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RESEARCH ARTICLE

Standard Clauses That the Law Forbids: A Reading of Article 18 of the Indonesian Consumer Protection Law

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ABSTRACT

Most consumer contracts are not negotiated: the business prepares the terms, and the consumer accepts or declines them. Indonesian law answers this with a single article. Article 18 of Law No 8 of 1999 on Consumer Protection forbids a business from including a standard clause that falls into one of eight listed groups, or whose form is hard to see, read or understand, declares such clauses void by law, and requires the business to adjust them. This article reads that provision closely, together with the definition in Article 1(10) and the powers and penalties that surround it in Articles 52 and 61 to 63. It finds that the provision is a list of prohibitions backed by nullity, supervision by the consumer dispute settlement body and criminal penalties of up to five years and two billion rupiah. It also finds five questions that the text leaves open: whether the list is closed, who declares a clause void, whether terms accepted on a screen are covered, how the ban on unilateral changes applies to services used over time, and what follows from the duty to adjust. The article studies the text of the law and does not examine cases or practice.

Keywords: standard clauses; consumer protection; Law No 8 of 1999; unfair terms; Indonesia

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1. Introduction

A consumer who buys an air ticket, opens a bank account, installs an application or signs an instalment purchase seldom bargains over the terms. The business has written them in advance, and they are presented as one document that the consumer either accepts or does not. Such terms save time and make business predictable, and they also let the stronger party decide the allocation of risk before the weaker party has spoken.

Indonesian law deals with this problem in one place. Article 18 of Law No 8 of 1999 on Consumer Protection (the Law) forbids the inclusion of certain standard clauses and says that a clause that breaks the rule is void. This article asks what Article 18 forbids, what follows when it is breached, and which questions the text leaves for practice and later research.

2. Method and Source

The study is doctrinal. It reads the text of the Law, in the official copy published on the national legal database, which was read on 2 November 2026, together with the definition of a standard clause in Article 1(10) and the provisions on supervision and penalties in Articles 52 and 60 to 63.[1] It does not read the Elucidation, later regulations, court decisions or the practice of businesses, and it does not examine amendments made after the date of reading. The findings therefore describe what the text says, and the open questions are the author's reading of what it does not say.

3. What a Standard Clause Is

Article 1(10) defines a standard clause (*klausula baku*) as any rule, term or condition that the business has prepared and fixed in advance, unilaterally, in a document and/or agreement that binds the consumer and must be fulfilled by the consumer. Two elements stand out. The terms are set by one side, and they bind the other side, which has to comply with them. The definition says nothing about the form of the document or about how it is accepted.

4. The Eight Prohibited Groups

Article 18(1) forbids a business that offers goods and/or services for trade to make or include a standard clause in any document and/or agreement if it falls into one of eight groups. Table 1 sets them out in short form.

Letter	The clause that is forbidden
(a)	Transfers the responsibility of the business to someone else
(b)	Lets the business refuse to take back goods that the consumer bought
(c)	Lets the business refuse to give back money that the consumer paid for goods and/or services
(d)	Gives the business, directly or indirectly, a power from the consumer to take any unilateral action over goods bought in instalments
(e)	Regulates proof of the loss of usefulness of goods or of the benefit of a service that the consumer bought
(f)	Lets the business reduce the benefit of a service or reduce the consumer's property that is the object of a sale of services
(g)	Makes the consumer subject to new, additional or amended rules that the business makes unilaterally while the consumer is using the service

[1]Law No 8 of 1999 on Consumer Protection (State Gazette 1999 No 42), Articles 1(10), 18, 52, 60–63.

Letter	The clause that is forbidden
(h)	Gives the business a power from the consumer to impose a security right (mortgage right, pledge or other) on goods bought in instalments

Table 1. The standard clauses forbidden by Article 18(1) of Law No 8 of 1999. Source: the text of the Law, summarised for this article.

Three of the groups deal with the end of the transaction, namely the refusal to take back goods or return money and the transfer of responsibility, and two deal with instalment sales, where the business gains power over the goods and over security. Group (g) concerns services that the consumer keeps using, and group (f) concerns reductions in the benefit of a service.

5. Form: Clauses That Cannot Be Seen or Understood

Article 18(2) adds a rule about presentation that does not depend on content. A business must not include a standard clause whose place or form makes it hard to see, or that cannot be read clearly, or whose disclosure is hard to understand. The rule protects the opportunity to read, and it applies to any standard clause, not only to the eight groups.

6. What Follows: Nullity, Adjustment and Penalties

Article 18(3) says that every standard clause that meets the conditions of paragraphs (1) and (2) is declared void by law (*batal demi hukum*). Article 18(4) obliges the business to adjust standard clauses that conflict with the Law.[2] Beyond these civil consequences, three provisions give the rule teeth, as Table 2 shows.

Provision	What it provides
Article 52(c)	The consumer dispute settlement body has the task and authority to supervise the inclusion of standard clauses
Article 61	Criminal prosecution may be brought against the business and/or its management
Article 62(1)	A business that breaches Article 18 is punished by imprisonment of up to five years or a fine of up to Rp 2,000,000,000
Article 63	Additional penalties are possible: seizure of certain goods, publication of the judgment, payment of compensation, an order to stop the activity, withdrawal of goods and revocation of the business licence

Table 2. Supervision and penalties for breach of Article 18. Source: the text of Law No 8 of 1999, summarised for this article.

Article 62(1) refers to Article 18 as a whole, so on its wording the duty to adjust in paragraph (4) is also covered by the criminal provision. Whether it is applied in that way is a question of practice, and the article does not examine it.

[2]Law No 8 of 1999, Article 18(3)–(4).

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7. Five Open Questions

First, is the list closed? Article 18(1) forbids clauses that fall within eight groups. A clause that is one-sided but fits none of them is not caught by this paragraph. Whether such a clause is controlled by other rules, for example the general law of contract, is outside the scope of this article.

Second, who declares a clause void? Article 18(3) says that the clause is void by law, but it does not say who declares it, in what proceedings, or what happens to the rest of the contract. The consumer dispute settlement body has authority to decide whether a consumer has suffered loss (Article 52(k)), but the text does not give it a power to annul a clause.

Third, are terms accepted on a screen covered? The definition in Article 1(10) speaks of a document and/or agreement and does not mention paper. A reading that includes electronic terms is open on the words, because the definition turns on who sets the terms, not on the medium. The Law dates from 1999, and the text does not address how terms are shown or accepted online.

Fourth, how does group (g) apply to services used over time? Group (g) forbids a clause that makes the consumer subject to rules that the business adds or changes unilaterally while the consumer is using the service. That wording fits a subscription or an application whose terms are amended during use. How far a notice and a right to leave would change the position is not stated.

Fifth, what follows from the duty to adjust? Article 18(4) gives no period within which the business must adjust and names no body that checks it. Read with Article 52(c), the supervising body could be expected to play that role, but the text does not say so.

8. Conclusion

Article 18 gives a clear list of clauses that a business may not use, a rule on legibility, a statement that a forbidden clause is void, and penalties that include imprisonment. What it leaves open is mostly procedural and technological: who voids a clause, how the rule applies to terms accepted on a screen, and what happens when a business does not adjust. These are the questions on which a study of decisions of consumer dispute settlement bodies and courts, and of the terms that online businesses actually use, would add most.

References

Law No 8 of 1999 on Consumer Protection (State Gazette 1999 No 42).

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