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Legal Consequences of Debtor Default under a Leasing Agreement Based on Court Decision No. 69/Pdt.G.S/2022

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Abstract

Default refers to the failure of a party to perform its contractual obligations in accordance with the terms agreed upon in a contract between a creditor and a debtor. Under Indonesian law, default is regulated under Article 1238 of the Indonesian Civil Code, which provides the legal basis for determining a debtor's failure to perform contractual obligations. This study examines the legal consequences of default in leasing agreements and the judicial considerations applied in deciding leasing disputes, particularly in Court Decision No. 69/Pdt.G.S/2022/PN.Kwg. The study aims to analyze the legal consequences arising from default in leasing agreements and to examine the legal reasoning adopted by the judge in the aforementioned decision. This research employs a qualitative method using a normative juridical approach. The findings indicate that the legal consequences of default are governed by Article 1243 of the Indonesian Civil Code, which provides

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legal certainty by requiring the debtor to compensate the creditor for losses resulting from the breach of contractual obligations. Furthermore, the judge's reasoning in Court Decision No. 69/Pdt.G.S/2022/PN.Kwg was legally justified, as the debtor was proven to have failed to fulfill its obligations as stipulated under Article 1238 of the Indonesian Civil Code.

Keywords
Default, Agreement, Leasing, Fiduciary Security.

Introduction

Indonesia is constitutionally established as a state governed by law. Article 1 paragraph (3) of the 1945 Constitution of the Republic of Indonesia expressly declares that Indonesia is a state based on law. This constitutional principle requires the exercise of state authority and the regulation of legal relations to be grounded in law, legal certainty, justice, and the protection of rights. Law enforcement should therefore not be confined to formal compliance with statutory provisions but should also safeguard justice, legal certainty, democratic values, and legitimate interests within society.[1]

Business development generally requires adequate financing and access to capital. In addition to banking institutions and other non-bank financial institutions, financing may be obtained through alternative arrangements, including *leasing*. Leasing formally developed in Indonesia in 1974 following the issuance of a Joint Decree by the Minister of Finance, the Minister of Industry, and the Minister of Trade concerning the licensing of leasing businesses. Historically, leasing provided an alternative mechanism through which businesses could obtain capital goods without purchasing them outright. Although leasing arrangements are primarily contractual, they remain subject to the

1 The Constitution of the Republic of Indonesia of 1945, art. 1 para. (3).

general principles of contract law under the Indonesian Civil Code as well as specific regulations governing financing institutions.[2]

The 1974 Joint Ministerial Decree essentially defined leasing as a financing activity involving the provision of capital goods for use by a business for a specified period in return for periodic payments, accompanied by an option to purchase the capital goods or extend the lease period based on an agreed residual value. From an economic perspective, leasing therefore constitutes a financing mechanism that enables businesses to use productive assets while distributing the financial burden over a predetermined period.[3]

A leasing transaction generally involves several parties with distinct contractual interests. These include the *lessor*, as the party providing financing or the leased asset; the *lessee*, as the party using the asset under the financing arrangement; and the *supplier*, as the party supplying the relevant capital goods. In practice, leasing arrangements may take different forms depending on the allocation of ownership, financing, risks, and contractual rights between the parties.[4]

Leasing and other financing transactions involve significant financial commitments and consequently create the possibility that one of the parties may fail to perform its contractual obligations. Such non-

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2 Joint Decree of the Minister of Finance No. KEP-122/MK/IV/2/1974, the Minister of Industry No. 32/M/SK/2/1974, and the Minister of Trade No. 30/Kpb/I/1974 concerning Licensing of Leasing Businesses, 7 February 1974; *Indonesian Civil Code* (*Burgerlijk Wetboek voor Indonesië*).

3 Joint Decree of the Minister of Finance No. KEP-122/MK/IV/2/1974, the Minister of Industry No. 32/M/SK/2/1974, and the Minister of Trade No. 30/Kpb/I/1974 concerning Licensing of Leasing Businesses

4 Financial Services Authority of the Republic of Indonesia, Regulation No. 46 of 2024 concerning the Development and Strengthening of Financing Companies, Infrastructure Financing Companies, and Venture Capital Companies.

performance may arise when a debtor fails entirely to perform an obligation, performs it improperly, performs it after the agreed deadline, or carries out an act prohibited under the agreement. Indonesian contract law classifies contractual obligations as obligations to give something, to do something, or to refrain from doing something. A failure to perform such obligations may therefore constitute *wanprestasi*, which may be rendered in English legal terminology as default, breach of contract, or non-performance, depending on the context.[5]

