

Development of a Compensation Mechanism and Legal Reporting Framework for Consumers

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Abstract

This study aims to formulate a more effective and efficient compensation mechanism for consumers harmed by business practices in Indonesia and to analyze the obstacles encountered in the legal reporting process by consumers. The research employs a normative approach, involving an in-depth review of applicable legislation, case law, and relevant literature. The findings reveal that, despite various regulations governing consumer protection, there are still several weaknesses in the compensation mechanisms and the legal reporting process. Consumers frequently face difficulties in obtaining fair and prompt compensation and encounter complex and time-consuming reporting procedures. These issues stem from several factors, including a lack of consumer legal awareness, ambiguities in regulatory formulations, and weak law enforcement. Based on these findings, the study concludes that there is a need to reformulate both the compensation mechanisms and the consumer legal reporting process

Keywords: Consumer; Compensation; Formulation

Abstrak

Penelitian ini bertujuan untuk merumuskan mekanisme ganti rugi yang lebih efektif dan efisien bagi konsumen yang dirugikan oleh tindakan pelaku usaha di Indonesia, serta menganalisis hambatan dalam proses pelaporan hukum yang dilakukan oleh konsumen. Penelitian ini menggunakan pendekatan normatif dengan melakukan kajian mendalam terhadap peraturan perundang-undangan yang berlaku, yurisprudensi, serta literatur terkait. Hasil penelitian menunjukkan bahwa meskipun terdapat berbagai peraturan yang mengatur perlindungan konsumen, masih terdapat beberapa kelemahan dalam mekanisme ganti rugi dan proses pelaporan hukum. Konsumen seringkali menghadapi kesulitan dalam memperoleh ganti rugi yang adil dan cepat, serta menghadapi prosedur pelaporan yang rumit dan memakan waktu. Hal ini disebabkan oleh beberapa faktor, antara lain kurangnya kesadaran hukum konsumen, ketidakjelasan dalam rumusan peraturan, serta lemahnya penegakan hukum. Berdasarkan temuan tersebut, penelitian ini menyimpulkan bahwa perlu dilakukan reformulasi terhadap mekanisme ganti rugi dan proses pelaporan hukum konsumen.

Kata Kunci: Formulasi; Ganti Rugi; Konsumen



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A. INTRODUCTION

Consumer protection is a crucial aspect of economic activities, aimed at safeguarding the rights of consumers from detrimental actions undertaken by businesses. In Indonesia, despite various regulations governing consumer protection, there remain several issues in the implementation of compensation mechanisms and legal reporting processes.¹

This research is driven by several philosophical, legal, theoretical, and sociological considerations. Philosophically, consumer protection embodies the pursuit of justice and balance in the relationship between businesses and consumers. The concept of justice, as articulated by philosophers like Aristotle and John Rawls, underscores the importance of equitable distribution of rights and responsibilities, as well as safeguarding individuals from unjust and harmful actions. In an economic context, this translates to ensuring adequate protection for consumers, preventing them from falling victim to unethical or exploitative business practices. Additionally, consumer protection is closely tied to the concept of corporate social responsibility, which posits that businesses should operate not solely for financial profit but also for the broader welfare of society.²

Sociologically, consumer protection aims to create social balance and prevent the exploitation of economically weaker groups. Consumers are often in a less advantageous position compared to businesses, which typically have more resources and information. This imbalance can lead to social injustice and dissatisfaction. Therefore, consumer protection serves as a tool to strengthen consumers' bargaining power and ensure that their rights are respected in economic transactions. It also contributes to social stability by preventing conflicts between consumers and businesses that may arise from unfair business practices.³

Theoretically, consumer protection can be explained through various legal and economic theories. Consumer protection law theories, such as the theory of consumer rights, emphasize that consumers possess fundamental rights that must be safeguarded by law, including the right to safety, information, and compensation. This theory is supported by the view that consumers are in a weaker position in transactions with businesses, thus necessitating specific legal protections.

From an economic perspective, the theory of information asymmetry explains that businesses typically possess more comprehensive and in-depth information about the products or services they offer compared to consumers.⁴ The imbalance of information can be exploited by businesses to engage in practices that harm consumers. As a result, consumer protection is essential to address information asymmetry and ensure that consumers can make informed decisions based on accurate and complete information.

