

A Legal Analysis of Legal Protection for Consumers Regarding the Withdrawal Process with Fiduciary Guarantee

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ABSTRACT

This study aims to analyze legal protection for consumers in the process of withdrawing fiduciary collateral in Pekanbaru City during 2023-2024. The background to this research is based on the increasing number of legal issues faced by consumers related to the unilateral withdrawal of fiduciary collateral by creditors. In many cases, consumers are often in a vulnerable position and do not receive adequate legal protection. This situation raises concerns about legal uncertainty, especially in the Pekanbaru area, which has experienced an increase in credit activity with fiduciary collateral. This phenomenon raises concerns regarding the low level of protection for consumers, particularly regarding their rights, which are often neglected in the process of withdrawing fiduciary collateral. This research has a main problem that will be discussed, namely, the implementation of legal protection for consumers in the process of withdrawing fiduciary guarantees and the obstacles faced by consumers in obtaining legal protection, and the purpose of this research is the same as the formulation of the main problem, namely to find out the results of the problem formulation made by the author. This legal research is a type of sociological empirical legal research. This type of research method is intended to solve current problems by collecting data, compiling or classifying it, then analyzing and observing legal realities within society to obtain results. The research results show that although regulations related to fiduciary guarantees are stipulated in Law Number 42 of 1999, their implementation in the field often does not comply with applicable legal procedures. Many creditors carry out unilateral withdrawals without going through the courts, resulting in losses for consumers. Obstacles faced by consumers in obtaining legal protection include a lack of legal awareness among consumers and weak law enforcement by relevant authorities. This study recommends the need for more intensive outreach regarding consumer rights and increased capacity of law enforcement agencies to handle cases involving fiduciary guarantees. This research also highlights the importance of synergy between law enforcement agencies, creditors, and consumers in creating fair and transparent legal certainty. This collaborative approach is expected to minimize conflicts arising from the withdrawal of fiduciary guarantees and ensure that consumer rights are effectively protected.

Keywords: *Consumer protection, Fiduciary Guarantee, Unilateral Withdrawal*

1. Introduction

In this modern era, the dynamics of economic activities are developing rapidly, accompanied by an increase in transactions involving fiduciary guarantees.¹ Types of financing credit involving fiduciary guarantees are an important part of the financing sector in Indonesia. Fiduciary guarantees allow the creditor to obtain rights to the financed goods, even though the goods remain in the debtor's possession. Fiduciary guarantees are typically used in financing motor vehicles, heavy equipment, and other

¹ Rio Christiawan, *Perkembangan Dan Praktik Jaminan Fidusia* (Raja Grafindo Persada, 2022).

goods that require significant capital. This concept is widely applied in financing transactions due to its flexibility and relative ease of monitoring. As a financial instrument, it is often used in various transactions to guarantee the fulfillment of obligations, particularly in banking credit and financing.² Collateral has a very important function in economic activities in general because in providing capital loans from financial institutions (both banks and non-banks) there is a requirement for collateral, which must be fulfilled by capital seekers if they want to get a loan/additional capital (in the form of credit) for both the long term and the short term.³

Fiduciary guarantee construction is the transfer of ownership rights over movable goods belonging to the debtor to the creditor, while physical control remains with the debtor.⁴ In motor vehicle financing, for example, consumers who purchase vehicles on credit often provide fiduciary collateral to the financing institution. The purchased vehicle becomes the collateral, but ownership of the vehicle remains with the consumer until all installments are paid in full. If the consumer fails to fulfill their obligations, the financing institution has the right to repossess the vehicle. In this context, consumer protection is a crucial issue, particularly regarding the transparency of the repossession process and the financing institution's obligation to provide clear information regarding consumer rights.⁵ Because the withdrawal of fiduciary collateral is often carried out without clear procedures, thus ignoring the rights of debtors who should be protected by law. This is because in entering into fiduciary agreements, debtors are often in a weaker position compared to creditors. This also causes legal uncertainty both between legal protection for consumers and protection for the financial industry itself. In Indonesia, consumer protection is specifically regulated in Law Number 8 of 1999 concerning Consumer Protection. This law provides a legal basis for consumers to obtain protection and fight for their rights in economic transactions.⁶