The dispute examined in this study arose from a financing agreement between PT Mandiri Utama Finance and Udin and Leny Marlina, who were named as Defendants I and II. Under Financing Agreement No. 020321000563 dated 22 March 2021, PT Mandiri Utama Finance provided financing for a Suzuki New Carry vehicle. The vehicle subsequently became an object of fiduciary security registered under Fiduciary Security Certificate No. W11.00771350.AH.05.01 of 2021. The dispute arose after the financed vehicle was transferred to a third party without the prior knowledge or written consent of PT Mandiri Utama Finance.[6]

This issue is legally significant because Article 23 paragraph (2) of Law No. 42 of 1999 on Fiduciary Security prohibits a fiduciary grantor from transferring, pledging, or leasing to another party an asset subject to fiduciary security that does not constitute inventory, unless prior written consent has been obtained from the fiduciary recipient. Consequently, the transfer of a financed vehicle encumbered by fiduciary security cannot be assessed solely as a matter of contractual

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5 *Indonesian Civil Code* (*Burgerlijk Wetboek voor Indonesië*), arts. 1234 and 1238.

6 Karawang District Court, Decision No. 69/Pdt.G.S/2022/PN Kwg; Law of the Republic of Indonesia No. 42 of 1999 concerning Fiduciary Security.

non-performance but must also be examined within the statutory framework governing fiduciary security.[7]

Under Financing Agreement No. 020321000563 dated 22 March 2021, the total financing obligation amounted to Rp195,933,611. Udin and Leny Marlina were required to pay monthly instalments of Rp4,082,000 over a period of forty-eight months. The Defendants subsequently ceased making the agreed instalment payments, and the arrears were recorded as beginning in August 2022. Their failure to continue making the required payments became one of the principal grounds upon which PT Mandiri Utama Finance alleged contractual default.[8]

PT Mandiri Utama Finance subsequently assigned Achmad Sholeh, a member of its collection department, to seek payment from the Defendants. According to the case record, he made several visits and repeatedly requested payment of the overdue instalments. Udin initially responded cooperatively, attended the company's office for clarification, and promised to make payment. He later explained that his business income had declined and that he was unable to continue paying the instalments. During the collection process, he also disclosed that the financed vehicle had been transferred to a third party identified as Deni, despite previous explanations that the secured vehicle could not be transferred without the financing company's consent.[9]

PT Mandiri Utama Finance later assigned another employee, Wiwin Suharti, to pursue the outstanding payments. The evidence

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7 Law of the Republic of Indonesia No. 42 of 1999 concerning Fiduciary Security, art. 23 para. (2).

8 Karawang District Court, Decision No. 69/Pdt.G.S/2022/PN Kwg.

9 Karawang District Court, Decision No. 69/Pdt.G.S/2022/PN Kwg; Law No. 42 of 1999 concerning Fiduciary Security, art. 23 para. (2).

referred to in the proceedings indicates that the financing period was forty-eight months and that the Defendants had accumulated arrears after failing to make the payment due in August 2022. Efforts were made to bring the parties together and resolve the matter, including meetings involving Udin and the third party to whom the vehicle had allegedly been transferred. Nevertheless, these attempts failed to produce a settlement, while the Defendants' payment obligations remained outstanding.[10]

As a consequence of the alleged default, PT Mandiri Utama Finance claimed losses amounting to Rp122,858,215 as of 13 December 2022. The claimed amount consisted of overdue instalments, outstanding principal debt, penalties, and other charges calculated under the financing agreement. The creditor had also issued formal warning letters and undertaken efforts to settle the dispute before commencing litigation. Such warnings are legally relevant because Article 1238 of the Indonesian Civil Code recognizes a formal demand or equivalent notice as one of the mechanisms by which a debtor may be placed in default, unless the agreement itself provides that default occurs automatically upon the expiry of the stipulated period.[11]

The concept of *wanprestasi* derives from the Dutch term *wanprestatie* and, in Indonesian private law, generally refers to a debtor's failure to perform an obligation arising from a contractual relationship. Contractual performance may consist of giving something, doing something, or refraining from doing something, as stipulated in Article 1234 of the Indonesian Civil Code. A debtor may therefore be regarded

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10 Karawang District Court, Decision No. 69/Pdt.G.S/2022/PN Kwg.