In Indonesia, consumer protection is legally governed by a variety of laws and regulations, all of which underscore the importance of safeguarding consumer rights.⁵ The primary legal framework for this is Law Number 8 of 1999 on Consumer Protection, which

¹ C T S Kristiyanti, *Hukum Perlindungan Konsumen* (Sinar Grafika, 2022).

² Yapiter Marpi, *Perlindungan hukum terhadap konsumen atas keabsahan kontrak elektronik dalam transaksi e-commerce* (Pt. Zona Media Mandiri, 2020).

³ Rosmawati, *Pokok-Pokok Hukum Perlindungan Konsumen* (Prenadamedia Group, 2017).

⁴ Abustan Et Al., *Relasi Dan Proteksi Hukum Perlindungan Konsumen* (Edu Publisher, 2023).

⁵ Siti Nur Halizah dan Rahayu Mardikaningsih, "Legal Perspective on Consumer Personal Data Protection in Fintech Services" 9, no. 2 (2024): 45–48.

guarantees consumers protection against losses arising from the use of goods and/or services marketed by businesses. Additionally, other legal provisions, such as Government Regulations, Ministerial Regulations, and stipulations in the Civil Code, also reinforce consumer protection.⁶

The Consumer Protection Law encompasses a broad range of consumer rights, including the right to comfort, security, and safety in the consumption of goods and/or services, the right to receive accurate, clear, and honest information regarding the condition and guarantees of goods and/or services, and the right to have their opinions and complaints heard.⁷ This legal framework provides consumers with a solid legal foundation to assert their rights and seek compensation for any losses they incur.⁸

Several previous studies have also identified issues within consumer protection in Indonesia. Some relevant prior research findings include the study conducted by Sutedi.⁹ This study identifies the low level of legal awareness among consumers as one of the primary challenges to consumer protection in Indonesia.¹⁰ As a result, many consumers are unaware of their rights or how to seek compensation. The findings indicate that insufficient dissemination of consumer protection regulations contributes significantly to this low legal awareness.¹¹

Handayani's 2017 research also highlights that the reporting and prosecution procedures in consumer protection cases in Indonesia are excessively complex and bureaucratic, which impedes consumers from obtaining justice. The study found that lengthy and complicated procedures, along with high costs, are the major obstacles consumers face in the legal reporting process.¹²

Nurhadi's research indicates that the weakness in law enforcement in the field of consumer protection is attributed to a lack of coordination among relevant institutions and limited resources. The findings reveal that poor law enforcement results in many consumer protection cases not being properly addressed, often leaving consumers without adequate compensation.¹³

⁶ Jeremy Zefanya Yaka Arvante, "Dampak Permasalahan Pinjaman Online dan Perlindungan Hukum Bagi Konsumen Pinjaman Online," *Ikatan Penulis Mahasiswa Hukum Indonesia Law Journal* 2, no. 1 (2022): 73–87, <https://doi.org/10.15294/ipmhi.v2i1.53736>.

⁷ Carissa Amanda Siswanto et al., "Perlindungan Konsumen Terhadap Pembelian Obat Mengandung Psikotropika Pada Online Marketplace bagi pengidap virus Covid-19 dengan atau tanpa gejala melalui Telemedicine konvensional yang membedakan adalah media yang digunakan, seperti halnya," *Jurnal USM Law Review* 5, no. 2 (2022): 553–68.

⁸ Bernadetha Aurelia Oktavira, *Hukum Perlindungan Konsumen Transaksi Jual Beli Dengan Garansi* (Penerbit Qiara Media, 2022).

⁹ Sutedi, A. (2013). *Perlindungan Konsumen di Indonesia: Teori dan Implementasinya*. Jakarta: Ghalia Indonesia.

¹⁰ Sri Lestari Poernomo, "Analisis Kepatuhan Regulasi Perlindungan Konsumen dalam E-Commerce di Indonesia," *Review-Unes.Com* 6, no. 1 (2023): 1772–82.

¹¹ community Development Journal Et Al., "Urgensi Perlindungan Hukum Data Pribadi Konsumen" 5, no. 4 (2024): 6996–7000.

¹² Handayani, T. (2017). *Kendala dalam Perlindungan Konsumen di Indonesia*. *Jurnal Hukum dan Pembangunan*, 47(2), 159-176.