The rules for the withdrawal of fiduciary collateral are regulated in Law Number 42 of 1999 concerning Fiduciary Collateral. Based on the provisions of Law Number 42 of 1999, specifically Article 15, there are differing interpretations regarding the execution or withdrawal process of fiduciary collateral in the form of motor vehicles if the credit is problematic. Some interpret the process of repossessing motor vehicles must go through the courts, but others believe that based on the authority granted by the Law, the repossession can be carried out independently or unilaterally, and this is what then occurs in society, forced repossession of motor vehicles by debt collectors. In 2021, the

² Subhan Akbar, *Dinamika Ekonomi Global & Masa Depan Ekonomi Indonesia* (2021).

³ Jatmiko Winarno, 'Perlindungan Hukum Bagi Kreditur Pada Perjanjian Jaminan Fidusia', *Jurnal Independent*, 1.1 (2013), p. 44, doi:10.30736/ji.v1i1.5.

⁴ Zakky Septian Irhami Maulana and Lathifah Hanim, 'Eksekusi Jaminan Fidusia Menurut Undang-Undang Fidusia (Studi Di Kantor PT. Pegadaian Persero Cabang Pedurungan Kota Semarang)', *Konferensi Ilmiah Mahasiswa Unissula (KIMU)* 4, 42, 2020, pp. 562-79.

⁵ Muhammad Marzuki, *Hukum Jaminan Fidusia Di Indonesia* (Rajawali Pers).

⁶ Aulia Lusian, *Hukum Perlindungan Konsumen Di Indonesia* (Gramedia Pustaka Utama, 2019).

Constitutional Court issued Decision Number 2/PUU-XIX/2021. The latest Constitutional Court Decision states that court action is only taken if the debtor or one of the parties objects to the confiscation process. If the agreement regarding breach of promise (Wanprestasi) by the fiduciary rights grantor (debtor) to the creditor is still not recognized by the debtor and the debtor objects to voluntarily handing over the object that is the object of the fiduciary agreement. In this case, the Court has reaffirmed in Constitutional Court Decision Number 2/PUU-XIX/2021 that creditors must submit a request for execution to the District Court.

Pekanbaru City, one of Indonesia's economic centers, has seen an increase in fiduciary-backed credit activity. This increase, on the one hand, indicates positive economic growth, but on the other hand, also carries legal implications that require attention, particularly regarding consumer protection. Consumers, in this context, are often at a disadvantage, particularly when faced with the process of repossessing collateral by creditors. This situation raises an urgent need to examine more deeply how Indonesian law, particularly in Pekanbaru City, protects consumers in such situations. In 2023-2024, several prominent cases related to the repossession of fiduciary collateral in Pekanbaru City have emerged, giving rise to various legal issues. These cases demonstrate the imbalance of power between creditors and consumers, with creditors often possessing greater resources and access to information. This calls for a critical review of existing regulations and practices to ensure that consumer rights are protected fairly and effectively.⁷ Furthermore, the unique economic and social dynamics of Pekanbaru City provide a unique context for fiduciary guarantee practices and consumer protection. Factors such as local economic structure, levels of financial and legal literacy, and local government policies influence the practice.⁸ In Pekanbaru City, where financial and legal literacy levels may not be as high as in other areas, this situation is even more critical. Consumers often do not fully understand their rights and obligations, particularly regarding the procedures for repossessing collateral and their rights within the process.⁹

The case study illustrates a situation where a consumer, HW, encountered a problem with a financing institution, Astra Credit Companies (ACC) Pekanbaru, regarding the repossession of his car, which was secured by a fiduciary guarantee. This case highlights consumer protection in the fiduciary guarantee repossession process. First, it's important to note that consumer protection in this context relates to the rights and procedures stipulated by law to ensure that consumers are not harmed or abused by creditors or financing institutions. In this case, HW experienced a unilateral repossession of his car by ACC Pekanbaru, even without his consent.