11 Karawang District Court, Decision No. 69/Pdt.G.S/2022/PN Kwg; *Indonesian Civil Code*, art. 1238.

as being in breach where the debtor fails to perform altogether, performs inadequately, performs after the agreed deadline, or undertakes conduct prohibited by the contract. Article 1238 further establishes the circumstances under which a debtor may legally be considered in default.[12]

Default gives rise to legal consequences because a contracting party who fails to perform its obligations may be required to bear responsibility for the losses caused to the other party. Indonesian contract law allows the aggrieved creditor, depending on the circumstances, to demand performance of the agreement, seek termination of the agreement, claim damages, or request termination accompanied by damages. Article 1243 of the Indonesian Civil Code specifically regulates compensation for costs, losses, and interest where a debtor, after being placed in default, continues to fail to perform the relevant obligation.[13]

Compensation arising from contractual default is not intended merely as a punishment for the debtor. Rather, it is designed to address the financial consequences suffered by the creditor as a result of non-performance. Under the Indonesian Civil Code, compensable losses may include costs incurred, actual losses, and interest or lost benefits, subject to applicable requirements concerning causation and proof. This remedial framework reflects the broader principle that legally concluded agreements bind the contracting parties and must be performed in good faith.[14]

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12 *Indonesian Civil Code*, arts. 1234 and 1238.
13 *Indonesian Civil Code*, arts. 1243 and 1267.
14 *Indonesian Civil Code*, arts. 1243–1248 and 1338

A legal consequence may generally be understood as an effect attached by law to a legally relevant act, event, or relationship. Contractual relations generate reciprocal rights and obligations, and a violation of those obligations may consequently trigger legal remedies. Good faith is particularly important in contractual performance because Article 1338 of the Indonesian Civil Code requires legally valid agreements to be performed in good faith. The legal consequences arising from default must therefore be assessed not only by identifying unpaid obligations but also by examining the agreement, the debtor's conduct, the creditor's demand for performance, and the losses resulting from the breach.[15]

Applying these principles to the present case, the Defendants' cessation of instalment payments may constitute contractual default where the obligations had fallen due and remained unperformed. Article 1238 of the Indonesian Civil Code provides that a debtor may be regarded as being in default after receiving a formal demand or where the agreement itself provides that default occurs upon expiry of the stipulated period. Financial hardship or declining business income does not, by itself, extinguish contractual obligations. The legal consequences must therefore be determined by reference to the financing agreement, the circumstances surrounding the non-performance, and the statutory provisions governing contractual liability.[16]

A separate legal issue arises from the alleged transfer of the financed vehicle to a third party. This conduct must be analytically distinguished from the mere failure to pay instalments. Article 23

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15 *Indonesian Civil Code*, arts. 1238, 1243, and 1338.

16 *Indonesian Civil Code*, arts. 1238, 1243, and 1244; Karawang District Court, Decision No. 69/Pdt.G.S/2022/PN Kwg.

paragraph (2) of Law No. 42 of 1999 prohibits a fiduciary grantor from transferring, pledging, or leasing a non-inventory object of fiduciary security without the prior written consent of the fiduciary recipient. Article 36 of the same Law separately provides criminal sanctions for a fiduciary grantor who transfers, pledges, or leases such an object without the required consent. Criminal liability, therefore, does not arise merely because a debtor has committed contractual default but may arise where the debtor's conduct independently satisfies the statutory elements of a criminal offence.[17]

Accordingly, the legal consequences of default in the present dispute should principally be examined under Articles 1238 and 1243 of the Indonesian Civil Code. Once a debtor has legally entered into default and continues to fail to perform the contractual obligation, the creditor may claim compensation for losses subject to the contractual terms and applicable law. At the same time, the transfer of the fiduciary-secured vehicle must be examined separately under Law No. 42 of 1999. This distinction prevents contractual liability and criminal liability from being conflated and provides a more precise legal basis for assessing both the debtor's non-payment and the unauthorized transfer of the secured asset.[18]

Method

This study employs normative legal research using a qualitative method and a normative juridical approach. Normative legal research

17 Law of the Republic of Indonesia No. 42 of 1999 concerning Fiduciary Security, arts. 23 para. (2) and 36.

18 *Indonesian Civil Code*, arts. 1238 and 1243; Law of the Republic of Indonesia No. 42 of 1999 concerning Fiduciary Security, arts. 23 para. (2) and 36

focuses on the examination of legal norms, principles, doctrines, statutory provisions, and judicial decisions relevant to the legal issues under study. This approach is used to analyze the legal consequences arising from debtor default in leasing agreements and to examine the judicial reasoning applied in Karawang District Court Decision No. 69/Pdt.G.S/2022/PN Kwg. The study is descriptive-analytical in nature because it does not merely describe the applicable legal rules but also analyzes their application to the legal issues arising in the case.[19]