¹³ Nurhadi, D. (2019). *Penegakan Hukum dalam Perlindungan Konsumen di Indonesia*. *Jurnal Ilmu Hukum*, 10(1), 45-60.

Based on the aforementioned reasons, the researcher has established the research objectives, which are to develop a more effective and efficient compensation mechanism and to analyze the challenges encountered in the legal reporting process by harmed consumers. By devising an improved compensation mechanism, the aim is to create a fairer system that better safeguards consumer rights.

B. METHOD

This research employs a normative approach by conducting a comprehensive review of primary legal sources, such as applicable legislation, case law (jurisprudence), and relevant literature.¹⁴ This normative approach, utilizing primary legal sources, is used to analyze the strengths and weaknesses of existing compensation mechanisms, as well as to identify obstacles faced by consumers in the legal reporting process.¹⁵ The study also compares compensation mechanisms in European countries, the United States, Japan, and Australia. The types of legal data used include primary legal sources, such as Indonesia's Law No. 8 of 1999 on Consumer Protection, relevant legislation from other countries, jurisprudence, and international treaties or conventions related to consumer protection.¹⁶ In addition, secondary legal sources, such as scholarly literature, including books regarding consumer protection, journal articles regarding consumer Protection, and expert legal opinions, are utilized, along with tertiary legal sources like legal encyclopedias, legal dictionaries, and directories, which assist in understanding relevant legal concepts.¹⁷

Primary legal data is obtained through document searches from government institutions, access to legislation available online, and legal databases that provide court decisions.¹⁸ Secondary legal sources are acquired from literature research, including books available in libraries, journal articles accessed through electronic databases, and prior academic studies. Tertiary legal sources are obtained through the use of legal encyclopedias, legal dictionaries, or directories available in both print and electronic formats.¹⁹

This research adopts a normative legal research approach, focusing on the review of literature and existing legal sources. The methodologies include the statute approach, which examines and analyzes applicable legislation, the case approach, which analyzes court decisions to understand how laws are applied in practice, the historical approach, which

¹⁴ Kristiawan Putra Nugraha UIN Sunan Kalijaga Yogyakarta, "Perlindungan Hukum dan Hak Asasi Pekerja Anak: Kajian Implementasi dan Tantangan dalam Konteks Undang-Undang Perlindungan Anak," *Agama dan Hak Azasi Manusia* 12, no. 2 (2023): 192–94, <https://doi.org/10.46930/jurnalrectum.v4i1.1969>.

¹⁵ Hendro Ponco Raharjo et al., "Perlindungan Hukum Pembeli atas Ketidaksesuaian Kualitas Barang dan Jasa Berdasarkan Undang-Undang Perlindungan Konsumen" 5, no. 9 (2024): 3667–80.

¹⁶ Lionita Putri Lobo dan Indirani Wauran, "Kedudukan Istimewa Merek Terkenal (Asing) Dalam Hukum Merek Indonesia," *Masalah-Masalah Hukum* 50, no. 1 (2021): 70–83, <https://doi.org/10.14710/mmh.50.1.2021.70-83>.

¹⁷ Nursanti, Luqman Luqman, dan Ichsan Iqbal, "Pasar Monopoli Dalam Ekonomi Islam," *Journal of International Multidisciplinary Research* 2, no. 9 (2024): 73–81, <https://doi.org/10.62504/jimr869>.

¹⁸ Kornelius Benuef, Siti Mahmudah, dan Ery Agus Priyono, "Perlindungan Hukum Terhadap Keamanan Data Konsumen Financial Technology Di Indonesia," *Refleksi Hukum: Jurnal Ilmu Hukum* 3, no. 2 (2019): 145–60, <https://doi.org/10.24246/jrh.2019.v3.i2.p145-160>.

¹⁹ Aris Nurohman, *Perpustakaan, Sumber Daya Informasi Digital dan Penelitian*, vol. 1, 2021, http://repository.uinsaizu.ac.id/12394/1/Perpustakaan__sumber_daya_informasi_digital_%26_penelitian%281%29.pdf.

traces the background and development of specific legal rules, and the conceptual approach, which examines legal concepts within the field of law.²⁰

The data analysis techniques used in this research include descriptive analysis to systematically describe the content of regulations and relevant court rulings, comparative analysis to compare legal provisions or jurisprudence between different legal systems, and legal interpretation to comprehend the meaning of a regulation in its application context, whether through grammatical, systematic, or teleological interpretation methods.