One aspect of consumer protection is the existence of legal provisions governing the

⁷ Rosnawati, *Pokok-Pokok Hukum Perlindungan Kondumen* (KENCANA, 2018).

⁸ Astri Tania, 'Implementasi Kebijakan Transaksi Non Tunai Pemerintah Daerah Di Indonesia', *Jurnal Ilmiah*, 21.1 (2021).

⁹ Reza Zulfikar, 'Perlindungan Hukum Pemegang Jaminan Fidusia Atas Dirampasnya Objek Jaminan Dalam Perkara Korupsi', *Jurnal Hukum Ius Quia Iustum*, 2022.

procedures for withdrawing fiduciary guarantees. The Constitutional Court decision cited by HW's attorney confirms that withdrawals or executions must be conducted through the District Court. Legal protection for consumers in the withdrawal process using fiduciary guarantees, studied over the 2023-2024 period in Pekanbaru City, demonstrates the complexity and dynamics involved in safeguarding consumer rights in financial transactions. This legal protection is crucial because the withdrawal process using fiduciary guarantees often involves significant risks for consumers, particularly in the context of a financial market that is constantly changing and vulnerable to detrimental practices. This study helps us understand how the legal system in Pekanbaru City addresses and responds to these challenges. In this context, legal protection for consumers becomes increasingly relevant due to changing economic and banking dynamics that directly impact consumer welfare. This study aims to uncover how existing legal regulations in Pekanbaru City are able to provide legal certainty for consumers in facing the withdrawal process using fiduciary guarantees. The success of legal protection for consumers can be measured by the extent to which these regulations are able to prevent detrimental practices and provide fair access for consumers to resolve any legal issues that arise.

The effective implementation and monitoring of existing regulations. Although regulations governing the withdrawal process using fiduciary guarantees exist, there is often a gap between theory and practice. Factors such as a lack of awareness of consumer rights, inability to access the legal system, and weaknesses in law enforcement can reduce the effectiveness of such legal protection. Therefore, steps need to be taken to raise awareness of consumer rights and strengthen law enforcement mechanisms. Based on the background and rationale for choosing the topic of this research, the author draws on several important considerations. The inequality in legal protection between debtors and creditors in the withdrawal process of fiduciary guarantees is the main driver. This reflects the injustice felt by consumers, particularly in Pekanbaru City, which has recently witnessed an increase in related cases. Furthermore, this topic was chosen because of its relevance in the context of public policy and law. By understanding the existing dynamics and challenges, this research is expected to provide valuable recommendations for improving existing regulations.

2. Research Method

Based on the type of research, the author used the Observational Research method, Empirical Law, which is research conducted directly at the location or place where the research is conducted using a questionnaire as a data collection tool using an empirical approach. The nature of this research is descriptive analysis, which aims to systematically describe and explain a phenomenon that exists in society. This approach is an approach to studying, explaining, or interpreting a problem in its natural context without any external intervention.

The primary data in this study is data collected directly by the author within the

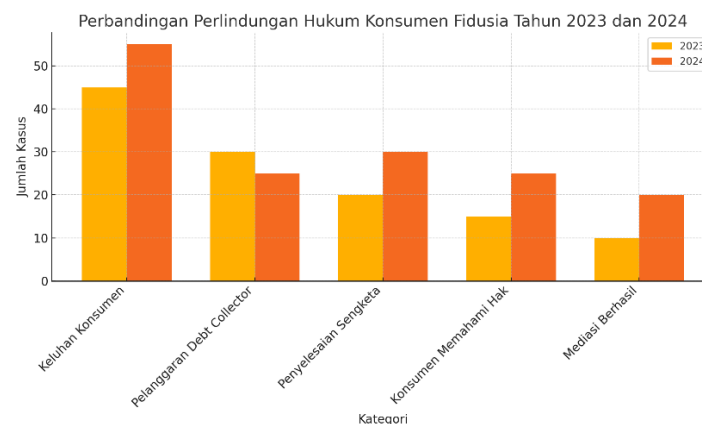
community through a questionnaire. Secondary data is research data containing literature related to the research and used as legal material.

