

Legal Protection for Vehicle Owners in Cases of Default in Car Rental Agreements

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Article	Abstract
<p>How to cite: Rizky Perdana Bayu Putra, 'Legal Protection for Vehicle Owners in Cases of Default in Car Rental Agreements' (2025) Vol. 6 No. 1 Rechtenstudent Journal Sharia Faculty of KH Achmad Siddiq Jember State Islamic University.</p> <p>DOI: 10.35719/rch.v6i1.358</p> <p>Article History: Submitted: 13/02/2025 Reviewed: 24/02/2025 Revised: 02/04/2025 Accepted: 09/04/2025</p> <p>ISSN: 2723-0406 (printed) E-ISSN: 2775-5304 (online)</p>	<p>This study investigates the phenomenon of default in car rental agreements and its legal implications for vehicle owners. The research aims to analyze the various forms of default, identify the underlying factors, and evaluate the adequacy of legal protection mechanisms available to owners. Employing an empirical legal research method, the study draws on semi-structured interviews with car rental business owners, vehicle renters, legal practitioners, and law enforcement officers. The findings indicate that the most frequent types of default include delays in returning the vehicle, non-payment of rental fees, misuse of vehicles beyond contractual terms, and, in severe cases, fraudulent conduct resulting in the loss of vehicles. It was also revealed that rental business owners often depend on incomplete or informal agreements, thereby weakening their legal standing in dispute resolution. From a legal perspective, rental agreements are generally treated as civil matters, but circumstances involving fraud or embezzlement may shift the issue into the criminal domain. Law enforcement officers highlight the difficulties in distinguishing between civil default and criminal offenses, often resulting in prolonged legal processes. The study concludes that current legal protection for vehicle owners remains inadequate, both preventively and repressively. Preventive measures require the establishment of comprehensive written agreements with clear provisions regarding obligations, penalties, and dispute resolution mechanisms. Meanwhile, repressive measures necessitate improved coordination between civil and criminal law enforcement. Strengthening contractual clarity and enhancing legal awareness among both owners and renters are critical steps toward reducing default risks and promoting legal certainty in vehicle rental practices.</p> <p>Keywords: <i>Legal Protection, Car Rental, Agreement.</i></p> <p>Abstrak Penelitian ini mengkaji fenomena wanprestasi dalam perjanjian rent car serta implikasi hukumnya bagi pemilik kendaraan. Tujuan penelitian adalah untuk menganalisis bentuk-bentuk wanprestasi, mengidentifikasi faktor-faktor penyebab, serta menilai efektivitas perlindungan hukum yang tersedia bagi pemilik kendaraan. Metode penelitian yang digunakan adalah penelitian hukum empiris dengan wawancara semi-terstruktur terhadap pemilik usaha rent car, penyewa kendaraan, praktisi hukum, dan aparat penegak hukum. Hasil penelitian menunjukkan bahwa bentuk wanprestasi yang paling sering terjadi meliputi keterlambatan pengembalian kendaraan, kegagalan membayar biaya sewa, penyalahgunaan kendaraan di luar kontrak, dan dalam beberapa kasus, tindakan penipuan yang berujung pada hilangnya kendaraan. Pemilik usaha sering kali hanya mengandalkan perjanjian yang tidak lengkap atau informal sehingga posisi hukum mereka menjadi lemah ketika terjadi sengketa. Dari sudut pandang praktisi hukum, perjanjian rent car termasuk dalam ranah hukum perdata, namun pada kondisi tertentu dapat bergeser ke ranah pidana apabila terdapat unsur penipuan atau penggelapan. Aparat penegak hukum mengakui adanya kesulitan dalam membedakan antara wanprestasi perdata dengan tindak pidana, sehingga proses penegakan hukum sering kali menjadi berlarut-larut.</p>

Kesimpulan penelitian ini adalah bahwa perlindungan hukum bagi pemilik kendaraan masih belum optimal, baik secara preventif maupun represif. Perlindungan preventif menuntut adanya perjanjian tertulis yang komprehensif dengan klausul yang jelas mengenai kewajiban, sanksi, dan mekanisme penyelesaian sengketa, sementara perlindungan represif membutuhkan koordinasi yang lebih efektif antara penegakan hukum perdata dan pidana. Penguatan kontrak dan peningkatan kesadaran hukum bagi pemilik maupun penyewa menjadi langkah penting untuk mengurangi risiko wanprestasi serta menjamin kepastian hukum dalam praktik penyewaan kendaraan.

