Journal of Legal and Cultural Analytics (JLCA)
Vol. 4, No. 3, 2025 : 1225 - 1242

Legal Protection for Debtors in Collecting Non-Performing Loans Related to Unlawful Acts Committed by Creditors Through Installation of Banner Outside the Object of Collateral

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ARTICLE INFO

Keywords: Legal Protection, Debt Collection, Illegal Acts

Received : 05 July 2025
Revised : 26 July 2025
Accepted: 29 August 2025

ABSTRACT

This study examines the unlawful practice of creditors placing banners outside collateral objects to collect non-performing loans, which potentially harms debtors materially and immaterially and violates consumer protection principles. Using a normative legal research method with statutory, case, analytical, and conceptual approaches, the study analyzes primary, secondary, and tertiary legal sources through grammatical, systematic, and constructive interpretation. Findings indicate that such banner placements constitute unlawful acts under POJK No. 22 of 2023 and can be subject to civil litigation by affected debtors. The study concludes that legal protection must be enforced through OJK supervision and sanctions, while financial institutions should adopt lawful, fair, and non-detrimental debt collection procedures.

DOI : https://doi.org/10.55927/jlca.v4i3.15353
ISSN-E: 2961-807X
https://journal.formosapublisher.org/index.php/jlca

INTRODUCTION

In the national banking system, financial institutions play a strategic role as collectors and distributors of public funds by providing credit facilities. However, the risk of default by debtors becomes a major challenge that must be addressed prudently. In practice, some banks carry out debt collection by placing banners outside the collateral property, a practice considered to violate legal and ethical norms and potentially damage the debtor's reputation.

The act of placing banners by creditors may also violate the principle of customer confidentiality as regulated in Article 40 paragraph (1) of Law Number 10 of 1998 concerning Banking, and may conflict with Law Number 8 of 1999 on Consumer Protection. Under these regulations, business actors are prohibited from conducting debt collection in a manner that humiliates or pressures consumers.

Furthermore, the Financial Services Authority Regulation (POJK) Number 22 of 2023 on Consumer and Public Protection in the Financial Services Sector explicitly prohibits the use of inhumane, humiliating, or unethical methods in the debt collection process. Placing banners outside the collateral property without a valid legal basis may potentially be categorized as an administrative violation and could be subject to sanctions by the Financial Services Authority (OJK).

Placing banners outside the collateral property without consent or a clear legal basis constitutes an act that humiliates the consumer and may be subject to administrative sanctions ranging from a written warning to the revocation of the business license.

Field observations indicate that the placement of banners outside collateral properties by banks can be classified as unlawful acts. This is reflected in several cases. In Case No. 67/Pdt.G/2023/PN Jmr, the court ruled that the plaintiff had the right to claim compensation and coercive fines (dwangsom) because the banner outside the collateral damaged their reputation. In Case No. 72/Pdt.G/2009/PN Dpk, the transfer of inherited land without the heirs' consent, supported by a bank and a negligent notary, was deemed unlawful, rendering the sale and purchase deed and mortgage rights null and void, including acts such as painting on the debtor's wall. Similarly, in Case No. 1798 K/Pdt/2023, the first defendant was found to have committed an unlawful act by intimidating the plaintiff at her husband's workplace. All three decisions have permanent legal force (inkracht).

Based on research, five previous studies highlight different focuses. For example, Puteri Nur Amalia examined legal protection for creditors in the seizure of fiduciary collateral by the Corruption Eradication Commission (KPK). Alventura Bernard Pangemanan discussed creditor protection when the collateral does not belong to the applicant and its legal implications. Muhammad Dzulfiqar Rahmatullah studied the legal certainty of notarial powers of attorney in the execution of collateral when the debtor defaults. Antony Wirawan focused on heirs' rights to insurance claims and the impact of company bankruptcy. Meanwhile, Cjaraditha Putri Rianta examined the legal certainty of the transfer of rights over collateral in relation to evidentiary requirements in court proceedings.

The practice of placing banners outside collateral objects by creditors to collect non-performing loans has raised serious legal and ethical concerns, as it can harm debtors materially and immaterially and potentially damage their reputation, violating consumer protection principles. This phenomenon has received limited attention in existing research, particularly regarding legal protection for debtors against such unlawful acts. By examining these practices through the lens of legal protection theory and unlawful acts theory, this study contributes to knowledge enrichment by analyzing a niche legal issue that intersects consumer rights and banking practices. This research aims to explore the procedures creditors follow in collecting non-performing loans through banner placement outside collateral and to examine the legal protection available to debtors against such unlawful actions.