3. Result and Discussion

3.1. Implementation of Legal Protection for Consumers in the Withdrawal Process with Fiduciary Guarantee in Pekanbaru City

Legal protection is protection given to legal subjects in the form of devices that are both preventive and repressive, both verbal and written.¹⁰ A consumer is any person who uses goods and/or services available in society, whether for their own benefit, that of their family, other people, or other living creatures, and not for trading. Consumer protection is any effort that guarantees legal certainty to provide protection to consumers.¹¹ In cases of fiduciary collateral recovery, consumer dissatisfaction often arises due to the perceived non-compliance with procedures. Consumers feel disadvantaged because they have lost their right to the goods, even though they were legally secured as collateral. In some cases, debt collectors often use actions that are inconsistent with operational standards, even tending to violate consumer rights.

Comparison of Fiduciary Consumer Legal Protection in 2023-2024



The following bar chart shows a comparison of simulated data related to fiduciary consumer legal protection for 2023 and 2024, based on the five categories discussed previously. This chart illustrates how various aspects related to consumer complaints, debt collector violations, dispute resolution, consumer rights awareness, and mediation success have evolved from 2023 to 2024.

Based on observations and interviews conducted in Pekanbaru City, several key issues frequently encountered by consumers in the fiduciary debt recovery process include a

¹⁰ Albert de la Tierra, 'Con Men', *Sociological Forum*, 32.3 (2017), pp. 684–86, doi:10.1111/socf.12355.

¹¹ Alfina Maharani and Adnand Darya Dzikra, 'Fungsi Perlindungan Konsumen Dan Peran Lembaga Perlindungan Konsumen Di Indonesia: Perlindungan, Konsumen Dan Pelaku Usaha (Literature Review)', *Jurnal Ekonomi Manajemen Sistem Informasi*, 2.6 (2021), pp. 659–66, doi:10.31933/jemsi.v2i6.607.

lack of understanding of their rights, abusive debt collection practices by debt collectors, and minimal legal intervention to protect consumers from unlawful practices. After interviewing five consumers in Pekanbaru who experienced fiduciary debt recovery, here are some of their opinions:

a. Lack of Clear Communication

A consumer revealed that he was not given sufficient notice before his property was repossessed. He felt the repossession process was carried out abruptly without any clear communication from the creditor. This lack of clarity led to confusion and frustration, as the consumer was not given the opportunity to settle the outstanding debt before the property was repossessed.

b. Lack of Legal Protection in Practice

Some consumers feel that while laws exist to protect them, these protections don't always apply in practice. For example, one consumer stated that despite attempting to appeal the recall of his goods, the financing company failed to respond adequately. As a result, the consumer had to surrender his goods without any opportunity for mediation or a more favorable agreement.

c. Unethical Collection Practices

Some consumers also report that debt collectors appointed by financing companies often use intimidating methods, such as threatening to involve the authorities or forcibly collecting debts in public. This clearly violates consumer rights and causes psychological trauma, especially for those already in difficult financial situations.

d. Lack of Access to Information Post-Recall

After a recall is issued, many consumers are confused about the next steps. They are not provided with information on how to return the recalled items, or whether they still have the right to file a complaint. This lack of access to information exacerbates the situation for consumers who have already suffered material losses.

e. Lack of Alternative Solutions Before Withdrawal

Most consumers stated that they were not provided with alternative solutions before the withdrawal. For example, in some cases, consumers were still trying to find ways to pay off their arrears, but the financing company did not offer relief or other solutions, such as debt restructuring. This demonstrates a lack of flexibility on the part of creditors in addressing consumer issues.

However, they also acknowledged that there were some implementation issues, particularly with the third parties they employed to carry out the collection. These debt collectors sometimes used unethical methods, which unfortunately were not always under Smart Finance's direct control.

Consumers' right to legal protection: Consumers who feel aggrieved by an improper withdrawal process have the right to file a lawsuit or report the case to the authorities.

In this case, institutions such as the Consumer Protection Agency can be involved.