Kata Kunci: *Perlindungan Hukum, Sewa Mobil, Perjanjian.*

Introduction

The development of the vehicle rental industry in Indonesia has been rapidly growing in line with the increasing demand for flexible and efficient transportation services. This business growth aligns with the rising mobility of individuals for personal, business, and tourism purposes, leading to a continuous increase in demand for car rental services. However, the practice of vehicle rental often raises complex legal issues. One major issue is default (wanprestasi) by renters, such as delays in vehicle return, failure to pay rental fees, misuse of the vehicle, and embezzlement, which causes harm to business owners. According to research in Bali, cases of default remain widespread even though rental agreements are made in writing. For example, PT. Bali Radiance reported hundreds of contract violations between 2015 and 2017, causing continued losses for business owners.¹

Other studies emphasize that when agreements are made verbally, the risk of default increases, and disputes are typically resolved amicably through compensation and deliberation. However, this approach often fails to provide adequate legal protection for vehicle owners.² Therefore, strengthening the legal aspects through valid written agreements in accordance with Article 1313 of the Indonesian Civil Code, along with dispute resolution mechanisms such as negotiation, mediation, arbitration, and litigation, is crucial to ensure fair and balanced legal protection for both renters and vehicle owners.³ Various previous studies have highlighted legal protection for car rental business owners. Elmanzah, Sugiarti, and Fithry stress the importance of detailed written agreements to minimize the risk of bad-faith renters.

A similar study by Fadilah and Heriyani shows that disputes arising from default are mostly settled civilly, although in certain cases, they may shift to the criminal realm if fraud or embezzlement is involved.⁴ Meanwhile, Zahuri and Budianto add that legal protection for vehicle owners should also be viewed from the criminal law perspective, as often the losses cannot be resolved solely through civil approaches. However, there is a research gap, as most studies remain normative and rarely involve empirical approaches, such as interviews with business practitioners. The renter, as well as law enforcement officers, play a significant role in

¹ Sudharma, K. J. A. (2020). Penyelesaian wanprestasi perjanjian sewa menyewa mobil (Studi kasus PT. Bali Radiance). *Jurnal Ilmiah Akuntansi dan Humanika*, 1(2), 45–56. <https://doi.org/10.38043/jah.v1i2.413>

² Sadewo, R. W. (2021). Perlindungan hukum terhadap pemilik usaha rental mobil akibat wanprestasi dalam perjanjian sewa-menyewa kendaraan bermotor. *Jurnal Fatwa Hukum Fakultas Hukum Universitas Tanjungpura*, 2(1), 55–65. <https://jurnal.untan.ac.id/index.php/jfh/article/view/56216>

³ Rayhan Fahriza Yose & Gunawan Djajaputra (2025). Analysis of Default in Cooperation Agreements: A Perspective on Rights and Obligations of The Parties In Dispute Resolution. *USM Law Jurnal*, 8(2), 777.

⁴ Fadilah, F. A., & Heriyani, E. (2020). Perjanjian sewa menyewa mobil yang menimbulkan wanprestasi di Kabupaten Bantul. *Mimbar Hukum dan Sosial Justice*, 1(2), 150–165. <https://doi.org/10.18196/mls.v1i2.8346>

the dynamics of car rental agreements.⁵ A study by Adoe, Manafe, and Sonbait in Kupang is one of the attempts to fill this gap by emphasizing the importance of empirical understanding of fraudulent practices in car rentals. However, studies of this nature remain limited in number and need to be expanded in scope to provide a more comprehensive picture.⁶

Therefore, this research introduces novelty through the use of empirical interviews as the primary method to analyze the dynamics of default (*wanprestasi*) in car rental agreements and the effectiveness of legal protection for vehicle owners. This study is essential not only to strengthen the civil law literature but also to offer practical recommendations for drafting more comprehensive rental contracts, enhancing the legal awareness of the parties involved, and assisting law enforcement in distinguishing between civil default and criminal offenses. Thus, the findings of this study are expected to make a meaningful contribution to the development of contract law and the car rental business practice in Indonesia.