LITERATURE REVIEW

Theory of Unlawful Acts

According to E. van Dijk, an act may be classified as an unlawful act if it fulfills four elements: the existence of an unlawful conduct, fault (schuld), loss or damage suffered by another party, and a causal relationship between the act and the resulting loss.

Theory of Legal Protection

According to Philipus M. Hadjon, legal protection emphasizes the safeguarding of fundamental rights and human dignity. Its primary aim is to prevent arbitrary actions by authorities and to ensure legal certainty.

METHODOLOGY

This study employs a normative legal research method using statutory, case, analytical, and conceptual approaches. The data sources consist of primary legal materials (the 1945 Constitution, the Indonesian Civil Code, laws, as well as OJK and BI regulations), secondary legal materials (literature, previous research, and scholarly articles), and tertiary legal materials (dictionaries, encyclopedias, and legal indexes). Data collection was carried out through literature study by examining regulations, court decisions, and relevant legal literature, which were subsequently classified. The data were analyzed using a normative qualitative method through legal interpretation both grammatical and systematic as well as legal construction techniques, including analogy and legal refinement (rechtsverfijning).

RESEARCH RESULT

This research employs a normative juridical approach by examining legislation, legal principles, and court decisions related to debt collection practices in cases of non-performing loans. The initial stage involves identifying the relevant legal framework, including the Indonesian Civil Code, the Banking Law, the Mortgage Law, the Personal Data Protection Law, as well as OJK regulations on consumer protection. The analysis of legal principles further strengthens the theoretical foundation, particularly the principles of freedom of contract, prudential principle, and good faith. The study then compares the formal procedures of lawful debt collection (such as written warnings, credit restructuring, and execution of collateral) with the practice of creditors installing banners outside the collateral object.

The findings demonstrate that the installation of banners is not part of lawful debt collection procedures, but rather constitutes a deviation that potentially violates the law. An analysis based on Article 1365 of the Indonesian Civil Code confirms that such actions fulfill the elements of an unlawful act, namely: the existence of an unlawful conduct, fault (either intentional or negligent), material and immaterial damages, and a causal relationship with the debtor's losses. Case studies (such as Decision No. 67/Pdt.G/2023/PN Jmr and Decision No. 129/G/2024/PTUN.BDG) reinforce these findings, holding that the installation of banners is an unlawful act that may give rise to legal liability for creditors.

DISCUSSION

The Procedure of Non-Performing Loan Collection by Creditors in Relation to Unlawful Conduct through the Installation of Banners Outside the Collateral Object

In banking legal practice, the procedures for collecting non-performing loans by creditors are normatively regulated through various regulations, both general provisions in the Civil Code (KUHPerdata) and sector-specific rules such as POJK No. 22 of 2023 on Consumer Protection in the Financial Services Sector. When a debtor defaults or a loan is declared non-performing, the creditor is required to follow collection steps in accordance with the principles of prudent banking and consumer protection. These steps include voluntary collection efforts, restructuring, written warnings, and, if necessary, the execution of collateral in accordance with legal procedures.

In line with the development of banking law, the Financial Services Authority has issued Regulation (POJK) Number 22 of 2023 on Consumer and Public Protection in the Financial Services Sector, as a follow-up to Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector (UU P2SK). This regulation reinforces the legal position that Financial Services Business Actors (PUJK), including banks, are not only required to maintain contractual compliance but are also obligated to uphold the principles of consumer protection.

Theoretically, the legal relationship between a bank and a debtor is based on the principle of freedom of contract, as regulated in Article 1338 of the Civil Code (KUHPerdata). However, this freedom is not without limits. In practice, credit contracts must comply with the principles of fairness and legal protection of the parties' rights, including the principle of good faith in fulfilling legal obligations.

A violation of this principle may result in the emergence of an unlawful act as referred to in Article 1365 of the Civil Code (KUHPerdata). In the context of debt collection, a bank's actions must comply with positive law regulating ethical collection procedures in accordance with societal norms.

The legal relationship between a bank and a debtor arises from a credit agreement governed by the Civil Code (KUHPerdata). Article 1320 sets out four requirements for a valid agreement: consent, capacity, a specific object, and a lawful cause, so that a credit agreement is based on the principle of freedom of contract as regulated in Article 1338 of the Civil Code. Article 40 paragraph (1) of Law No. 10 of 1998 emphasizes the bank's obligation to maintain the confidentiality of depositor data. Although it does not explicitly regulate debtors, the principles of prudence and protection of the customer's reputation remain fundamental and must be upheld.

The publicity principle in Article 13 paragraph (1) of the Mortgage Law (UUHT) indeed requires the registration of mortgage rights at the Land Office so that it is publicly known. However, this principle does not automatically justify a bank's action in widely disclosing a customer's credit condition to the public through visual media, such as banners containing negative information, without a valid and fair legal procedure.