Based on these observations and interviews, the author believes that the implementation of legal protection for consumers in the fiduciary guarantee withdrawal process is still suboptimal in Pekanbaru City. There are still many cases where consumers are not treated fairly and are not granted their rights in accordance with applicable regulations. Furthermore, oversight of third parties or debt collectors also needs to be tightened, as many of their actions violate the law and ethics.

The author also believes that consumer education should be a top priority. Many consumers in Pekanbaru do not understand their rights under fiduciary agreements, which leads them to be passive and not fight back when their rights are violated. In this regard, the local government and related institutions must conduct more intensive outreach to increase public understanding of fiduciary law.

Although fiduciary and consumer protection regulations exist, implementation still faces numerous obstacles. Some of the key challenges identified are:

a. Lack of Consumer Legal Awareness

Many consumers in Pekanbaru do not understand their rights under fiduciary guarantees. This situation is exacerbated by the lack of information provided by financing companies or parties involved in credit agreements. Consumers are often not provided with in-depth explanations about the product recall procedures, the right to mediation, or the opportunity to redeem recalled goods. As a result, consumers are in a vulnerable position when facing unlawful product recalls.

Possible solutions: The government, through institutions such as the Financial Services Authority (OJK) and the Consumer Protection Agency, can conduct a massive outreach program to educate the public. This education should include not only public campaigns through the media but also workshops and specialized training on consumer rights in the context of fiduciary guarantees.

b. The Role of Third Parties in the Collection Process

Most fiduciary asset collection processes in the field are carried out by third parties, such as debt collectors. Unfortunately, many cases show that these third parties use unethical methods, such as threats or psychological violence against consumers. This clearly violates consumer protection principles and can cause trauma for consumers whose assets are being recovered.

Possible solutions: The government should introduce stricter operating standards for debt collectors, with strict sanctions for those who violate the rules. Mandatory certification for debt collectors could be introduced, requiring parties conducting collection activities to pass training on consumer rights, collection ethics, and legal processes. Stricter oversight by law enforcement agencies should also be implemented to prevent violations by third parties.

c. Lack of Access to Consumer Protection Agencies

Many consumers find it difficult to access consumer protection agencies. Although agencies such as the Indonesian Consumers Foundation (YLKI) and the Financial Services Authority (OJK) exist, some consumers in Pekanbaru feel they don't know where to report violations during the withdrawal process. This reflects the ongoing gap in information and access for consumers to legal assistance.

A possible solution is the need for more accessible consumer service centers in various regions, especially in smaller cities like Pekanbaru. These service centers should be easily accessible, both offline and online, with staff ready to provide legal assistance and consultation. The government can also collaborate with non-governmental organizations (NGOs) to establish consumer complaint posts in strategic locations, such as shopping centers or local government offices.

d. Lack of Transparency in Recall Procedures

In many cases, recall procedures are often not transparent to consumers. They don't know when an item will be recalled, what the recall procedure is, and what options they have to avoid the recall. Furthermore, there are cases where consumer goods are recalled without prior warning, a clear violation of consumer rights under the Consumer Protection Law. A possible solution is for financing companies to be required to provide detailed written warnings to consumers before recalling goods. These warnings should include complete information about the reason for the recall, available payment options, and the consumer's right to file an objection or mediate. Technology can also be utilized, allowing consumers to receive digital notifications regarding their credit status and real-time recall alerts.

e. Sanctions for Creditors Who Violate Consumer Rights

Not all financing companies comply with applicable regulations. Some arbitrarily repossess goods without following proper legal procedures. In such cases, strict sanctions must be imposed to provide a deterrent effect. However, there is often inadequate oversight of violating creditors, resulting in continued violations without significant consequences.

A possible solution is the need for more effective oversight and reporting mechanisms. The Financial Services Authority (OJK) and related institutions should introduce a regular audit system to verify compliance with fiduciary withdrawal regulations. Furthermore, consumers should be encouraged to report violations through an easily accessible and confidential online reporting system. Creditors found to have violated the law should be subject to severe administrative sanctions, including revocation of their operating licenses if violations are repeated. Anticipating Potential Future Problems.

