fiat from the head of the district court. The fiduciary certificate is considered a court decision with lasting legal authority, is conclusive, and requires both parties to implement the decision (Nida Najla Kurniawan et al, 2019). (b). The fiduciary collateral object is sold through a public auction by the fiduciary recipient. The proceeds of the sale are used to pay off the receivables (c). The private sale is carried out based on an agreement between the fiduciary giver and recipient, with the condition that the price obtained is the highest price that benefits both parties. This sale can only be carried out after one month from written notification from the fiduciary giver or recipient to the relevant parties and announced in at least two newspapers circulating in the local area (Article 29 of Law No. 42 of 1999 concerning Fiduciary Guarantees.)

Thus, the provisions on the procedures for execution in Article 29 paragraph (1) of the Fiduciary Guarantee Law provide a separate method as explained above, and no other method is possible. Then, the process of carrying out execution on objects that are objects of fiduciary guarantees should be carried out in a closed manner, in accordance with the explanation in Article 32 of Law No. 42 of 1999 (UUJF, "Law No. 42/1999 Concerning Fiduciary Guarantees," 1999). This means that it cannot be agreed in any other way, because in the provisions of Article 29 and 31 of Law No. 42 of 1999, it explains that there are 2 promises that are prohibited in carrying out the execution of fiduciary guarantee objects, and even have the nature of a threat of being null and void by law, namely: (a) Promises to carry out execution on objects that are objects of fiduciary guarantee by means of contradicting Article 29 and 31 of Law No. 42 of 1999. And (b). Promises that give authority to the fiduciary recipient (creditor) to own objects that are objects of fiduciary guarantee, if the fiduciary giver (debtor) breaks the promise.

However, in the implementation of the execution parate in Article 15 paragraph (2)

there are still often obstacles because it is considered that the executorial power is contrary to the 1945 Constitution and does not have binding legal force as long as it is interpreted as "for fiduciary guarantees where there is no agreement on breach of promise and the debtor objects to voluntarily hand over the object that is the fiduciary guarantee, then the form of direct execution cannot be carried out, without going through the courts". And then in Article 15 paragraph (3) it is also considered to have arbitrary power by the creditor towards the debtor who commits a breach of promise. So that in the executorial settlement there are still shortcomings and this can be detrimental to one of the parties (Kurniawan et al, 2019).

In emphasizing the statement above, an example of a case regarding parate execution in Article 15 paragraph 2 and paragraph 3 is a debtor's lawsuit against a creditor which resulted in the Constitutional Court's decision No. 18/PUU-XVII/2019. The case is in the South Jakarta District Court Number 345/PDT.G/2018/Pn Jkt.Sel. debtors named Apriliani Dewi and Suri Agung Prabowo who felt their rights were violated by the repossession of vehicles carried out by PT. Astra Sedy Finance in a multipurpose agreement. Although the debtor was successful in filing a lawsuit for unlawful acts against the creditor's actions to the South Jakarta District Court, the creditor still carried out forced repossession of motor vehicles which were the object of fiduciary collateral with the principle that the creditor has the right to carry out execution using an executorial title institution. Therefore, the debtor felt disadvantaged and then a judicial review was conducted on the provisions of Article 15 of the Fiduciary Law which contains provisions regarding the executorial title and provisions regarding parate execution, which was then conditionally granted by the Constitutional Court decision Number 18/PUU-XVII/2019 (Ni Kadek Diah Feryanti et al, 2022). In this ruling, the Constitutional Court changed the mechanism for executing fiduciary guarantee objects, whereby, as long as they are not voluntarily given by the debtor, the creditor must file an execution request with the district court (PN). Regarding the judicial review of Article 15 paragraphs 2 and 3 of Law No. 42 of 1999 concerning fiduciary guarantees, the issuance of the Constitutional Court Decision Number 18/PUU-XVII/2019 has legal implications for how to execute fiduciary guarantees, which often cause polemics in society.