If the placement of banners is not based on a legitimate debt or proper legal mechanism, it can be classified as defamation and may be subject to both criminal and civil liability. In the realm of consumer protection law, the Financial Services Authority (OJK) has issued Regulation (POJK) Number 22 of 2023 on Consumer and Public Protection in the Financial Services Sector. Article 62 of this regulation explicitly prohibits Financial Services Business Actors (PUJK), including banks, from conducting debt collection using methods that involve threats, violence, humiliating consumers, or any other actions that violate societal norms and ethics.

In practice, although debtor information can be publicly known in the context of mortgage rights under the publicity principle in Law Number 4 of 1996 concerning Mortgage Rights (UUHT), a bank's action in publicizing non-performing credit by placing banners, especially outside the collateral property, warrants legal criticism. However, in reality, it is still common to find creditors acting contrary to these provisions, such as by placing banners containing threats or notices of bank supervision on properties that are not even part of the credit agreement collateral.

The placement of banners by creditors without a court decision or a valid collateral execution mechanism, such as parate execution or public auction, cannot be legally justified because the principle of *pacta sunt servanda* binds the parties only to the rights and obligations set forth in the contract. Regarding property that is not collateral, the placement of banners constitutes an unlawful act under Article 1365 of the Civil Code (KUHPerdata), as the elements of act, fault, loss, and causal relationship between the act and the loss are fulfilled, particularly due to the material and immaterial damages suffered by the debtor.

According to Rosa Agustina, the placement of banners by creditors on property outside the collateral strengthens the debtor's position as the aggrieved party, as it violates the debtor's subjective rights and contradicts legal obligations, both written and those based on prevailing principles of fairness and morality.

The placement of banners by creditors at a debtor's residence, which is not part of the collateral, violates the principles of prudence and good faith, as well as Article 1365 of the Civil Code (KUHPerdata), because it defames the debtor without legal basis. Proper debt collection procedures must go through written warnings and court execution or public auction, while POJK No. 22/2023 prohibits intimidating methods or actions that demean the consumer's dignity.

Placing banners outside collateral properties without legal basis, verification, or the homeowner's consent is not only legally incorrect but also violates the principles of justice, legal protection, and propriety. Proper credit collection procedures should be carried out in stages, starting from administrative recording, informal notification, written warnings, and, if the credit defaults, execution of the collateral. Using banners as a form of pressure on the debtor can be classified as an unlawful act because it violates privacy and the principle of fairness in debt collection practices. Such banner placement does not constitute an official step in non-performing loan collection, as the proper procedure should follow legitimate mechanisms such as written notices, mediation efforts, and, if necessary, court proceedings or collateral execution based on an authentic deed.

From a legal perspective, creditors do have the right to collect debts; however, its execution must comply with applicable laws. Collection outside official mechanisms, especially by publicly humiliating the debtor, may give rise to counterclaims for defamation or unlawful acts as regulated under Article 1365 of the Civil Code (KUHPerdata). Therefore, debt collection procedures must follow the legitimate process, as outlined in the stages described above, to avoid legal consequences for the creditor.

In court decisions, such as in Case No. 67/Pdt.G/2023/PN Jmr, the panel of judges considered that the placement of banners outside collateral properties by the bank was unlawful and violated the law, as it caused both moral and material harm to the debtor. This serves as an important precedent that debt collection procedures must not be carried out arbitrarily, even when the debtor is in default. The law does not grant creditors the legitimacy to act beyond the limits of the agreement, especially in ways that humiliate or intimidate the debtor in public.

Debt collection procedures by creditors must be carried out in accordance with applicable regulations, following the administrative and legal steps established by law. Any action outside these procedures, especially placing banners on properties that are not collateral, is not only unlawful but also constitutes an element of an unlawful act. Therefore, legal protection for debtors is highly relevant and must be upheld in addressing debt collection practices that deviate from positive legal provisions.

The placement of banners by creditors on property outside the collateral, even if intended to pressure the debtor to fulfill their obligations, is essentially a repressive action without a valid legal basis. Under the Indonesian legal system, execution against a defaulting debtor can only be carried out through legal mechanisms, not through social or psychological pressure.

This emphasizes that banks or financial institutions cannot act arbitrarily under the so-called “right to collect,” but must adhere to the debt collection procedures set out in the credit agreement and prevailing laws and regulations. Actions that publicly humiliate the debtor directly contradict the principles of justice and the doctrine of due process of law.

