Cipta Aksara Literasi Media

Consumer and Contract Today

Vol. 1 No. 1 (2027)
pp. 1-4
ISSN: in process



MANUSCRIPT IN REVIEW – not yet published, not indexed, subject to change.

POLICY AND LEGISLATIVE ANALYSIS

Weeks, Not Years: How the Consumer Protection Law Designs Out-of-Court Dispute Settlement

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ARTICLE HISTORY

Status: Manuscript in review

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ABSTRACT

A consumer who has lost a small sum seldom wants a lawsuit. Law No 8 of 1999 on Consumer Protection therefore offers a second route, a consumer dispute settlement body (BPSK) in every district or city, which settles disputes outside the courts by mediation, arbitration or conciliation. This article analyses how the Law designs that route, from who may bring a claim and who sits on the body to the deadlines in Articles 55 to 58 and the sanctions in Article 60. It finds a route built around speed: the body must decide within 21 working days, the business must comply within seven, and objections and appeal are held to short fixed periods. It also finds tensions in the text. The decision is called final and binding, but a party may object to the District Court and then appeal to the Supreme Court; the body includes a business element; and the Law says that the government forms a body in each district without saying how that is assured. The article is a reading of the text. It offers no data on how the bodies work, which is the main gap for future research.

Keywords: consumer dispute settlement; BPSK; out-of-court settlement; Law No 8 of 1999; Indonesia

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1. Introduction

A consumer's loss is often small and the cost of going to court is large. That mismatch is one of the main reasons why consumer protection laws provide for simple, quick and cheap ways to settle disputes. In Indonesia, Law No 8 of 1999 on Consumer Protection (the Law) gives the consumer a choice between the general courts and a specialised body outside the courts, the consumer dispute settlement body (*Badan Penyelesaian Sengketa Konsumen*, BPSK).

This article analyses how the Law designs the out-of-court route. It asks who may use it, how the body is made up, what it can do, how long each step may take, and which tensions the text contains. It is a reading of legislation: it does not report how the bodies work in practice.

2. Method and Source

The study reads Articles 45 to 58 and Article 60 of the Law, together with the definition in Article 1(11), in the official copy read on 2 November 2026.[1] The Elucidation, the ministerial decisions that regulate the bodies, court decisions and data on caseloads were not read. The article therefore describes the design in the Law itself, and the points that it raises as questions are the author's reading.

3. Two Routes, One Choice

Article 45(1) allows a consumer who has suffered loss to sue the business through the body that settles disputes between consumers and businesses or through the general courts. Article 45(2) makes the choice voluntary for the parties. Out-of-court settlement does not remove criminal responsibility (Article 45(3)), and once the parties have chosen the out-of-court route, a lawsuit is possible only when that route has been declared unsuccessful by one or both parties (Article 45(4)).[2]

Claims may be brought by an injured consumer or the heirs, a group of consumers with the same interest, a qualified consumer protection organisation (a legal entity or foundation whose statutes state consumer protection as its aim and which has carried out its activity), or the government and/or relevant agencies where the goods or services caused large material loss or many victims (Article 46(1)). The last three kinds of claimant go to the general courts (Article 46(2)). The out-of-court route is therefore designed mainly for the individual consumer.

4. The Body and Its Members

Article 49 provides that the government forms a body in each Level II region, that is, a district or city, to settle consumer disputes outside the courts. Members must be Indonesian citizens in good health and of good conduct, with no conviction for a crime, with knowledge and experience of consumer protection and at least 30 years old. They come from three elements, namely government, consumers and business, with at least three and at most five members from each, and the Minister appoints and dismisses them.[3] The body has a chair who is also a member, a vice-chair who is also a member and members (Article 50), and a secretariat (Article 51).

5. What the Body Can Do

Article 52 lists the tasks and authority of the body. They fall into four groups, shown in Table 1.

Group	Examples from Article 52
Settling disputes	Handling and settling consumer disputes by mediation, arbitration or conciliation (a); examining disputes (f); deciding whether the consumer has suffered loss (k)

[1]Law No 8 of 1999 on Consumer Protection (State Gazette 1999 No 42), Articles 1(11), 45–58 and 60.
[2]Law No 8 of 1999, Article 45(1)–(4).
[3]Law No 8 of 1999, Article 49(1)–(5).