C. RESULTS AND DISCUSSIONS

1. More Effective and Efficient Compensation Mechanism for Consumers Harmed by Business Practices in Indonesia

Before examining the compensation mechanisms in Indonesia, the researcher will compare them with general models of compensation mechanisms for consumers harmed by businesses in other countries. This comparison serves as an application of the comparative research model within normative legal studies.²¹ This research compares Indonesia with several advanced countries, such as the United States, the European Union, and Japan.

Table 1. Common Models of Consumer Compensation Mechanisms In Some Countries

Aspect	Indonesia	United States of America	European Union	Japan
Consumer protection agencies	BPSK	The Federal Trade Commission (FTC) and the Better Business Bureau (BBB)	European Commission and national consumer protection authorities in each member state	Consumers (National Center for Consumer Affairs)
Mechanism for resolving disputes	Musyawarah, BPSK, pengadilan	Civil litigation, arbitration, and mediation.	Civil lawsuits, arbitration, mediation, and online dispute resolution.	Civil litigation, arbitration, and mediation.
Penalties imposed on business entities	Fines, revocation of business licenses	Fines, compensation, and criminal sanctions	Fines, damages, and criminal sanctions	Fines, damages, and criminal sanctions
The role of the government	Formulating regulations and overseeing compliance	Developing regulations, overseeing compliance, and	Formulating regulations, overseeing	Regulation, oversight, and

²⁰ Umar Sholahudin, "Pendekatan Sosiologi Hukum Dalam Memahami Konflik Agraria," *Dimensi* 10, no. 2 (2017): 49–59.

²¹ S.H.M.H. Yusuf Shofie, *Kapita Selekta Hukum Perlindungan Konsumen di Indonesia* (PT Citra Aditya Bakti, 2018).

promoting consumer awareness	enforcement, and harmonizing consumer policies among member states.	consumer promotion.
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From the table above, it is evident that, in terms of government involvement, Indonesia does not promote consumer protection as actively as Japan, the United States, or European Union countries. The lack of government or state intervention in consumer disputes with producers results in consumers being disadvantaged compared to businesses. Regarding sanctions, the European Union, Japan, and the United States impose criminal penalties, in addition to fines and compensation, for businesses that harm consumers. In contrast, Indonesia's administrative sanctions include the revocation of licenses, but there are no criminal penalties.²² As a result, businesses are not deterred from engaging in practices that harm consumers.²³

In Indonesia, dispute resolution is handled through deliberation by the Consumer Dispute Settlement Agency (BPSK) and through the courts. In comparison, the United States and Japan use civil lawsuits, arbitration, and mediation.²⁴ The European Union employs civil lawsuits, arbitration, mediation, and online dispute resolution. In the United States, two agencies handle dispute resolution: the Federal Trade Commission (FTC) and the Better Business Bureau (BBB). In the European Union, the European Commission and national consumer protection agencies are responsible for resolving consumer disputes. Indonesia and Japan are somewhat similar in that both have a single agency for dispute resolution: BPSK in Indonesia and the National Consumer Affairs Center (NCAC) in Japan.²⁵

In the United States, the mechanism for consumer compensation and dispute resolution is notably different from that in Indonesia. The U.S. has a sophisticated and intricate consumer protection system. The process for consumer redress involves various agencies, procedures, and legal avenues. Below is an overview of this mechanism, along with the process for resolving consumer disputes.²⁶

The primary consumer protection agency in the United States is the Federal Trade Commission (FTC). This federal agency is responsible for safeguarding consumers from unfair or deceptive business practices. The FTC has the authority to investigate, file lawsuits, and issue cease-and-desist orders against businesses that violate the law. Another federal

²² Nina Herlina, "Penerapan Sanksi Administrasi Dalam Hukum Perlindungan Konsumen," *Jurnal Ilmiah Galuh Justisi* 7, no. 2 (2019): 190, <https://doi.org/10.25157/justisi.v7i2.2917>.