From a legal perspective, every creditor is obliged to adhere to the principle of prudence (prudential principle) in carrying out its intermediary functions, including when dealing with non-performing loans. This principle applies not only during the granting of credit but also during debt collection. The prudential principle forms the foundation of Law No. 10 of 1998 on Banking, which obliges banks to protect the interests of their customers in a balanced manner. In this context, the placement of banners intended to humiliate the debtor violates the prudential principle and may create legal liability for the bank as an institution that is expected to adhere to ethics and professionalism.

The issue of privacy violations is also significant in cases of banner placement. Law Number 27 of 2022 on Personal Data Protection recognizes the right to privacy and the protection of individual data, including home addresses and personal identities. When a creditor unilaterally places a banner containing information about a debtor’s debt, it can be classified as a violation of privacy and unauthorized disclosure of personal data. In practice, this can give rise to both civil and criminal claims, as it causes material losses (such as business or reputational harm) and immaterial losses (such as damage to the debtor’s honor and personal dignity).

From a sociological perspective, the placement of such banners not only disrupts the debtor’s peace of mind but also creates a prolonged social stigma. Debtors labeled as “delinquent” in public risk losing social relationships, business reputation, and public trust. In reality, not all non-performing loans result from the debtor’s negligence or bad faith. Many cases arise due to force majeure or errors on the bank’s part in conducting creditworthiness analysis. Therefore, inhumane and dignity-degrading collection practices should be abandoned by modern financial institutions.

From a legal perspective, placing banners outside collateral by creditors can be considered an unlawful act under Article 1365 of the Civil Code, allowing debtors to claim compensation for both material (business losses, property devaluation) and immaterial damages (psychological distress, social pressure). Creditors may also face administrative sanctions from the Financial Services Authority under POJK No. 22 of 2023 if consumer protection principles are violated. Court rulings, such as Case No. 129/G/2024/PTUN.BDG, generally reject unilateral collection actions by creditors outside legal procedures, emphasizing that banks cannot act as executors without proper legal process. From a justice perspective, such banner placement violates the principle of humane treatment and public dignity. Restorative approaches, such as negotiation, restructuring, or mediation, are more ethical solutions, while banners exacerbate conflict and prolong disputes.

Ultimately, it is crucial to emphasize that debt collection procedures for non-performing loans must be conducted in accordance with the law, ethical standards, and principles that protect the legal rights of both parties. The placement of banners outside collateral is not only legally unjustified but also creates a negative precedent in financial practices. Strengthening regulations and oversight by the Financial Services Authority (OJK) is therefore necessary to ensure optimal legal protection for debtors within a fair and healthy credit relationship.

From a civil law perspective, banner placement by creditors outside collateral should be carefully examined as an unlawful act (onrechtmatige daad) under Article 1365 of the Civil Code (KUHPerdata). E. van Dijk's theory provides a relevant analytical framework, stating that an act can only be classified as onrechtmatige daad if four elements are met: (1) an unlawful act, (2) fault, (3) resulting damage, and (4) a causal link between the act and the damage.

The first element unlawful act is clearly present in the unilateral action of the creditor placing a banner outside the collateral without legal basis. This action is not part of the legal procedures for collateral execution as regulated under the Mortgage Law or other execution provisions.

This act violates normative provisions because it does not follow proper procedures, lacks the debtor's consent, and is not carried out through the courts or authorized state auction officials. Substantively, the action also contradicts societal norms of decency and propriety and infringes on the debtor's privacy rights as protected under Law No. 27 of 2022 on Personal Data Protection. Therefore, the element of an unlawful act, according to E. van Dijk, is fulfilled.

The second element is fault, which, according to E. van Dijk, forms an important basis for the accountability of the actor. In this case, the creditor's fault consists of both culpa (negligence) and dolus (intentional wrongdoing). It is intentional because the banner was placed with the aim of psychologically pressuring the debtor to promptly fulfill their obligations. It is negligent because the creditor disregarded the duty to follow lawful and proportional procedures. This behavior reflects a low level of legal awareness and a neglect of banking professionalism principles as stipulated in POJK No. 22 of 2023 on Consumer Protection in the Financial Services Sector.

The third element is damage, both material and immaterial. As a result of the banner displaying the debtor's identity and accusations of non-payment, the debtor suffers losses such as reputational decline, disrupted social relationships, and potential loss of employment or business opportunities. In some cases, the debtor's family also experiences psychological and social pressure due to public humiliation in their neighborhood. These damages are real and can be quantified under civil law.