Research Method

This study adopts empirical legal research with the aim of understanding the practice of default (*wanprestasi*) in car rental agreements and the legal protection for vehicle owners from a field perspective. The empirical approach was chosen because it effectively captures the legal realities as applied in practice, rather than being solely based on written legal norms. The research employs a empirical legal approach with in-depth interviews as the primary method.⁷ This study emphasizes a comprehensive understanding of the experiences, views, and interpretations of the parties involved in vehicle rental agreements.

The primary data sources in this study are derived from three groups of respondents.⁸ First, car rental business owners, who are the most vulnerable to suffering losses due to default (*wanprestasi*). Second, vehicle renters, who provide crucial information for understanding the reasons behind default and their perceptions of legal obligations in the rental agreement. Third, legal experts or practitioners, including academics, advocates, and law enforcement officers, who offer perspectives on the application of civil and criminal law in addressing default cases.

No	Respondent Code	Respondent Category	Age (years)
1	R1	Car Rental Owner	42
2	S1	Vehicle Renter	30
3	S1	Vehicle Renter	27
4	H1	Legal Observer/Practitioner	51
5	H1	Legal Observer/Practitioner	45

The research sample was determined using purposive sampling, which involves the intentional selection of respondents based on the consideration that they possess direct

⁵ Zahuri, D., & Budianto, A. (2021). Legal protection for car rental owners. *Proceedings of the International Conference on Law and Human Rights*, 3(1), 77–85. <https://doi.org/10.4108/eai.6-3-2021.2306882>

⁶ Adoe, G., Manafe, D., & Sonbait, S. (2022). Analisis perlindungan hukum bagi pelaku usaha rental mobil terhadap risiko penipuan oleh penyewa di Kota Kupang. *Atma Jaya Law Journal*, 2(2), 203–217. <https://doi.org/10.35508/alj.v2i2.21256>

⁷ Lailia Nailur Rahma Dani & Dwi Hastuti, (2023), Ratio Decidendi of Judges toward Divorce Cases Due to Domestic Violence (KDRT) at the Jember Religious Court, *Rechtenstudent Journal*, 4(1), 29.

⁸ Sholikul Hadi, et.al, (2025) The Implementation of BAN-PT Regulations Regarding Accreditation Toward An Excellent Study Program, *Rechtenstudent Journal*, 6 (1), 36.

experience and relevant knowledge regarding cases of default (wanprestasi) in car rental agreements. As such, five key informants were selected, consisting of car rental owners, vehicle renters, and legal observers, each providing a distinct perspective on the issue being studied.

Data was collected through semi-structured interviews, which allowed the researcher to obtain in-depth information while still adhering to the research question guidelines.⁹ Additionally, documentation was gathered, including vehicle rental contracts, documents related to default cases, and relevant legal literature.¹⁰ The data was analyzed using an interactive qualitative analysis approach, which includes data reduction, data presentation, and drawing conclusions/verification.¹¹ The data from the interviews were compared with civil law theory, particularly regarding default (wanprestasi) and legal protection, to gain a comprehensive understanding of the phenomenon under investigation.

Results and Discussion

Defaults in Car Rentals: Communication Gaps and Legal Uncertainty

Car rental in the perspective of international law represents an intersection between cross-border commerce, mobility rights, and legal harmonization among states. As an increasingly globalized service industry, car rental enables individuals and businesses to access vehicles outside their home jurisdictions, which raises legal questions surrounding contract enforcement, liability standards, and the recognition of driving rights internationally.¹² This context requires not only compliance with domestic laws of the host state but also engagement with international instruments and principles that regulate contractual relationships and ensure consistency in the treatment of foreign consumers.