²³ iffaty Nasyi Et Al., "Prinsip Keadilan Dan Keseimbangan Dalam Penentuan Nilai Tukar Barang (Harga) Perspektif Islam Dan Hukum Perlindungan Konsumen," *De Jure* 6, no. 2 (2000): 117–27.

²⁴ Rida Ista Sitepu dan Hana Muhamad, "Efektifitas Badan Penyelesaian Sengketa Konsumen (Bpsk) Sebagai Lembaga Penyelesaian Sengketa Konsumen Di Indonesia," *Jurnal Rechten : Riset Hukum dan Hak Asasi Manusia* 3, no. 2 (2022): 7–14, <https://doi.org/10.52005/rechten.v3i2.35>.

²⁵ Fauzan Ramon, "Penyelesaian Sengketa Konsumen Oleh Badan Penyelesaian Sengketa Konsumen," *JOPPAS: Journal of Public Policy and Administration Silampari*, 2016, 178–200.

²⁶ HardianMochammad Tanzil Multazam Sembellagusto, "Meningkatkan Transparansi Penjual untuk Mengubah E-Commerce dan Meminimalkan Perselisihan," *Indonesian Journal of Law and Economics Review*, 19, no. 3 (2024): 12.

agency involved in resolving consumer disputes is the Consumer Financial Protection Bureau (CFPB), which focuses on consumer protection within the financial sector, including banking, credit, and insurance.²⁷ Additionally, at the state level, State Attorneys General have the authority to investigate and prosecute businesses that violate consumer protection laws within their jurisdictions. Besides these federal and state entities, there are also private organizations dedicated to consumer protection and dispute resolution, such as the Better Business Bureau (BBB). This non-profit organization provides information about companies and products and facilitates the resolution of disputes between consumers and businesses.²⁸

In the United States, the process for resolving consumer disputes begins when a consumer who feels wronged files a complaint with the appropriate consumer protection agency, such as the FTC, CFPB, or BBB. Once the complaint is received, the agency will conduct an investigation to verify the accuracy of the information provided by the consumer. If feasible, the agency will then attempt to facilitate a peaceful resolution of the dispute through mediation or arbitration. Should these efforts fail, either the agency or the consumer may proceed to file a lawsuit in court. The court will review the evidence presented by both parties and render a judgment. If the consumer is successful, the court will mandate that the business pay damages.²⁹

The consumer protection system in the United States is characterized by its pluralistic nature, incorporating a range of institutions from both governmental and private sectors. This system is crafted to foster fair competition and shield consumers from unfair business practices. It actively involves consumers in lodging complaints and seeking redress. The state, through various dispute resolution agencies, enforces stringent penalties on businesses that contravene the law, which may include substantial fines, compensation, and even imprisonment. The system is market-oriented, aimed at promoting fair competition and protecting consumers from unjust business practices. Consumer participation is significant, with individuals playing an active role in filing complaints and pursuing legal remedies.³⁰

In contrast, Indonesia's consumer protection framework features a broader role for the Consumer Dispute Settlement Board (BPSK), which is less specialized compared to the more structured and specialized agencies in the United States.³¹ Dispute resolution in the U.S. is generally more swift and efficient than in Indonesia. Additionally, there is a higher level of legal awareness among consumers in the United States. The consumer protection system in the U.S. is continually evolving and may differ across various states.

²⁷ P. Foohey, "Calling On The Cfpb For Help: Telling Stories And Consumer Protection," *Law and Contemporary Problems* 80, no. 3 (2017): 177–209., <https://www.jstor.org/stable/45020076>.

²⁸ Rengga Arif Rahmat Hidayat dan Rachmat Ihya, "Perlindungan Hukum Terhadap Konsumen Pengguna Obat yang Beredar Luas di Pasaran," *Kultura: Jurnal Ilmu Hukum, Sosial, dan Humaniora* 2, no. 2 (2024): 247–74, <https://jurnal.kolibi.org/index.php/kultura/article/view/1038>.

²⁹ Chami Yasine Deny Setiyawan, Muhammad Nurcholis Alhadi, "Asset Restitution Reform to Ensure Legal Protection and Fairness for Investors," *Journal of Law and Legal Reform* 15, no. 1 (2024): 37–48.