The fourth element is the causal link between the act and the resulting damage. In this case, there is a direct connection between the creditor's placement of the banner and the losses suffered by the debtor. The banner became the primary cause of social pressure and reputational damage suffered by the debtor. According to E. van Dijk's theory of causality, if the act had not been carried out, the damage would not have occurred. Thus, the causal link (causal verband) is clearly established, fulfilling the requirement for legal accountability.

When all four elements are met, both in theory and in practice, the creditor's action qualifies as an unlawful act. This means the debtor, as the victim, has the right to file a lawsuit for compensation in court under Article 1365 of the Civil Code (KUHPerdata). In such a claim, the debtor may seek restitution for material losses as well as compensation for psychological suffering caused by the creditor's arbitrary actions.

However, in reality, there is a gap between theory and practice. Many creditors believe they have a "moral right" to collect debts by any means, including publicly humiliating the debtor. This creates an irony, as the law provides fair and orderly channels through courts or execution auctions of collateral, yet these are often ignored for the sake of efficiency or emotional pressure. This discrepancy highlights weak ethical enforcement in the financial services sector and underscores the need to strengthen legal protection for debtors, who are often the vulnerable party in credit disputes.

From a legal policy perspective, actions such as banner placement should not only be treated as a civil violation but can also be addressed through administrative supervision by the Financial Services Authority (OJK), given that banks and financial institutions are obligated to maintain good corporate governance. Banks that collect debts by humiliating debtors violate principles of transparency, fairness, and equitable treatment as set forth in POJK and SEOJK provisions governing consumer complaint resolution. This discrepancy highlights the need to reformulate oversight mechanisms and sanctions for deviant debt collection practices.

The practice of placing banners outside collateral clearly contradicts E. van Dijk's theory of onrechtmatige daad. The elements established in this theory are often neglected in the unilateral actions of creditors in the field. Therefore, consistency is needed between the application of law and the principles of legal theory so that legal protection for debtors is not merely theoretical but effectively implemented.

In banking practice, creditors do have the right to collect debts when a debtor defaults or a loan becomes non-performing. However, this right must be exercised in accordance with applicable laws, both under civil law and financial sector regulations. One procedure regulated by Law No. 4 of 1996 on Mortgages stipulates that the execution of collateral can only be carried out through public auctions or court proceedings, prioritizing the principle of due process of law. Violations of this provision can be classified as unlawful acts, resulting in legal liability for the creditor.

The placement of banners by creditors on property outside the collateral in an effort to collect debts clearly deviates from legitimate debt collection procedures. The placement of banners stating that a debtor has defaulted not only falls outside the legal collateral execution mechanisms but also violates consumer protection principles as set forth in POJK No. 22/POJK.01/2023 on Consumer and Public Protection in the Financial Services Sector. This practice is often motivated by the intent to publicly shame the debtor and create psychological pressure, thereby conflicting with the principles of justice and the debtor's personal dignity.

This action fulfills the elements of an unlawful act as outlined by E. van Dijk in Verbintenissen uit de wet (1960), which states that an act can be considered unlawful if it involves an unlawful act itself, fault, damage, and a causal link. In the case of banner placement, the element of an unlawful act is satisfied because the action violates applicable regulations and the debtor's rights as a citizen. The element of fault is also met, as the banner was placed deliberately with the intent to pressure the debtor. The resulting damage is also evident, including immaterial losses such as reputational harm, as well as material losses like the decline in value of the business or property affected by the banner.

Case No. 67/Pdt.G/2023/PN Jmr demonstrates that a bank's placement of a banner labeling a debtor as delinquent constitutes an unlawful act because it bypasses proper procedures and harms the debtor's reputation and psychological well-being. The court ordered the removal of the banner and affirmed the protection of the debtor's personal rights. Debtors may pursue either a litigation route (civil lawsuit under Article 1365 of the Civil Code) or a non-litigation route (complaint to the Financial Services Authority under POJK No. 22/2023). Strengthening regulations, OJK oversight, legal education for customers, and adherence to prudential principles by creditors are necessary to ensure that debt collection processes remain lawful and uphold the debtor's dignity.

Legal protection for debtors against unlawful acts by creditors in the collection process through banner placement beyond the collateral

Debt collection is the creditor's right to recover outstanding loans, but it must comply with the law and respect principles of propriety and human rights. Placing a banner that publicizes a debtor's default outside the collateral raises a legal issue: whether such an action constitutes an unlawful act that causes harm to the debtor. Under civil law, any act that harms another person and violates the law must be compensated (Article 1365 of the Civil Code). The placement of a banner by a creditor displaying the debtor's identity outside the collateral can be considered an unlawful act because it infringes on privacy rights, causes damages, involves a causal link, and includes the element of fault on the part of the creditor.