From the perspective of international law, car rental services are primarily governed by the principles of private international law, particularly regarding contracts, consumer protection, and liability in cross-border contexts. When a car is rented in a foreign jurisdiction, the contractual agreement between the rental company and the customer is subject to the applicable law chosen by the parties, or, in the absence of such choice, the law of the country most closely connected to the contract. Issues such as insurance coverage, liability for accidents, and dispute resolution may be influenced by international conventions, such as the Hague Convention on the Law Applicable to Contracts or bilateral treaties between states, which aim to harmonize legal outcomes and reduce conflicts of laws.¹³

⁹ Charles Kakilla, (2021), Strengths and Weaknesses of Semi-Structured Interviews in Qualitative Research: A Critical Essay, Preprints.org. DOI:10.20944/preprints202106.0491.v1.

¹⁰ Justin Al Hakim Nazar, et.al, (2024) Legal Protection For Car Rental Owners In Rental Agreements, Journal of Law Sciences, 2(3). DOI 10.62885/legisci.v2i3.543.

¹¹ Qomaruddin & Halimah Sa'diyah, (2024), Kajian Teoritis tentang Teknik Analisis Data dalam Penelitian Kualitatif: Perspektif Spradley, Miles dan Huberman. Journal of Management, Accounting, and Administration, 1(2), doi: <https://doi.org/10.52620/jomaa.v1i2.93>.

¹² Daniel Oviedo, et.al, *Governance and Regulation of Ride-Hailing Services in Emerging Markets: Challenges, Experiences, and Implications*, Inter-American Development Bank, 2021.

¹³ Zheng Sophia Tang, Private International Law in Consumer Contracts: A European Perspective, *Journal of Private International Law*, 6(1), 2010.

Additionally, international law engages with car rental through broader frameworks such as international transportation law, consumer rights in cross-border services, and international recognition of driving permits (e.g., the 1968 Vienna Convention on Road Traffic). For instance, when a foreign national rents a car abroad, their right to drive is facilitated by internationally recognized permits, while liability in the event of an accident may trigger cross-border insurance obligations regulated by international agreements.¹⁴ These frameworks collectively ensure that car rental transactions operate smoothly across jurisdictions, balancing commercial freedom with the protection of consumers and third parties.

In Indonesia, car rental services are widely available and operate within the framework of domestic transportation, consumer protection, and contract laws. The industry is regulated under general business licensing rules as well as specific transportation-related provisions, with companies often required to hold permits to operate legally. Most car rentals in Indonesia are offered with drivers due to safety, traffic conditions, and regulatory preferences, though self-drive options are increasingly available, particularly in major cities and tourist destinations such as Bali, Jakarta, and Yogyakarta. The agreements are generally private contracts, governed by the Indonesian Civil Code and consumer protection regulations, which emphasize clear terms on responsibilities, insurance, and liability in case of damage or accidents.¹⁵

Foreign visitors renting cars in Indonesia must also comply with international and domestic driving regulations. An International Driving Permit (IDP) is typically required alongside a valid national license, and local insurance rules apply to cover potential liabilities. In practice, many rental companies include insurance in their service packages, though coverage may be limited and disputes can arise in cross-border claims. The industry continues to expand alongside Indonesia's growing tourism and urban mobility needs, but challenges remain in standardizing safety, insurance coverage, and enforcement of consumer rights, especially for international renters unfamiliar with local laws.¹⁶

The Indonesian car rental industry, as observed in Kupang City, is structurally vulnerable to fraudulent practices by renters. Key issues include the frequent use of false identities, deliberate delays or failures in returning vehicles, and the embezzlement of rental cars through illegal pawning. These risks are exacerbated by the widespread reliance on oral agreements and informal transactions, which significantly weaken the legal position of business actors when disputes occur. While the legal framework under consumer protection and criminal law provides a theoretical basis for addressing such misconduct, enforcement is often slow and inconsistent, limiting its effectiveness as a

¹⁴ Final Rentals, Is it Necessary to Have an International Driving Permit to Drive and Rent a Car Abroad?, October 18th 2024, <https://www.finalrentals.com/blog/single/why-you-need-an-international-driving-permit-to-rent-a-car> accessed at September 21st 2025.

¹⁵ IMARC, Indonesia Car Rental Market Size, Share, Trends and Forecast by Booking Type, Rental Duration, Application Type, and Region, 2025-2033. 2024.