2. The process of executing fiduciary guarantees after the Constitutional Court decision Number 18/PUU-XVII/2019.

The regulation of the implementation of the parate execution of fiduciary guarantee objects after the Constitutional Court Decision Number 18/PUU-XVII/2019 is based on the provisions of Article 15 paragraph (2) of the Fiduciary Guarantee Law. This execution can be carried out if there is an agreement between the creditor and the debtor regarding the occurrence of default and the debtor's willingness to hand over the fiduciary guarantee object. If such an agreement is not reached, then the legal mechanism and procedures in implementing the execution must follow the procedures for executing a court decision that has permanent legal force. Therefore, it is necessary to update the laws and regulations governing fiduciary guarantees to avoid overlapping rules and various interpretations in the implementation of fiduciary guarantee execution, so that no party is harmed and all parties receive the same legal protection (Budi Junaedi, Merry Tjoanda, and Teng Berlianty, 2022).

Following Constitutional Court Decision Number 18/PUU-XVII/2019, fiduciary guarantee execution cannot be carried out directly against the collateral object if the debtor is in default. This decision causes ambiguity in the meaning of the phrase "under his own authority" in Article 15 paragraph (3) of the Fiduciary Guarantee Law and creates a conflict of norms between the Article and the new interpretation of Constitutional Court Decision Number 18/PUU-XVII/2019. As a result, there is a dysfunction in legal protection for creditors who are legally fiduciary recipients, thus losing the authority to carry out parate execution and making the settlement of the execution of the collateral seizure less effective (Rinaldi Aidil Osawan, 2023)

From the explanation above, it can be understood that after the Constitutional Court Decision Number 18/PUU-XVII/2019, it stipulates that the execution parate cannot be carried out alone but must be submitted through the District Court, providing legal balance between debtors and creditors and preventing arbitrary actions in the implementation of the execution. Execution of the fiduciary guarantee certificate through the District Court is an alternative that can be taken if there is no agreement between the creditor and the debtor, either regarding default or voluntary surrender of the collateral object. However, if the debtor acknowledges the default and voluntarily surrenders the fiduciary guarantee object, then the execution can be carried out by the creditor or even by the debtor himself.

On the other hand, Constitutional Court Decision Number 18/PUU-XVII/2019 has caused inconsistencies between various legal institutions, namely the legal institution of collateral. If we look at Book III of the Civil Code regarding the legal principle of *Pacta Sunt Servanda*, where the agreement made by the parties includes a clause containing an agreement to withdraw collateral (parate execution) in the event of default, and provisions in civil procedural law regarding the executorial power over *grosse aktaks*, certificates of collateral rights, including fiduciary certificates that have executorial power so that they can be executed like a District Court decision. The change in phrase causes a misunderstanding in the concept of parate execution that has been in effect so far and is recognized as a legal institution that provides legal certainty (Roida Nababan, 2021).

3. Analysis of Legal Protection for Consumers in the Parate Execution of Fiduciary Guarantee Objects

When undertaking a legal action, both parties, the creditor and the debtor, need legal protection to ensure that neither party feels disadvantaged if problems arise in the future. This legal protection aims to provide legal certainty for both parties in carrying out the legal action.

According to researchers, the legal relationship between debtors and creditors can be seen in the context of Consumer Finance Companies. Consumer Finance Companies are business entities that provide financing for the procurement of consumer goods with an installment or periodic payment system. The legal basis is based on the principle of freedom of contract according to Article 1338 paragraph (1) of the Civil Code, which states that "all agreements made legally apply as laws for those who make them." Administratively, consumer financing is regulated in Presidential Decree Number 61 of 1988 concerning Consumer Finance Institutions, which was then followed up by Decree of the Minister of

Finance No. 1251/KMK.013/1988 concerning Provisions and Procedures for the Implementation of Finance Institutions (Hulman Panjaitan, 2021)

At this point, it is clear that the regulation stipulates that consumer financing agreements must be drawn up in the form of a document that includes the elements of the subject and object of the agreement. The subjects of the agreement are the parties involved in the consumer financing legal relationship: the financing company as creditor, the consumer as debtor, and the goods provider (supplier). The object of the agreement relates to the goods delivered in the relationship between the creditor and debtor, as well as the creditor and goods provider/supplier (Rinaldi Aidil Osawan, 2023).

On the other hand, legal protection for debtors is reflected in the process of registering objects and collateral bonds listed in the fiduciary guarantee deed in accordance with Article 13 paragraph (2) of the Fiduciary Guarantee Law, which is recorded in the register book at the Fiduciary Registration Office. This registration fulfills the principle of publicity, one of the main principles of property guarantee law according to law (Ahmad Sanusi, 2013). The purpose is to ensure that the collateral truly belongs to the debtor or fiduciary. This way, if another party wishes to claim the collateral, they can be notified through this announcement.