From a consumer protection perspective, the Financial Services Authority (OJK) Regulation No. 6/POJK.07/2022 prohibits actions that intimidate, humiliate, or harm debtors during debt collection. Banners of this kind create social and psychological pressure, conflicting with the principle of good faith in the legal relationship between debtor and creditor. Jurisprudence supports this view; for instance, Case No. 67/Pdt.G/2023/PN Jmr ruled that placing a banner outside the collateral displaying the debtor's identity violates the law and norms of propriety. Accordingly, aggrieved debtors can pursue legal action to claim damages or report the creditor's conduct to the OJK. In essence, debt collection must be carried out lawfully, with dignity, and respecting the rights of the debtor.

Ultimately, the Indonesian legal system provides adequate avenues for debtors to obtain protection against arbitrary actions by creditors. Debt collection must be conducted proportionally, legally, and with respect for human rights and dignity. The placement of banners by creditors outside the collateral without legal basis or a court order can be considered unlawful and must be stopped.

Such actions are often intended to exert psychological pressure to accelerate repayment, but they can ultimately harm the creditor. Civil law and the Constitution (Article 28G paragraph 1 of the 1945 Constitution) guarantee rights to dignity, reputation, and privacy, making the public disclosure of a debtor's identity without consent a violation of these rights. The Criminal Code (Articles 310 and 311) also criminalizes defamation.

Under the doctrine of unlawful acts, conduct is judged not only by statutory violations but also by propriety, morality, and societal norms. Therefore, placing a banner that publicly shames a debtor can be sued under Article 1365 of the Civil Code to claim damages.

Jurisprudence shows that courts tend to protect debtors from intimidatory or humiliating actions. For example, Case No. 129/G/2024/PTUN.BDG confirmed that placing banners or signs by a bank without legal basis or a court order violates proper debt collection procedures. While creditors have the right to collect debts, the process must be lawful and must not infringe on the debtor's private rights.

Moreover, the principles of proportionality and consumer protection in the financial sector are regulated by the OJK (POJK No. 22/POJK.01/2023), which prohibits coercion, intimidation, or violence in debt collection. Banners that publicly shame debtors can violate these principles and result in administrative, criminal, or civil liabilities. In civil claims, the debtor must prove the unlawful act, the damages incurred, and the causal link between the act and the harm.

Debtors can use evidence such as photos of the banner, witness testimony, or psychological/medical reports to support claims for damages. If proven, the court usually requires the creditor to compensate for the harm caused. Legal protection for debtors does not eliminate the obligation to repay debts but ensures that debt collection is conducted proportionally, with dignity, and in accordance with the law. Debtors may pursue civil claims, report the matter to the OJK, or seek criminal action if defamation has occurred.

For example, Case No. 67/Pdt.G/2023/PN Jmr found PT BRI at fault for placing a banner at Rukyati's house, which was not part of the collateral (it was actually farmland). This action caused immaterial damages such as embarrassment, psychological pressure, and economic loss because the house was rented out. According to Philipus M. Hadjon's theory of legal protection, this act constitutes a violation as it harms the debtor's fundamental rights and warrants legal protection.

The bank's actions harmed the Plaintiff's personal rights, including security, reputation, and peace of life in the community. This contradicts the legal principle that debtors should be protected, highlighting a gap between the theory of legal protection and actual practice. According to Philipus M. Hadjon's theory, the law must protect the weaker party and address social realities, not merely follow textual rules. In this case, although the Plaintiff was only about 14 days late due to crop failure, the bank did not offer solutions such as rescheduling or financial education but immediately took repressive action by placing a banner. This conduct violates Article 1365 of the Civil Code (unlawful acts) and POJK No. 22/POJK.01/2023 (prohibition of humiliating debtors). The bank's practice demonstrates a power imbalance and rigid legal formalism that ignores social, moral, and human aspects, thereby conflicting with the principle of substantive justice in legal protection.

Decision No. 67/Pdt.G/2023/PN Jmr confirms that debt collection practices that humiliate a debtor, especially involving property not used as collateral, constitute unlawful acts. The case highlights the importance of proportionality, ethical debt collection, and humane legal protection in line with Philipus M. Hadjon's theory. In this instance, the Plaintiff (Rukyati) was late in repaying her loan due to crop failure. Instead of employing a persuasive approach, the bank placed a banner on a house that was not part of the collateral, violating Article 1365 of the Civil Code (unlawful acts) because it involved fault, material and immaterial losses, and a clear causal link. This action also contradicts the principles of good faith, procedural justice, and POJK No. 22/POJK.01/2023, which emphasize that debt collection must be professional, ethical, and must not humiliate consumers. The case illustrates the gap between the theory of legal protection and practice, reaffirming that the law must protect citizens' rights and ensure substantive justice, not merely formal compliance.