The legal materials used in this study were obtained through library research. The research primarily relies on secondary data consisting of primary, secondary, and tertiary legal materials. Primary legal materials include binding legal sources directly related to the object of the study, particularly the Indonesian Civil Code, Law No. 42 of 1999 concerning Fiduciary Security, regulations governing leasing and financing activities, and Karawang District Court Decision No. 69/Pdt.G.S/2022/PN Kwg. These materials serve as the principal legal basis for examining the contractual obligations of the parties, the occurrence of default, the legal consequences arising from such default, and the legal considerations adopted by the court.[20]

Secondary legal materials are used to provide interpretation, explanation, and theoretical support for the primary legal materials. These sources include legal textbooks, scholarly journal articles, previous studies, and other academic literature relevant to contract law, default, leasing agreements, fiduciary security, and judicial reasoning.

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19 Peter Mahmud Marzuki, *Penelitian Hukum* (Jakarta: Kencana, 2008), 35–37; Soerjono Soekanto dan Sri Mamudji, *Penelitian Hukum Normatif: Suatu Tinjauan Singkat* (Jakarta: RajaGrafindo Persada, 2010), 13–14.

20 Soerjono Soekanto dan Sri Mamudji, *Penelitian Hukum Normatif: Suatu Tinjauan Singkat* (Jakarta: RajaGrafindo Persada, 2010), 12–13.

Secondary legal materials are particularly important for understanding the development of legal doctrines and for constructing an analytical framework through which statutory provisions and judicial decisions can be critically examined.^3 Tertiary legal materials, including legal dictionaries, encyclopedias, and other reference materials, are also used where necessary to clarify legal terminology and provide guidance in understanding concepts contained in primary and secondary legal sources.[21]

The collected legal materials are analyzed qualitatively through legal reasoning. The analysis is conducted by identifying the relevant legal rules, interpreting their normative meaning, and examining their relationship with the facts and legal considerations contained in the judicial decision. Legal reasoning is used to assess whether the conclusions reached by the court are supported by coherent legal arguments and whether there is consistency between the applicable legal norms, the established facts, and the legal consequences imposed on the parties. Accordingly, the analysis of Karawang District Court Decision No. 69/Pdt.G.S/2022/PN Kwg focuses not only on the final judgment but also on the legal arguments and justifications underlying the court's determination of default and its legal consequences.[22]

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21 Peter Mahmud Marzuki, *Penelitian Hukum* (Jakarta: Kencana, 2008), 141–143.

22 Soerjono Soekanto dan Sri Mamudji, *Penelitian Hukum Normatif: Suatu Tinjauan Singkat* (Jakarta: RajaGrafindo Persada, 2010), 13

Result And Discussion

1. Legal Consequences of Default in Leasing Agreements

Default (*wanprestasi*) constitutes a failure by a contracting party to perform an obligation in accordance with the terms of an agreement. In Indonesian contract law, default may take several forms, including complete non-performance, improper performance, delayed performance, and the performance of an act expressly prohibited by the agreement. Subekti classifies these forms as circumstances in which a debtor fails to perform what has been promised, performs the obligation but not in the agreed manner, performs it after the stipulated time, or performs an act that should not have been undertaken under the contract.[23] This classification is relevant to the present case because the debtor's conduct involved not only the cessation of instalment payments but also the transfer of the financed vehicle to a third party, despite the vehicle being subject to fiduciary security.

The determination of default must be connected to Article 1238 of the Indonesian Civil Code. A debtor may be declared in default through a formal notice or other equivalent instrument, unless the agreement itself provides that the debtor is deemed to be in default upon the expiry of a specified period. Consequently, a formal demand (*somasi*) is particularly important where the agreement does not clearly determine when performance becomes due. Where a specific deadline has been stipulated, however, default may arise by operation of the

[23] Subekti, *Hukum Perjanjian*, cet. ke-21 (Jakarta: Intermasa, 2005), 45.

agreement once that deadline has passed. This provision serves the function of legal certainty because it establishes an identifiable point at which contractual non-performance produces legal consequences.[24] From the perspective of Sudikno Mertokusumo's theory of legal certainty, the law should enable parties to predict the consequences of their conduct and protect them against arbitrary legal action. The application of Article 1238 therefore provides an objective basis for determining when a debtor can legally be regarded as being in default.[25]