¹⁶ I Putu Agus Suarsana Ariesta & Anak Agung Ketut Sri Asih, Identifikasi Yuridis Sewa Kendaraan Bagi Wisatawan Asing terhadap Upaya Pemulihan Pariwisata Bali Pasca Pandemi, *Jurnal Sutasoma*, 2(2), 2024.

deterrent. Consequently, business actors remain exposed to substantial financial losses despite existing regulatory safeguards.¹⁷

Contracts are often drafted unilaterally by rental businesses, resulting in unbalanced clauses and limited awareness among renters of their rights and responsibilities.¹⁸ At the same time, many business actors lack sufficient legal literacy to construct comprehensive agreements that could better protect their interests. Preventive measures such as advance payments, GPS tracking, and insurance coverage are increasingly adopted but remain inadequate in fully mitigating fraud risks. These findings suggest that sustainable development of the car rental industry requires a multi-dimensional approach: the promotion of transparent and equitable contract drafting, greater legal awareness among both business actors and consumers, and more consistent enforcement mechanisms by law enforcement authorities. Only through such integrative efforts can the car rental sector reduce its systemic vulnerabilities and build a secure and trustworthy operational environment.

The communication gap between tourists and car rental providers in Indonesia often arises due to language barriers and differing expectations. Many local rental operators primarily communicate in Bahasa Indonesia, while most international tourists rely on English or other foreign languages.¹⁹ This mismatch can cause misunderstandings about rental terms, insurance coverage, or driving requirements. Additionally, informal rental services, which are common in popular destinations, may lack clear contracts or standardized procedures, leaving room for confusion regarding pricing, damages, or fuel policies.

Beyond language, cultural differences also play a role in this communication gap. Tourists may expect transparent online booking systems and formal agreements, while some Indonesian rental businesses still operate with verbal agreements or flexible arrangements. This difference in business practices can lead to mismatched expectations, where tourists may feel uncertain about hidden costs or responsibilities. As a result, the lack of clear and consistent communication not only affects customer satisfaction but also influences the reputation of the local car rental industry among international visitors.

Interviews with several car rental business owners provide a real picture of the dynamics of this business, especially regarding the obstacles they often face in carrying out daily operations. From the results of the conversation, it was revealed that the most frequently experienced forms of default were late vehicle returns and late payment of rental fees. These two things are classic problems that not only hinder business flow, but also cause losses for service providers. Business owners reveal that even though there is a clear written agreement with the tenant, it is not uncommon for these rules to

¹⁷ Gerald Hendriko Gracio Adoe et.al, Loc.cit.

¹⁸ Anak Agung Bagus Tr Arta Udayana & Made Aditya Pramana Putra, The Role of Contract Law in Improving Legal Certainty for Business Actors, *Journal of Law, Politic and Humanities*, 5(2), 2025, 1862.

¹⁹ Tariani, et.al, The Local Peoples Obstacles in Communication with the Foreign Tourists Who Come to Village Penosan Sepajat Gayo Lues, *IJJIE*, 1(1), 2024.

be violated for various reasons. This shows that there is a gap between contractual agreements and actual practice in the field.

One owner even said that delays in returning a vehicle could damage the next rental schedule, especially at certain moments such as holiday seasons or weekends when demand increases sharply. This condition makes the rental company have to rack their brains so as not to disappoint other customers who have made reservations. Apart from that, late payment of rental fees is also a burden in itself because it can disrupt business cash flow.²⁰ The rental owner emphasized that even though the majority of customers are cooperative, there are still a handful who often fail for various reasons. Situations like this ultimately force business owners to take anticipatory steps, either by adding a penalty clause in the rental agreement or improving the vehicle monitoring system.

The interviews with car rental owners revealed that the most common forms of default (*wanprestasi*) they experience are delays in the return of vehicles and delays in payment of rental fees. One owner stated:

"Frequently, cars are returned later than the agreed time, and some even take several days. If I were to take legal action, our contract is weak, so I prefer to resolve it amicably." (R1, Car Rental Owner, age 42)

Some owners also complained about cases of vehicle embezzlement, such as when a car is pawned to a third party. They emphasized that simple contracts without collateral clauses make it difficult for them to claim legal compensation. From the renters' side, the reasons for default are generally related to economic conditions. One renter shared:

"Actually, it's not my intention to be late with the payment, but sometimes my business is slow, so I end up paying the rental late. Also, when signing the contract, there was no clear explanation of what the consequences are for being late." (S1, Renter, age 30)"