³⁰ Rosdiana Saleh2 Cantika Ramadhani Bintang1, "Perbandingan Sistem Hukum Indonesia Dengan Jepang Tentang Mediasi Dan Wakai Cantika," *Jurnal Hukum & Pembangunan Masyarakat* 15, no. 5 (2024): 44–53.

³¹ Nasyia Nurul Amalina Maudi Andriana Lestari, Dewi Ari Shia Washe Meliala, Puja Anu Dewanti, "Optimalisasi Badan Penyelesaian Sengketa Konsumen (BPSK) dalam Upaya Proteksi Hak Konsumen di Ranah Siber" 2, no. 4 (2021): 309–28.

In Indonesia, there are several weaknesses in the compensation mechanism, despite the various regulations governing consumer protection. One of the weaknesses of the compensation mechanism is the lack of legal awareness among consumers. The relevant article is Article 4 of Law Number 8 of 1999 concerning Consumer Protection (Consumer Protection Law), which states that consumers have the right to comfort, security, and safety in consuming goods and/or services.³² Nonetheless, numerous consumers remain uninformed about their entitlements and the necessary procedures for seeking compensation. For example, when food products are discovered to contain hazardous substances, consumers frequently fail to report the problem due to insufficient awareness of their rights and the appropriate reporting procedures.³³

A secondary weakness in Indonesian legislation is the presence of vague norms, specifically the lack of clarity in the formulation of current laws and regulations regarding the compensation mechanism, as outlined in Article 19 of the Consumer Protection Law. This article addresses the liability of business actors for compensation related to consumer losses. Nevertheless, several related regulations remain ambiguous and perplexing for consumers. For example, in cases involving defective electronic goods, consumers frequently encounter confusion regarding the procedures for returns and compensation as specified in existing regulations³⁴

The third weakness lies in law enforcement. According to Article 62 of the Consumer Protection Law, violations of consumer rights may be subject to criminal sanctions. However, the enforcement process is frequently inconsistent and sluggish, which undermines the effectiveness of the compensation mechanism. For example, in instances of online fraud, consumers often struggle to recover their funds despite having reported the incident to the authorities.³⁵

2. Challenges Encountered by Consumers in the Legal Reporting Process

The process of reporting disputes conducted by consumers across various countries is generally similar. For example, in the United States, which has a complex and diverse legal system for addressing consumer disputes, the legal reporting process can differ based on the nature of the violation, the state where the incident occurred, and the relevant institution to which the complaint is directed. Generally, the steps and procedures for reporting disputes include first identifying the nature of the violation experienced, such as fraud, defective products, breach of contract, or discrimination.³⁶ The second step involves gathering evidence to support the claim, which may include: purchase receipts, contracts, photographs of damaged products, written correspondence with the company, witness testimonies, and,

³² “Undang-Undang Nomor 8 Tahun 1999 Tentang Perlindungan Konsumen” (1999).

³³ A Fitra, S Rahman, dan A Arief, “Efektivitas Perlindungan Hukum Terhadap Konsumen Dalam Transaksi E-Commerce Di Kota Sengkang,” *Journal of Lex Generalis (JLG)* 3, no. 3 (2022): 543–46.

³⁴ MRTR Herryani dan Harsono Njoto, “Perlindungan Hukum Terhadap Kebocoran Data Pribadi Konsumen Online Marketplace,” *Transparansi Hukum* 5, no. 1 (2022): 110.

³⁵ Nardiman. Aries Subiyakto, Markoni, Joko Widarto, “Perlindungan Hukum Konsumen Terhadap Kandungan Bahan Makanan Dan Minuman Berbahaya Ditinjau Dari Peraturan Bpom Dan Undang-Undang Perlindungan Konsumen,” *Jurnal Ilmiah Mahasiswa Pendidikan Sejarah* 8, no. 4 (2023): 5408–28.

³⁶ Banu Ariyanto, Hari Purwadi, dan Emmy Latifah, “Tanggung Jawab Mutlak Penjual Akibat Produk Cacat Tersembunyi Dalam Transaksi Jual Beli Daring,” *Refleksi Hukum: Jurnal Ilmu Hukum* 6, no. 1 (2021): 107–26, <https://doi.org/10.24246/jrh.2021.v6.i1.p107-126>.

if necessary, expert reports.³⁷ Complaints should be directed to the appropriate regulatory bodies. For national concerns such as online fraud or false advertising, the Federal Trade Commission (FTC) serves as the relevant authority. In matters specifically related to financial products and services, the Consumer Financial Protection Bureau (CFPB) should be contacted.