The debtor's failure to perform should nevertheless be distinguished from circumstances of force majeure. Articles 1244 and 1245 of the Indonesian Civil Code recognize circumstances in which a debtor may be released from liability for damages when non-performance results from an unforeseeable event beyond the debtor's responsibility. Accordingly, economic difficulty or a decline in business income cannot automatically be classified as force majeure. Such circumstances must be assessed on the basis of whether they genuinely prevented performance, were beyond the debtor's control, and could not reasonably have been anticipated or avoided. In the present case, the debtor's explanation that his business income had declined cannot, by itself, eliminate contractual liability, particularly because the obligation to make instalment payments remained in force and there was no indication that the financing agreement had been lawfully terminated or modified.[26]

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[24] Salim H.S., *Hukum Kontrak: Teori dan Teknik Penyusunan Kontrak*, cet. ke-15 (Jakarta: Sinar Grafika, 2021)
[25] Sudikno Mertokusumo, *Mengenal Hukum: Suatu Pengantar* (Yogyakarta: Cahaya Atma Pustaka, 2010)
[26] Kitab Undang-Undang Hukum Perdata, Pasal 1244–1245.

The legal consequences of default extend beyond the mere recognition that a contractual obligation has been breached. Article 1243 of the Indonesian Civil Code provides the basis for compensation for costs, losses, and interest where the debtor, after being declared in default, continues to fail to perform the obligation. Article 1267 further enables the creditor, depending on the circumstances, to demand performance, seek termination of the agreement, or claim damages in conjunction with performance or termination. Subekti similarly explains that default may result in an obligation to compensate the creditor, termination of the contract, transfer of risk, and the obligation to bear litigation costs when the dispute proceeds to court. Thus, contractual liability functions not merely as a sanction against the debtor but as a legal mechanism for restoring the creditor's position following non-performance.[27]

The scope of compensation must also be assessed carefully. Article 1246 of the Indonesian Civil Code recognizes compensation consisting of costs incurred, actual losses suffered, and lost profits or interest. Such compensation, however, is not unlimited. Articles 1247 and 1248 restrict recoverable damages by requiring a sufficient causal relationship between the breach and the losses claimed. In particular, compensation should relate to losses that constitute a direct consequence of contractual non-performance. This limitation is significant because the principle of compensation should not permit a creditor to impose arbitrary or disproportionate financial burdens upon

[27] Subekti, *Hukum Perjanjian*, 45; Kitab Undang-Undang Hukum Perdata, Pasal 1243 dan Pasal 1267.

a debtor. [28]Accordingly, the Rp122,858,215 claimed in the present case must be understood not simply as an amount asserted by the creditor, but as an amount that must be supported by the financing agreement, evidence of outstanding obligations, and a legally justifiable calculation of the resulting losses.

The binding force of the financing agreement may also be examined through the principle of *pacta sunt servanda*. Article 1338 paragraph (1) of the Indonesian Civil Code provides that legally concluded agreements bind the parties as law. This principle is closely connected with legal certainty because each party must be able to rely upon the obligations voluntarily assumed in the contract. The validity of that contractual relationship is initially determined by the requirements set out in Article 1320 of the Indonesian Civil Code, namely consent, legal capacity, a certain subject matter, and a lawful cause. Once these requirements are fulfilled, neither party may unilaterally abandon its contractual obligations merely because performance has subsequently become economically burdensome.[29] Salim H.S. similarly emphasizes that contractual relations create legally enforceable rights and obligations whose implementation is governed by the principles of contract law, including consensualism, good faith, and the binding force of agreements.[30]

A separate legal consequence arises from the transfer of the financed vehicle to a third party. This issue must be distinguished from

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[28] Ahmadi Miru, *Hukum Kontrak dan Perancangan Kontrak* (Jakarta: RajaGrafindo Persada, 2017)
[29] Subekti, *Hukum Perjanjian* (Jakarta: Intermasa, 2005)
[30] Salim H.S., *Hukum Kontrak: Teori dan Teknik Penyusunan Kontrak*, cet. ke-15 (Jakarta: Sinar Grafika, 2021)

the debtor's failure to pay instalments because the vehicle was also an object of registered fiduciary security. Article 23 paragraph (2) of Law No. 42 of 1999 on Fiduciary Security prohibits a fiduciary grantor from transferring, pledging, or leasing a non-inventory object of fiduciary security without the prior written consent of the fiduciary recipient. Article 36 of the same Law establishes a separate criminal consequence for the unauthorized transfer, pledge, or lease of such an object. Therefore, the debtor's conduct potentially gives rise to two distinct forms of legal responsibility: contractual liability arising from the failure to perform the financing agreement and separate legal consequences arising from the unauthorized transfer of the fiduciary-secured asset.[31] This distinction is essential because default itself remains principally a matter of private law, whereas criminal liability can arise only when the elements prescribed by the Fiduciary Security Law are independently fulfilled.