MANUSCRIPT IN REVIEW

Group	Examples from Article 52
Advice and complaints	Giving consultation on consumer protection (b); receiving written and unwritten complaints (e)
Fact-finding and compulsion	Summoning businesses, witnesses and experts (g, h); asking investigators for help where a person does not appear (i); obtaining and assessing documents and other evidence (j)
Supervision and sanction	Supervising the inclusion of standard clauses (c); reporting breaches to investigators (d); informing the business of the decision (l); imposing administrative sanctions (m)

Table 1. Tasks and authority of the consumer dispute settlement body under Article 52 of Law No 8 of 1999. Source: the text of the Law, grouped for this article.

The administrative sanction is a decision on compensation of at most Rp 200,000,000, and the body may impose it on a business that breaches Article 19(2) and (3), Article 20, Article 25 or Article 26 (Article 60). Article 19(2) and (3) concern the form and timing of compensation, Article 20 the responsibility of an advertiser, Article 25 spare parts, after-sales facilities and the warranty of goods that are used for at least a year, and Article 26 the warranty of services.

6. The Clock: Deadlines from Decision to Cassation

The Law sets a tight timetable for the stage after the body hears a dispute. Table 2 collects the periods.

Step	Period	Article
The body issues its decision	At most 21 working days after the claim is received	55
The business carries out the decision	At most 7 working days after receiving it	56(1)
A party objects to the District Court	At most 14 working days after notice of the decision	56(2)
The District Court decides the objection	At most 21 days after it receives the objection	58(1)
A party appeals in cassation to the Supreme Court	Within 14 days	58(2)
The Supreme Court decides	At most 30 days after it receives the application	58(3)

Table 2. Periods between the decision of the consumer dispute settlement body and cassation. Source: the text of Law No 8 of 1999, summarised for this article.

A business that does not object within the 14 days is regarded as having accepted the decision (Article 56(3)). If the business does not carry out a decision that has become accepted, the body hands it to investigators, and the decision is sufficient initial evidence for an investigation (Article 56(4) and (5)). The

MANUSCRIPT IN REVIEW

decision of the body is also submitted to the District Court of the place of the injured consumer for a ruling on its execution (Article 57).[4]

7. Four Tensions in the Text

The following points are the author's reading of what the design leaves unclear. They are questions for research, not findings about practice.

First, "final and binding" and the right to object. Article 54(3) says that the decision of the panel (*majelis*) is final and binding. Yet Article 56(2) lets the parties object to the District Court, and Article 58(2) allows cassation. The text does not say how a decision can be final while it can be challenged twice. One reading is that "final" describes the body's own process, and that the court stage is a review. The text does not state it.

Second, the speed is tight, but nothing says what follows a missed deadline. The body must decide within 21 working days (Article 55). The Law does not provide what happens if it does not.

Third, a body in every district is a government duty, not a guarantee. Article 49(1) says that the government forms a body in each Level II region. The text does not say how that is ensured, and whether consumers in every district can in fact use the route is a question about practice that this article cannot answer.

Fourth, the panel includes a business element. The panel has an odd number of members, at least three, representing the government, consumer and business elements (Article 54(2)). The design gives business a seat in deciding disputes against business, which may support acceptance of the outcome and may also raise questions about independence. The text offers no safeguard beyond the conditions for membership in Article 49(2).

8. Conclusion

The Law builds out-of-court settlement around speed and a mixed panel, and it ties it to short periods that run through the District Court and the Supreme Court. Its strengths on paper are a free choice of route, a decision within weeks and a sanction that the body can impose itself. Its tensions are the status of a decision that is both final and open to challenge, the lack of a stated consequence for a missed deadline, and the reliance on government to form a body in every district. Because the article reads only the text, the largest gap is empirical: how many bodies exist, how long disputes take, and how often decisions are objected to. A study of decisions and caseload data would answer these questions.

References

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

[4]Law No 8 of 1999, Articles 55–58.

MANUSCRIPT IN REVIEW