Overall, legal protection for consumers in the fiduciary asset recovery process in Pekanbaru City requires serious attention from all parties. Consumers, creditors, and the government must work together to create a fair and transparent system. With regulatory improvements, consumer education, stricter oversight, and the use of technology, it is hoped that the fiduciary process in the future will run more smoothly, fairly, and comprehensively protect consumer rights.

3.2. Obstacles Faced by Consumers in Obtaining Legal Protection Against Withdrawals with Fiduciary Guarantees in Pekanbaru City

Through fiduciary registration, collateral can be executed immediately without waiting for a court decision. This situation makes it easier for financial institutions to collect compensation from financing provided to customers.¹² Because of this simple process, it is important to understand the obstacles consumers face in this process because, fundamentally, consumers have rights that must be protected, both by creditors and by the law itself. However, there is often an imbalance between rights and obligations, especially when there is a default or inability of consumers to fulfill their payment obligations. Therefore, this discussion will explain the various obstacles faced by consumers in Pekanbaru City in obtaining legal protection, as well as opinions from related parties, including consumers, Smart Finance, State Asset and Auction Service Officials, and the author.

a. Obstacles faced by consumers

The first obstacle often encountered by consumers is a lack of understanding of their rights and obligations under fiduciary agreements. Interviews with five consumers in Pekanbaru City revealed that most consumers do not fully understand the contents of the fiduciary agreements they sign. They tend to simply follow the procedures provided by the financing company without carefully reading the agreement. This leaves consumers vulnerable when their vehicles are repossessed by the creditor, as they are unaware of the rights that protect them.

Second, consumers often lack adequate access to legal assistance. In cases of vehicle repossession, many consumers feel confused about where to file a complaint. Interviews with consumers revealed that when their vehicles are repossessed, they feel powerless to challenge the action. Several consumers even revealed they did not know the correct procedure for filing an objection to a repossession deemed unlawful. This indicates that access to legal protection, especially for people from low-income backgrounds, remains very limited in Pekanbaru City.

b. Smart Finance's Viewpoint

¹² Apul Oloan Sipahutar and others, 'Pelaksanaan Eksekusi Jaminan Fidusia Dalam Praktik Pada Debitur Yang Wanprestasi', *Jurnal Usm Law Review*, 5.1 (2022), p. 144, doi:10.26623/julr.v5i1.4254.

From the financing company's perspective, Smart Finance Pekanbaru City stated that it has implemented repossession procedures in accordance with applicable regulations. Two representatives from Smart Finance explained that vehicle repossession is carried out when a consumer experiences payment default or default for more than three months. They also stated that each consumer has signed a fiduciary agreement governing the terms of the vehicle repossession. However, they acknowledged that there are still some weaknesses in communication between the company and consumers, particularly in providing a deeper understanding of the rights and obligations under the agreement.

Furthermore, Smart Finance also stated that in some cases, repossession is carried out by third parties (debt collectors), and this often causes problems in the field. Consumers often feel intimidated by the actions of debt collectors, who often use unethical methods. However, the company believes that these problems are caused more by third parties, rather than internal issues.

c. Clipan Finance's View

Clipan Finance Pekanbaru City confirmed that the entire vehicle repossession process was carried out in accordance with applicable regulations and established procedures. Company representatives explained that repossessions are only carried out after consumers experience payment delays of more than three months, as stipulated in the mutually agreed-upon fiduciary agreement. They also acknowledged the need to strengthen communication with consumers, particularly in providing a deeper understanding of the rights and obligations stipulated in the agreement. Furthermore, Clipan Finance stated that in some cases, the vehicle repossession process involves a third party (debt collector), which sometimes creates challenges in the field. The company acknowledges complaints from consumers who feel intimidated by the debt collector's approach, which they deem unethical. However, they emphasized that these issues relate more to the third party's implementation and do not reflect Clipan Finance's internal operational policies.

d. Views from an Official of the State Assets and Auction Service (KPKNL)