The legal consequences of default in this case can therefore be analyzed through the theory of legal certainty. Sudikno Mertokusumo explains that legal certainty protects parties against arbitrary conduct and enables individuals to obtain what the law objectively entitles them to expect.[32] Applying this theory, Articles 1238, 1243, 1246, and 1338 of the Indonesian Civil Code provide a predictable legal framework for determining when default occurs, what obligations remain binding, and

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[31] Undang-Undang Republik Indonesia Nomor 42 Tahun 1999 tentang Jaminan Fidusia, Pasal 23 ayat (2) dan Pasal 36

[32] Undang-Undang Republik Indonesia Nomor 48 Tahun 2009 tentang Kekuasaan Kehakiman, Pasal 5 ayat (1) dan Pasal 10 ayat (1); Herowati Poesoko, "Penemuan Hukum oleh Hakim dalam Penyelesaian Perkara Perdata," *ADHAPER: Jurnal Hukum Acara Perdata* 1, no. 2 (2015): 215–237, https://doi.org/10.36913/jhaper.v1i2.20.

what remedies may be claimed. The same consideration applies to Law No. 42 of 1999, which establishes a clear limitation on a debtor's authority to dispose of a fiduciary-secured asset. The protection afforded to the creditor, however, must remain proportionate and subject to the procedural safeguards governing enforcement, so that legal certainty does not become a justification for arbitrary execution against the debtor.

I. B. Judicial Considerations in Leasing Agreement Disputes in Karawang District Court Decision No. 69/Pdt.G.S/2022/PN Kwg

Judicial consideration constitutes the intellectual and legal foundation upon which a judgment is constructed. A judge is required to connect the facts established through the evidentiary process with the applicable legal norms and provide a rational justification for the conclusion ultimately stated in the judgment. Article 5 paragraph (1) of Law No. 48 of 2009 on Judicial Power requires judges to explore, follow, and understand the legal values and sense of justice existing within society. Meanwhile, Article 10 paragraph (1) prohibits courts from refusing to examine and decide a case merely because the applicable law is absent or unclear. These provisions demonstrate that adjudication is not a mechanical process of attaching statutory provisions to facts; rather, it requires legal interpretation and reasoned justification.[33]

This study therefore employs the theory of legal argumentation developed by Philipus M. Hadjon and Tatiek Sri Djatmiati to evaluate

[33] Undang-Undang Republik Indonesia Nomor 48 Tahun 2009 tentang Kekuasaan Kehakiman, Pasal 5 ayat (1) dan Pasal 10 ayat (1)

the judge's reasoning. Legal argumentation requires a decision to be constructed through rational reasoning based upon legal norms, relevant facts, and logically defensible conclusions. Hadjon and Djatmiati emphasize that a legal argument cannot be separated from logic because rational justification is a prerequisite for the acceptability of a legal conclusion.[34] Accordingly, the quality of Decision No. 69/Pdt.G.S/2022/PN Kwg should not be assessed merely on whether the court cited Article 1238 of the Indonesian Civil Code, but also on whether the facts established during the proceedings logically satisfy the requirements of default and justify the legal consequences imposed upon the Defendants.

Judicial reasoning must also be assessed through the three fundamental values of law, namely legal certainty, justice, and utility. Sudikno Mertokusumo explains that these three values must be considered proportionately in law enforcement. Legal certainty requires consistent application of applicable rules; justice requires consideration of the legitimate interests and rights of the parties; while utility requires a judgment to provide a meaningful resolution to the legal dispute.[35] This theoretical framework is particularly relevant to financing disputes because excessive emphasis on contractual certainty may disproportionately favor creditors, whereas excessive protection of debtors may undermine the enforceability of valid agreements. An appropriate judgment must therefore preserve the binding force of the

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[34] Philipus M. Hadjon dan Tatiek Sri Djatmiati, *Argumentasi Hukum* (Yogyakarta: Gadjah Mada University Press, 2009), 13–17.
[35] Sudikno Mertokusumo dan A. Pitlo, *Bab-Bab tentang Penemuan Hukum* (Bandung: Citra Aditya Bakti, 1993)

contract while ensuring that enforcement remains legally justified and procedurally fair.