In the legal protection for consumers, it is explained in Article 20 of the Fiduciary Guarantee Law, which explains that the fiduciary guarantee continues to follow the object that is the object of the fiduciary guarantee in the hands of whoever the object is, except for the transfer of inventory objects that are the object of the fiduciary guarantee. This provision confirms that the fiduciary guarantee has a material nature and is subject to the principle of *droit de suite*, except in cases of transfer of inventory objects that are the object of the fiduciary guarantee.

More specifically, Constitutional Court Decision No. 18/PUU-XVII/2019 provides legal protection for debtors in the event of late payments or default in credit installments. In this situation, *parate* execution cannot be carried out directly; instead, there must be an agreement or voluntary surrender from the debtor. If there is no agreement, the execution must be carried out with the consent of the court. This legal protection aims to limit arbitrary actions by those in power that are inconsistent with the rule of law.

Thus, the execution of fiduciary guarantees must not violate the principles of consumer protection regarding security, safety, and legal certainty as regulated in Article 2 of Law Number 8 of 1999. In addition, the execution must also not violate consumer rights as regulated in Article 4 of the same law, where consumers have the right to comfort, security, and safety in consuming goods and services (Fikrotul Jadidah, 2022). Financing agreements with fiduciary transfer of ownership rights may not include standard clauses that conflict with Article 18 paragraph (1) letter d of Law Number 8 of 1999, which prohibits the granting of power of attorney from consumers to business actors to carry out any unilateral action related to goods purchased in installments. Also, the agreement may not conflict with Article 18 paragraph (1) letter h of the same law, which prohibits the inclusion of standard clauses in documents or agreements that state that consumers grant power of attorney to business actors to encumber mortgage rights, lien rights, or guarantee

rights on goods purchased in installments.

CONCLUSION

Legal protection for consumers aims to ensure that no one is harmed. The legal basis for this protection is the principle of freedom of contract as stipulated in the Civil Code, which states that all legally made agreements apply as law for the parties making them. Protection for debtors includes the process of registering assets and fiduciary guarantees to ensure legal ownership. Article 20 of the Fiduciary Guarantee Law stipulates that fiduciary guarantees remain with the assets subject to fiduciary guarantees, except in cases of transfer of inventory items. Constitutional Court Decision No. 18/PUU-XVII/2019 provides additional protection for debtors, requiring court agreement or approval for the execution of fiduciary guarantees. The execution of fiduciary guarantees must comply with consumer protection principles related to security, safety, and legal certainty, and must not violate consumer rights as stipulated in the Consumer Protection Law. Financing agreements must not include standard clauses that violate relevant laws. Suggestions for further research include empirical studies investigating the practical impact of Constitutional Court Decision No. 18/PUU-XVII/2019 on consumer financing and parate execution practices, especially in sectors like motor vehicle financing where fiduciary collateral is common. Research could explore how court approval requirements affect the fairness and transparency of execution processes and consumer experiences. Another area for further study is the effectiveness of legal education programs and government oversight in enhancing consumer protection awareness and adherence to fiduciary guarantee laws in practice. Additionally, comparative analyses of consumer protection outcomes before and after the implementation of stricter fiduciary execution regulations would provide valuable insights. Exploring the dynamics of enforcement coordination among police, courts, and creditors could also reveal challenges and solutions in protecting consumer rights during fiduciary collateral execution. Finally, studies focusing on standard contract clauses that might violate consumer rights and how to reform these to better comply with consumer protection principles would help improve legal safeguards for debtors. These research directions can deepen understanding and contribute to stronger legal and regulatory frameworks ensuring security, safety, and legal certainty for consumers in fiduciary guarantee transactions. This research addresses the problem of inadequate legal protection for consumers in the implementation of parate execution of fiduciary collateral objects. The study aims to examine regulations, transparency, and fair treatment of consumers within this context. Employing normative legal research through the analysis of legal literature and secondary data, the study explores the legal relationship between debtors and creditors in Consumer Finance Companies, highlighting the principle of freedom of contract under Article 1338 paragraph 1 of the Indonesian Civil Code. Findings indicate that parate execution must comply with consumer protection principles concerning security, safety, and legal certainty, as mandated by Law No. 8 of 1999 on Consumer Protection. The research concludes that additional protections, such as requiring debtor agreement or court approval for execution, are necessary, alongside recommendations for legal education, enhanced government oversight, and

stricter adherence to the principle of prudence in fiduciary collateral execution.