Another renter added that the language of the contract is often difficult to understand:

"I just signed it, the contract had many legal terms. No one explained it in detail." (S2, Renter, age 27)

This indicates a communication gap between the owners and renters, which contributes to the occurrence of default. Meanwhile, legal observers highlighted the weaknesses of the contracts used in practice. A lawyer stated:

"Many rental contracts are overly simplistic, yet in civil law, contracts must clearly state the rights and obligations of each party. Without collateral clauses and penalties, the owner bears the loss when default occurs." (H1, Lawyer, age 51)

A legal academic also emphasized that there is often a shift between civil and criminal law:

"If the renter intends to defraud or embezzle the car from the beginning, it's already a criminal case. But if it's just a delay or failure to pay without malicious intent, it's civil default. The distinction is subtle and often becomes a field challenge." (H2, Legal Academic, age 45)

²⁰ Mariam Darus Badruzaman, *KUH Perdata Buku III tentang Hukum Perikatan dengan Penjelasan*, Bandung: Alumni, 1996, 123.

From the comparison of these three perspectives, it is clear that the owners emphasize economic losses, renters focus on the limitations in understanding the contract and financial conditions, while legal observers highlight the weaknesses in contracts and the ambiguity between civil and criminal realms. Triangulation analysis shows that the root of the problem lies in weak contracts, minimal communication, and insufficient legal protection. Therefore, this study underscores the need for improvements in car rental contracts with clear clauses, legal education for renters, and better coordination among law enforcement in distinguishing civil default from criminal offenses. Furthermore, an analysis of rental invoices is presented in Figure 1.

OKKA RENT CAR TRANSPORT (ORCT)
TRANSPORT SERVICE FOR 24 HOURS
Pusat Operasional: Jl. No. 8, Sukoharjo, Telp. 021-70300661
Hp: 081252646966, 081703007467, 085730628793
email: www.okkarentcar.com

Invoice No: 00/894
Data Penyewa (Data user tidak akan dipublikasikan):
Nama Penyewa: () SISA () Papan / KITAS () ID Card Peminjaman
Nama Pribadi / Perusahaan: ()
Alamat: ()
Telepon: ()
Data Pesanan / Order: () Paket Mobil () Paket Mobil + Driver () Paket Drop Off () Paket All In
Data Kendaraan: () Warna: () No Plat: ()
Data Jadwal Sewa:
Mulai Tanggal: () Selesai Tanggal: ()
Harga Sewa: Rp. 5,000,000
Bentuk Pembayaran: ()
Over time: ()
Harga Tambahan: ()
Biaya Tambahan (Additional Charge): ()
Extended Rent Car Order: ()
Mulai Tanggal: () Selesai Tanggal: ()
Harga Sewa Extended: ()
Over time: ()
Perjanjian: ()
Pembayaran: ()
Keterangan: ()
Tanda Tangan: ()

Figure 1. Invoice Rentcar

Legal uncertainty in Indonesia's car rental sector largely stems from the absence of standardized regulations specifically governing rental agreements. Many transactions are carried out informally, often through verbal agreements or unilateral contracts drafted by business owners, leaving renters and operators without clear, enforceable guidelines. This informality creates ambiguity regarding responsibilities for damages, late returns, or fraud, making it difficult for rental businesses to claim compensation when disputes arise. Although general provisions under the Civil Code, the Consumer Protection Law, and the Criminal Code provide a legal framework, their application to rental-specific cases is inconsistent and often subject to lengthy legal processes.²¹

This uncertainty is compounded by weak enforcement and limited legal awareness among both operators and renters. Business owners frequently rely on personal trust, basic identification documents, or minimal down payments, which expose them to risks of fraud and embezzlement. Meanwhile, renters may not fully understand the legal consequences of violating agreements, leading to repeated cases of misuse or non-return of vehicles. The lack of clear regulatory guidance and uneven enforcement undermines trust in the rental system and

²¹ Dhimas Ardiansyah & Andria Luhur Prakoso, Juridical Analysis of Car Rental Agreements (Study at PT. Persada Solo), *International Conference Restructuring and Transforming Law*, 2(2), 2024, 241.