At the state level, the State Attorney General has the jurisdiction to investigate and prosecute businesses that violate consumer protection laws within their area. Certain sectors are overseen by specialized regulatory agencies, such as the Federal Aviation Administration (FAA) for aviation or the Food and Drug Administration (FDA) for food and pharmaceuticals. Additionally, complaints may be filed with private organizations like the Better Business Bureau (BBB), a non-profit entity that helps resolve disputes between consumers and businesses. Furthermore, consumer advocacy groups focused on specific protections, such as those for elderly or disabled individuals, can also provide support.³⁸

Similar to Indonesia, consumers who have been harmed can also seek resolution through mediation or arbitration. Before pursuing legal action in court, many disputes are addressed through mediation or arbitration. The institution handling the complaint will attempt to facilitate an out-of-court settlement. Should these efforts at resolving the matter outside of court prove unsuccessful, consumers have the option to file a civil lawsuit in court³⁹

The legal reporting process undertaken by consumers in Japan differs significantly from that in Indonesia, primarily due to Japan's well-established and structured consumer protection system. In Japan, the process generally follows these steps: First, consumers identify the issue by recognizing the type of violation, such as defective products, fraud, or breach of contract. Second, they gather substantial evidence to support their claims, including purchase receipts, warranties, product photographs, or written correspondence with the company.

Subsequently, consumers consult with Konsumensia, the National Consumer Affairs Center of Japan, which serves as a key resource for information and assistance. Konsumensia provides advice, mediation, and guidance on the appropriate legal procedures. In addition to Konsumensia, local consumer agencies, which are present in many municipalities across Japan, can also offer support.

Following the complaint, resolution efforts typically involve mediation facilitated by the consumer protection agency. Mediation is often pursued before any formal legal action, as it is considered a more expedient, cost-effective, and informal alternative to court proceedings. The consumer protection agency aims to mediate negotiations between consumers and businesses to reach a mutually acceptable resolution. In Japanese society,

³⁷ Indra Muchlis Adnan, Sukamto Satoto, dan Dwi Suryahartati, "Formulasi Perjanjian Baku Dalam Rangka Perlindungan Hukum Konsumen PT. PLN," *Jurnal Analisis Hukum* 5, no. 1 (2022): 119–35, <https://doi.org/10.38043/jah.v5i1.3461>.

³⁸ Shilvia Audy Phetricia et al., "Perlindungan Hukum Terhadap Keamanan dan Keselamatan Wisatawan di Pantai Batu Bengkung Kabupaten Malang," *Unes Law Review* Vol. 6., N. no. 1 (2023): 919–92.

³⁹ M. Agus Yozami, "Perkuat Perlindungan Konsumen, Ini 11 Substansi POJK 22/2023," *Hukum Online.com*, 2024.

mediation is preferred over court-based settlements due to its efficiency and reduced formality.⁴⁰

In Japan, legal recourse is available, including the option to file a civil lawsuit if mediation proves unsuccessful. Should this be necessary, the court will review the evidence presented by both parties and render a judgment. Consumers may also seek legal representation from an attorney, particularly in complex cases. Additionally, certain consumer organizations offer free or subsidized legal aid services. The Japanese Consumer Protection Act governs dispute resolution, establishing a legal framework designed to safeguard consumer rights, such as the right to safe products, accurate information, and equitable service. The characteristics of Japan's Consumer Protection System include a strong preference for peaceful dispute resolution through mediation, an active governmental role in consumer protection through regulation and oversight, and a high level of legal awareness among Japanese society, which is proactive in asserting its rights.⁴¹

Comparatively, there are several differences between Indonesia and Japan. Firstly, Japan is characterized by a robust national consumer institution (Konsumasia), whereas in Indonesia, the role of BPSK is more multifaceted. Secondly, Japanese society generally places a higher value on mediation and peaceful resolutions compared to Indonesian society. Thirdly, the level of consumer legal literacy in Japan is typically greater. It is important to note that the legal process in Japan can vary based on the complexity of the case and the nature of the violation. Consumers are encouraged to seek advice from a lawyer or consumer institution for more tailored legal guidance.⁴²

In Indonesia, consumers who have been harmed face several obstacles in the legal reporting process, including the perception that the reporting procedure is overly complex. According to Article 45 of the Consumer Protection Law, the resolution of consumer disputes can be pursued either through the courts or through alternative dispute resolution methods. The current process is deemed too intricate and time-consuming, posing significant difficulties for consumers. For example, when reporting adverse reactions to beauty products, consumers must navigate through a series of confusing and lengthy administrative steps.