This study differs from previous research in several key ways, highlighting specific research gaps. Earlier studies have primarily focused on general consumer protection under Indonesian law, particularly Law Number 8 of 1999, and the legal framework of fiduciary guarantees, including their registration and the rights of creditors to execute these guarantees through parate execution (Law Number 42 of 1999). While these prior works examined the legal principles and procedural issues surrounding fiduciary collateral—such as preferential rights, execution methods, and registration requirements—they often highlighted broad problems like lack of transparency, unfair execution procedures, and consumer rights violations including violence and intimidation during execution. However, this study addresses the less-explored area of how legal protection is concretely implemented and enforced in the specific context of parate execution of fiduciary collateral objects, especially focusing on the balance between creditor rights and consumer protection principles such as security, safety, and legal certainty. It examines the legal relationship between debtors and creditors within consumer finance companies and critically evaluates the implications of constitutional court decisions (e.g., Decision Number 18/PUU-XVII/2019) that affect the execution authority and procedural fairness, which previous studies have not deeply analyzed. Additionally, this research seeks to fill the gap regarding the need for enhanced protections for debtors, such as requiring agreement or court approval for execution, the promotion of transparency, and the role of governmental oversight and public legal education in safeguarding consumer rights during the execution process. Thus, the research gap lies in the in-depth normative legal analysis of the implementation and enforcement of consumer protection in the practical execution of fiduciary guarantees, particularly the parate execution process, beyond the theoretical or procedural perspectives covered by earlier work.

The research method employed in this study is normative legal research, which involves analyzing legal materials primarily derived from library sources or secondary legal data. This approach is appropriate for examining the laws, regulations, doctrines, and legal principles relevant to the topic (Soerjono, Soekarto, and Sri Mamudji, 2003). The focus is on understanding the normative aspects of the law, including statutory provisions and judicial decisions related to consumer protection and fiduciary collateral execution. The research uses a descriptive analytical approach, which entails collecting and presenting data or information as it exists in reality without manipulation, with the aim of providing a comprehensive overview of the studied object—in this case, the legal framework and implementation practices around parate execution of fiduciary collateral. The descriptive analysis involves synthesizing the collected data to accurately depict the current legal context and issues, followed by analytical assessment to interpret the findings and draw conclusions that can be applied broadly (Soerjono Soekanto, 2014).

The specific steps in the research process include:

1. Identifying relevant legal materials such as laws, regulations, court decisions, legal scholarly writings, and other secondary sources concerning fiduciary guarantees, consumer protection, and parate execution.

2. Collecting and reviewing these secondary legal materials systematically to gather information about the legal norms and principles involved.
3. Describing the existing legal landscape in detail based on the collected data, focusing on the rights and protections available to consumers and the procedural aspects of fiduciary collateral execution.
4. Conducting a critical analysis of the data to identify gaps, inconsistencies, or areas where consumer protection may be lacking in the execution process.
5. Drawing conclusions and providing recommendations based on the analysis to strengthen legal protections and improve the fairness and transparency of parate execution practices.

Suggestions for further research include empirical studies investigating the practical impact of Constitutional Court Decision No. 18/PUU-XVII/2019 on consumer financing and parate execution practices, especially in sectors like motor vehicle financing where fiduciary collateral is common. Research could explore how court approval requirements affect the fairness and transparency of execution processes and consumer experiences. Another area for further study is the effectiveness of legal education programs and government oversight in enhancing consumer protection awareness and adherence to fiduciary guarantee laws in practice. Additionally, comparative analyses of consumer protection outcomes before and after the implementation of stricter fiduciary execution regulations would provide valuable insights. Exploring the dynamics of enforcement coordination among police, courts, and creditors could also reveal challenges and solutions in protecting consumer rights during fiduciary collateral execution. Finally, studies focusing on standard contract clauses that might violate consumer rights and how to reform these to better comply with consumer protection principles would help improve legal safeguards for debtors. These research directions can deepen understanding and contribute to stronger legal and regulatory frameworks ensuring security, safety, and legal certainty for consumers in fiduciary guarantee transactions.

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