The dispute between PT Mandiri Utama Finance and Udin and Leny Marlina originated from Financing Agreement No. 020321000563 dated 22 March 2021. Under the agreement, the Defendants were obliged to make monthly instalment payments of Rp4,082,000 over a period of forty-eight months. The payments subsequently ceased, resulting in arrears and an outstanding obligation that the Plaintiff calculated at Rp122,858,215. Prior to filing the lawsuit, the Plaintiff undertook collection efforts and issued warnings requesting the Defendants to fulfil their contractual obligations. These circumstances are legally relevant to Article 1238 because they demonstrate both the existence of an obligation that had fallen due and the creditor's efforts to demand performance.[36] Viewed through the theory of legal certainty, the judge's finding of default has a clear normative basis provided that the financing agreement, maturity dates, payment history, formal demands, and outstanding amount were adequately established by evidence.

The case also involved the transfer of the financed vehicle to a third party, identified in the case materials as Deni. Because the vehicle had been registered as an object of fiduciary security, the transfer must be evaluated under Article 23 paragraph (2) of Law No. 42 of 1999 rather than solely under the general rules of contractual default. The unauthorized transfer strengthened the Plaintiff's argument that the Defendants had acted contrary to their contractual and statutory

[36] Putusan Pengadilan Negeri Karawang Nomor 69/Pdt.G.S/2022/PN Kwg; Kitab Undang-Undang Hukum Perdata, Pasal 1238

obligations. Nevertheless, the legal characterization must remain precise: the failure to make instalment payments constitutes contractual default, whereas the unauthorized transfer of the fiduciary object constitutes a separate violation governed by the Fiduciary Security Law.[37] Maintaining this distinction is important for the quality of judicial reasoning because different legal consequences arise from each form of conduct.

The Defendants' absence from the proceedings also requires a more precise procedural analysis than that contained in the original discussion. Because the case was registered as a simple lawsuit (*gugatan sederhana*), the procedure was governed by Supreme Court Regulation No. 2 of 2015 as amended by Supreme Court Regulation No. 4 of 2019. Article 13 provides that where a defendant fails to attend the second hearing after having been properly summoned, the judge may decide the case by default (*verstek*).[38] However, the Defendants' absence should not automatically be interpreted as substantive acknowledgment of all allegations made by the Plaintiff. The judge remains responsible for examining whether the claim is legally founded and whether the evidence is sufficient to establish the contractual relationship, the occurrence of default, and the amount claimed. Thus, a *verstek* judgment

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[37] Undang-Undang Republik Indonesia Nomor 42 Tahun 1999 tentang Jaminan Fidusia, Pasal 23 ayat (2) dan Pasal 36.

[38] Peraturan Mahkamah Agung Republik Indonesia Nomor 4 Tahun 2019 tentang Perubahan atas Peraturan Mahkamah Agung Nomor 2 Tahun 2015 tentang Tata Cara Penyelesaian Gugatan Sederhana, Pasal 13; M. Yahya Harahap, *Hukum Acara Perdata tentang Gugatan, Persidangan, Penyitaan, Pembuktian, dan Putusan Pengadilan* (Jakarta: Sinar Grafika, 2020).

remains subject to the requirements of rational legal justification and evidentiary sufficiency.

The court ultimately granted the Plaintiff's claim in part, declared that the Defendants had committed default, recognized the legal force of Financing Agreement No. 020321000563 and the fiduciary security certificate, and ordered payment of the outstanding obligation amounting to Rp122,858,215. The judgment also addressed the fiduciary-secured vehicle as a means of satisfying the outstanding debt if voluntary payment was not made. From the perspective of legal certainty, this reasoning is generally consistent with Articles 1238 and 1243 of the Indonesian Civil Code because the contractual obligation, non-payment, formal demand, and resulting financial liability formed a coherent normative sequence. The judgment also reflects the principle of *pacta sunt servanda* by affirming that the parties remain bound by a valid financing agreement unless it is lawfully terminated or otherwise invalidated.

Nevertheless, the enforcement of fiduciary security must also be considered in light of Constitutional Court Decision No. 18/PUU-XVII/2019, subsequently reaffirmed through Decision No. 2/PUU-XIX/2021. The Constitutional Court held, in substance, that where there is no agreement regarding the occurrence of default and the debtor refuses voluntarily to surrender the fiduciary object, enforcement must follow the mechanism applicable to the execution of a final and binding court judgment. Indonesian legal scholarship has similarly emphasized that fiduciary execution after these Constitutional Court decisions can no longer be understood as an unrestricted unilateral authority of the creditor.[39] Consequently, the order concerning surrender, sale, or auction of the vehicle in Decision No. 69/Pdt.G.S/2022/PN Kwg must be understood as valid only insofar as its implementation complies with the lawful judicial enforcement mechanism. This qualification is important to balance the creditor's right to repayment against the debtor's right to protection from arbitrary execution.