The law should have protected Rukyati as the party weaker in position compared to the bank. However, the debt collection was conducted in an intimidating and humiliating manner, despite the delay being only two weeks and the Plaintiff having a genuine intention to pay. According to Philipus M. Hadjon, the law must favor those who are socially and economically vulnerable. The use of economic power by the bank to pressure the debtor socially such as by placing a banner on a house that was not part of the collateral constitutes an abuse of authority and demonstrates that legal practice often favors formal power over substantive justice.

The bank's actions were unfair and violated the principle of proportionality, as the value of the collateralized rice field (approximately IDR 500 million) was far greater than the loan amount (IDR 30 million), making intimidating measures unnecessary. The banner was placed on a house that remained part of the Plaintiff's parents' inheritance, constituting a legal misuse of the property. These facts demonstrate a violation of the right to dignity, fair treatment under the contract, and protection against arbitrary actions, which should be guaranteed by the state through the courts and the Financial Services

Authority (OJK). Constitutionally, the creditor's actions also contravene Article 28G of the 1945 Constitution of Indonesia.

A court ruling that declared the installation of banners as an unlawful act and ordered the bank to pay compensation exceeding one billion rupiah underscores the importance of enforcing substantive legal protection. This case illustrates that banking practices often neglect ethics, social justice, and the principle of prudence, thereby affirming the relevance of Philipus M. Hadjon's theory of legal protection as a normative reference. The installation of banners on a house that was not the collateral object was proven to be arbitrary, unlawful, and harmful to the debtor both morally and materially, including violations of the rights to security, privacy, and dignity.

As a primary form of legal protection, the debtor may pursue litigation in court pursuant to Article 1365 of the Indonesian Civil Code concerning unlawful acts. In this case, the elements of an unlawful act were fulfilled: the existence of an unlawful action in the form of installing banners outside the collateral object, the bank's fault for failing to verify the correct object, the damages incurred both material and immaterial, and a clear causal relationship between the act and the resulting loss.

The court granted the entire claim and ordered the bank to pay compensation of more than one billion rupiah, setting a precedent that violations of debtor rights in credit collection are not permissible. In addition to civil claims, debtors may also seek protection by filing a complaint with the Financial Services Authority (OJK), which has the authority to sanction financial institutions that violate POJK No. 22/POJK.01/2023. This regulation prohibits collection methods that humiliate or exert undue pressure on consumers, including the installation of banners on properties that are not pledged as collateral. Constitutionally, the creditor's actions may also be challenged as they contravene Article 28G paragraph (1) of the 1945 Constitution, which guarantees the right of every person to protection of self, honor, and dignity.

The act of humiliating a debtor in a public space without legal basis constitutes a violation of human rights and personal dignity. Law should not merely function in a formal sense, but must also safeguard individual rights against the abuse of creditors' economic power. This aligns with the theory of Philipus M. Hadjon, which emphasizes that law must provide real protection to disadvantaged members of society, serve as a living instrument of justice, and side with humanity rather than rigid legal certainty.

In this case, the protection of a debtor who suffered losses due to the unlawful actions of the creditor represents a concrete form of substantive legal protection. Law enforcement that relies solely on formal legality without taking into account sociological conditions and justice for the weaker party is inconsistent with the principles of progressive law as advanced by Philipus M. Hadjon.

Legal protection for debtors serves as the state's mechanism to maintain balance in the relationship between creditors and debtors. When creditors engage in excessive debt collection practices such as humiliating debtors outside the collateral object without legal basis the state, through the courts, the Financial Services Authority (OJK), and other legal institutions, is obliged to provide protection. The purpose is not merely to enforce regulations, but to ensure the realization of substantive justice. Such protection is essential to strengthen the legal system so that it remains responsive to the abuse of authority by financial service institutions.

When financial institutions, particularly banks, employ disproportionate collection methods targeting objects not directly related to the collateral agreement, such actions constitute a violation of the principles of procedural justice. This not only creates personal harm for the debtor but also undermines the ethical framework of debt collection in national financial practices. The Financial Services Authority (OJK) plays a central role in ensuring that financial services operate in accordance with consumer protection norms. Through POJK No. 22/2023, OJK may impose administrative sanctions such as warnings, fines, restrictions on business activities, and even license revocation against creditors who violate ethical standards in debt collection. This regulation is grounded in Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law), which affirms consumer protection as a primary objective of supervision and grants OJK the authority to oversee the conduct of Financial Service Providers to ensure transparency, fairness, and the protection of consumer rights.