A second weakness in the consumer complaint reporting process is that consumers are still required to bear costs, which are often considered excessive. Although Article 46 of the

⁴⁰ "What mechanisms are in place for consumer dispute resolution, including mediation, arbitration, and litigation?," Global Regulatory Insight, n.d., <https://globalregulatoryinsights.com/frequent-search/what-mechanisms-are-in-place-for-consumer-dispute-resolution-including-mediation-arbitration-and-litigation-12/>.

⁴¹ Heri Zaprullah, Fokky Fuad, dan Corresponding Author, "Perlindungan Konsumen Garansi Layanan Purna Jual Pada Marketplace," *UNES Law Review* 6, no. 3 (2024): 7828–38, <https://doi.org/10.33087/jiubj.v23i1.3613.6>. ⁴¹ "What mechanisms are in place for consumer dispute resolution, including mediation, arbitration, and litigation?," Global Regulatory Insight, n.d., <https://globalregulatoryinsights.com/frequent-search/what-mechanisms-are-in-place-for-consumer-dispute-resolution-including-mediation-arbitration-and-litigation-12/>.

⁴¹ Heri Zaprullah, Fokky Fuad, dan Corresponding Author, "Perlindungan Konsumen Garansi Layanan Purna Jual Pada Marketplace," *UNES Law Review* 6, no. 3 (2024): 7828–38, <https://doi.org/10.33087/jiubj.v23i1.3613.6>.

⁴² Beby Suryani Fithri, Riswan Munthe, dan Anggreni Atmei Lubis, "Asas Ultimum Remedium/The Last Resort Principle Terhadap Pelaku Usaha dalam Hukum Perlindungan Konsumen," *Doktrina: Journal of Law* 4, no. 1 (2021): 69–84, <https://doi.org/10.31289/doktrina.v4i1.4918>.

Consumer Protection Law grants consumers the right to obtain legal assistance, the expenses involved in reporting a case are frequently prohibitive. For example, attorney fees and administrative costs in disputes with large companies are often unaffordable for many consumers.

The third weakness is the Insufficient Institutional Support. According to Article 44 of the Consumer Protection Law, both the government and society are mandated to contribute to consumer protection efforts. Nonetheless, inadequate support from relevant institutions during the legal reporting process leads to consumer reluctance to report their experiences. For example, in instances of fraud involving small business operators, consumers frequently feel that they do not receive sufficient support from consumer protection agencies.⁴³

D. CONCLUSION

The consumer redress mechanism in Indonesia is marked by several deficiencies. Firstly, limited legal awareness among consumers hinders their ability to assert their rights effectively. Secondly, the ambiguous nature of laws and regulations complicates consumers' understanding of the redress procedures. Thirdly, the sluggish and inconsistent enforcement of laws diminishes the efficacy of the redress mechanism, leading many consumers to hesitate in reporting violations they encounter. Consequently, business entities are often not deterred from misconduct, and consumers face significant challenges in obtaining justice. The consumer legal reporting process in Indonesia encounters several significant challenges. Firstly, the reporting procedure is complex and time-consuming, which discourages consumers from filing complaints. Secondly, the considerable expense associated with the legal process presents an additional financial burden for consumers. Thirdly, the lack of support from relevant institutions leaves consumers feeling unprotected and disheartened. Consequently, numerous instances of consumer rights violations go unreported, and business entities rarely face appropriate penalties. This situation leads to injustices for consumers and impedes the effectiveness of consumer protection in Indonesia

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⁴³ Y Susantri, "Perlindungan Terhadap Hak-Hak Konsumen dalam Perspektif Hak Asasi Manusia," *CONSTITUO: Journal of State and ...*, 2022.

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