On this basis, the judge's reasoning can be considered substantially justified in finding that the Defendants had committed contractual default. The cessation of instalment payments, the existence of outstanding obligations, prior demands for payment, and the continued failure to perform provide a normative basis for applying Articles 1238 and 1243 of the Indonesian Civil Code. The unauthorized transfer of the secured vehicle further creates a separate legal issue under Law No. 42 of 1999. Nevertheless, a more comprehensive judgment should clearly distinguish contractual default from violations relating to fiduciary security and should expressly situate the enforcement of the fiduciary object within the constitutional framework established by the Constitutional Court.[40] Such an approach would

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[39] Johannes Ibrahim Kosasih, Anak Agung Istri Agung, dan Anak Agung Sagung Laksmani Dewi, "Parate Eksekusi Pasca Putusan Mahkamah Konstitusi (MK) No. 18/PUU-XVII/2019 dan No. 02/PUU-XIX/2021 terhadap Eksekusi Jaminan Fidusia atas Lembaga Pembiayaan Leasing," *Jurnal IUS Kajian Hukum dan Keadilan* 10, no. 1 (2022): 115–136, https://doi.org/10.29303/ius.v10i1.971; Nurul Ma'rifah, "Kepastian Hukum terhadap Kreditur Pasca Putusan Mahkamah Konstitusi Nomor 18/PUU-XVII/2019 dan Nomor 2/PUU-XIX/2021," *Notary Law Journal* 1, no. 2 (2022): 204–226, https://doi.org/10.32801/nolaj.v1i2.23.

[40] Philipus M. Hadjon dan Tatiek Sri Djatmiati, *Argumentasi Hukum* (Yogyakarta: Gadjah Mada University Press, 2009), 13–17; Sudikno

strengthen not only legal certainty but also justice and utility by ensuring that the creditor's legitimate right to repayment is protected without disregarding the procedural rights of the debtor.

When assessed through the theories of legal certainty, legal values, and legal argumentation, Decision No. 69/Pdt.G.S/2022/PN Kwg demonstrates a relatively coherent relationship between the contractual obligation, the established non-performance, and the legal consequences imposed. Legal certainty is reflected in the enforcement of the agreed payment obligations; justice requires that the creditor's proven losses be compensated without imposing liability beyond what can legally be justified; and utility is achieved by providing an enforceable resolution to a financing dispute that had not been settled through prior demands and negotiation. At the same time, the theory of legal argumentation requires the reasoning to remain transparent as to why each legal norm applies to each established fact. The strongest construction of the judgment, therefore, is one that treats Article 1238 of the Indonesian Civil Code as the basis for determining default, Articles 1243 and 1246 as the basis for financial liability, and Law No. 42 of 1999 together with the Constitutional Court's decisions as the legal framework governing the fiduciary-secured asset.[41]

Mertokusumo dan A. Pitlo, *Bab-Bab tentang Penemuan Hukum* (Bandung: Citra Aditya Bakti, 1993)

[41] Sudikno Mertokusumo, *Mengenal Hukum: Suatu Pengantar* (Yogyakarta: Cahaya Atma Pustaka, 2010); Philipus M. Hadjon dan Tatiek Sri Djatmiati, *Argumentasi Hukum* (Yogyakarta: Gadjah Mada University Press, 2009).

Conclusion

Based on the foregoing analysis, the legal consequences of default are principally governed by Article 1243 of the Indonesian Civil Code. Under this provision, a debtor who, after being declared in default, continues to fail to perform the contractual obligation may be required to compensate the creditor for the costs, losses, and interest arising from such non-performance. Accordingly, default creates an obligation for the debtor to compensate the creditor for losses that can be legally attributed to the breach of contract. The application of Article 1243 also provides legal certainty by establishing a clear basis for determining the debtor's liability and the creditor's entitlement to compensation following contractual non-performance.

With respect to the judicial considerations in Karawang District Court Decision No. 69/Pdt.G.S/2022/PN Kwg, the court based its reasoning on Article 1238 of the Indonesian Civil Code and the legal concept of default. The court found that the Defendants had failed to perform their contractual obligations and therefore declared them to be in default. The claim was partially granted by default judgment (*verstek*). The court further ordered the Defendants to surrender the financed vehicle serving as fiduciary security and authorized its sale through a public auction for the purpose of satisfying the outstanding debt. The proceeds of the sale were to be applied toward the repayment of the Defendants' remaining obligations. The Defendants were also held jointly liable for the costs of the proceedings, while the remainder of the Plaintiff's claims was dismissed.

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