An official of the State Assets and Auction Service (KPKNL) in Pekanbaru City offered a different perspective. According to a KPKNL official, one of the main obstacles to enforcing legal protection for consumers is the lack of coordination between authorized institutions and financing companies. The official emphasized that although regulations regarding fiduciary guarantees are quite clear, their implementation in the field often faces various obstacles, particularly in terms of monitoring repossession actions by creditors or debt collectors. Furthermore, the KPKNL official highlighted that consumers rarely utilize formal legal channels to file objections to vehicle repossessions. This could be due to various factors, such as high costs, complicated processes, and

a lack of information regarding legal procedures. Therefore, the KPKNL official recommended increasing public awareness and education regarding their rights in the context of fiduciary guarantees.

Based on interviews and analysis with various parties, the author believes that the main problem consumers face in obtaining legal protection against fiduciary guarantee withdrawals in Pekanbaru City lies in a lack of education and understanding of their rights. Although regulations exist, implementation in the field is far from ideal. Consumers are often unaware that they can sue creditors if the withdrawal is made illegally or in violation of regulations.

Furthermore, the author also observed unfairness in the loan withdrawal process, which often occurred without prior official notification. This non-transparent procedure raised concerns among consumers. Debt collectors' frequent use of intimidation is also a serious issue that requires immediate attention from the authorities.

As a solution, reforms are needed in the fiduciary guarantee withdrawal system, particularly regarding consumer protection. Local governments and relevant legal institutions need to be more active in educating the public about their rights. Furthermore, financing companies need to increase transparency and communication with consumers so they can better understand the agreements they sign.

The author believes this issue requires serious attention from various parties. In addition to strengthening regulations, it is crucial to improve legal education for consumers and improve oversight mechanisms for financing companies. Only with concrete steps like these can legal protection for consumers in fiduciary-backed loan schemes be better realized in Pekanbaru City and other regions in Indonesia.

One of the most crucial issues in the practice of repossessing vehicles secured by fiduciary collateral is the role of debt collectors. As noted by interviewed consumers, intimidation by debt collectors is a serious problem. Consumers are often forced to surrender their vehicles without prior warning or clear communication from the financing company. This presents a dilemma for consumers, as they are obligated to fulfill their loan payments, but also have the right to a legally enforced repossession process. Consumer protection should include strict oversight of debt collectors' actions, especially when repossession methods are not carried out according to procedure. In an interview, one consumer in Pekanbaru stated that they felt they had no choice but to surrender their vehicles due to fear of verbal threats from debt collectors. In addition to debt collectors, increased consumer education and the development of credit restructuring mechanisms are crucial. Furthermore, synergy between local governments, financing companies, and the community is crucial in creating a fairer and more transparent environment for consumers. With these measures, it is hoped that the number of unauthorized repossession cases can be reduced and legal protection for consumers in Pekanbaru can be significantly improved.

4. Conclusion

Research shows that legal protection for consumers in the recovery of goods secured by fiduciary guarantees in Pekanbaru City is still suboptimal. Many consumers feel their rights are not protected, particularly regarding recovery procedures, which are often unlawful and involve unethical treatment from debt collectors. This indicates a gap in the fiduciary recovery system that needs to be addressed. In a hire-purchase system, the debtor makes installment payments until they finally own the goods, while in a fiduciary system, although the goods remain in the debtor's possession, the creditor has the right to reclaim them if the debtor defaults. The creditor benefits from the guaranteed goods, but this can be detrimental to the debtor if the recovery is not carried out according to procedure. Hire-purchase provides the debtor with the benefit of ownership, but risks loss if payment is not made. Consumer protection needs to be strengthened through procedural transparency and oversight of unethical recovery practices. Based on observations, the repossession of goods secured by fiduciary collateral often faces obstacles, particularly in communication between creditors and consumers. Consumers not only lack information regarding the repossession process but also feel intimidated by third parties (debt collectors) appointed by the creditor. Furthermore, consumers struggle to obtain adequate legal protection, despite existing regulations governing their rights. This situation requires greater attention to the implementation of fair and transparent consumer protection.

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