The P2SK Law strengthens consumer protection in banking practices, including non-performing loan collections, so that debtors are protected not only contractually under the Civil Code but also through public regulation. Collection practices that exceed normative limits, such as the installation of banners outside the collateral object, may give rise to civil lawsuits as well as administrative sanctions from the Financial Services Authority (OJK). This case demonstrates an abuse of economic power by the bank, contrary to the principles of contractual justice and fair dealing, and underscores the importance of the state's role in protecting the weaker party to ensure that banking practices remain just and uphold public trust.

Legal protection must pursue social justice rather than merely normative justice. According to Philipus M. Hadjon's theory, the law must side with those who are economically disadvantaged. In the banking context, when institutional power exerts social or psychological pressure on debtors, systemic correction is required through a humanistic and empathy-based legal approach.

Furthermore, from the perspective of professional ethics and corporate governance, financial institutions must implement an internal code of conduct that aligns with the principles of consumer protection and the values of professionalism. The installation of banners outside the collateral object constitutes a failure to establish an ethical collection system and causes reputational harm not only to the debtor but also to the financial institution itself. In this regard, legal protection for debtors should also be understood as part of safeguarding the overall reputation of the banking industry.

The active role of the state through legal instruments is essential to ensure certainty and the protection of civil rights, particularly for debtors who often occupy a weaker social and economic position. One concrete measure that should be promoted is the application of restorative justice principles in the context of banking and finance an approach to dispute resolution that is not solely oriented toward the fulfillment of financial obligations, but also toward the restoration of dignity and the repair of social relations damaged by repressive debt collection practices.

Legal and financial literacy is essential to protect debtors from falling victim to creditor intimidation. The Financial Services Authority (OJK), banks, and civil society must be actively involved in public education. In addition, financial institutions need to strengthen internal supervision and compliance-based governance so that professional ethics are genuinely upheld in operations, including in the process of debt collection from customers.

The case of banner installation that publicly humiliated a debtor outside the collateral object, as in Decision No. 67/Pdt.G/2023/PN Jmr, serves as an important precedent that our legal system must not tolerate inhumane debt collection practices. This decision should be used as a foundation for strengthening ethical and legal norms in the financial services sector and for encouraging the courts to adopt a more progressive stance in assessing the protection of human dignity within the context of creditor–debtor relations.

Ultimately, legal protection for debtors must be regarded as an integral part of a legal system that upholds substantive justice, ensuring equality in legal relations between individuals and institutions. Debt collection practices that exceed reasonable limits, particularly when lacking a clear legal basis, not only violate formal regulations but also undermine the moral and human values that form the foundation of the national legal system. Thus, the establishment of a legal enforcement system that is inclusive, just, and responsive to malpractice in the financial industry is an imperative that cannot be postponed.

CONCLUSIONS AND RECOMMENDATIONS

The procedure for collecting non-performing loans must adhere to lawful mechanisms, such as the execution of collateral in accordance with Law No. 4 of 1996 or by court decision. Creditors who attempt to collect debts by installing banners outside the collateral object deviate from legal provisions, violate the principle of propriety and the prudential principle, and may be classified as an unlawful act under Article 1365 of the Indonesian Civil Code. Consequently, debtors may suffer both material and immaterial losses. Legal protection for debtors can be pursued through two avenues: administratively, by filing a complaint with the Financial Services Authority (OJK) pursuant to POJK No. 22/POJK.01/2023, or judicially, through civil litigation in court to seek compensation and the restoration of rights.

Creditors should consistently comply with the applicable legal procedures, particularly those regulated under Law No. 10 of 1998 on Banking, while implementing the prudential principle to ensure that debt collection is conducted lawfully and ethically. Collection practices that publicly humiliate debtors, such as the installation of banners, must be avoided and replaced with formal mechanisms grounded in law. Conversely, debtors who feel aggrieved should promptly exercise their right to file complaints with the OJK or bring civil claims based on Article 1365 of the Civil Code. The government and the OJK should also strengthen awareness programs regarding debtor rights while enforcing administrative sanctions against financial institutions that violate lawful collection procedures.

ADVANCED RESEARCH

This study has limitations as it relies solely on a normative juridical approach without incorporating empirical surveys of banking practices or the direct experiences of debtors. Therefore, future research is recommended to combine normative analysis with empirical studies in order to obtain a more comprehensive understanding of debt collection patterns, including the socio-psychological impacts and the effectiveness of legal protection provided to debtors.

ACKNOWLEDGMENT

The author would like to express sincere gratitude to colleagues who provided valuable feedback during the preparation of this research, as well as appreciation to academic institutions and organizations that offered access to literature and research facilities.

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