discourages investment in the sector. To reduce this uncertainty, Indonesia requires stronger, rental-specific legal instruments and more effective coordination between business practices and law enforcement.²²

The issue of default in car rental agreements reflects not only contractual and economic challenges but also broader legal ambiguities that complicate dispute resolution. The findings highlight that weak contractual frameworks, limited communication, and inadequate legal safeguards are the primary causes that leave vehicle owners vulnerable and renters uncertain about their obligations. To address these gaps, strengthening rental agreements with explicit clauses, promoting legal literacy among renters, and fostering effective coordination between civil and criminal law enforcement are crucial. Such measures will not only reduce the risk of default but also enhance legal certainty, fairness, and sustainability in the car rental business.²³

Legal Protection for Vehicle Owners in Cases of Default in Car Rental Agreements

Car rental is a transaction between a business actor and a renter or consumer, thus compliant with Law Number 8 of 1999 concerning Consumer Protection. A business actor is any person, whether a legal entity or non-legal entity, established and domiciled within the jurisdiction of the Republic of Indonesia, either individually or jointly, through agreements, conducting business activities in various economic sectors. A consumer is any person who uses goods or services for their own benefit or for the benefit of others. Business actors are required to provide clear and accurate information as outlined in standard clauses regarding price, rental period, and the consumer is required to comply with the established provisions. Once an agreement has been reached, the rental agreement is legally valid and must be executed in good faith. The exercise of good faith in a contract can be considered a principle, as it is the basis for the creation of the agreement. Therefore, the principle of good faith must be a principle in executing the obligations under the agreement.²⁴

Several legal remedies are available in the event of a default in a car rental agreement. Pursuant to Article 1238 of the Indonesian Civil Code (KUHPerdata), the aggrieved party must first issue a written notice (*somasi*), which serves as a prerequisite before commencing legal proceedings.²⁵ If the default remains unresolved, the owner may claim damages under Article 1243, including compensation for financial losses such as additional rental charges, vehicle damage, or loss of income resulting from delayed payments or vehicle returns. Moreover, Article 1266 provides the legal basis for contract termination in cases of material breach, such as when the renter unlawfully pawns the vehicle to a third party, thereby entitling the owner to demand both the return of the vehicle and compensation.²⁶

To reinforce legal safeguards, the Civil Code (Articles 1239–1240) allows the inclusion of penalty and guarantee clauses, such as penalties for late returns, security deposits to cover

²² Bayu Krisna Ari Sadewa & Ubaidillah Kamal, *Perlindungan Pelaku Usaha Rental Mobil terhadap Tindakan Merugikan yang Dilakukan oleh Konsumen*, *Jurnal Qistie*, 18(1), 2025, 134-135.

²³ Aldonna a Jarašuniene, et.al, (2024) Management of Risk Factors in the Rental Car Market. *Future Transportation* 4, <https://doi.org/10.3390/futuretransp4040070>.

²⁴ Fajar Elmanzah, et.al, *Perlindungan Hukum terhadap Pelaku Usaha Rental Mobil Akibat Penyewa yang Beritikad Tidak Baik*, *Jurnal Jendela Hukum*, 10 (2), 2023, 198-199. <https://doi.org/10.24929/jjh.v10i2.2970>

²⁵ Radja Raihan Irsyad, et.al, (2025), Legal Provisions On Breach Of Contract In The Execution Of House Lease-Pawn Agreements In The Perspective Of Article 1238 Of The Indonesian Civil Code, *JLPH* 5 (6), <https://doi.org/10.38035/jlph.v5i6.2136>.

²⁶ Yahya Harahap, *Segi-Segi Hukum Perjanjian*, Jakarta: Sinar Grafika, 2017, 152–154.

potential defaults, and restrictions on vehicle use. In addition, preventive measures should be implemented, including the drafting of comprehensive written agreements outlining rights, obligations, penalties, guarantees, and dispute resolution mechanisms; providing legal education to renters regarding the consequences of default; maintaining thorough documentation of transactions; and coordinating with law enforcement to properly distinguish between civil defaults and criminal acts such as embezzlement.²⁷

An in-depth analysis of the provisions of the Civil Code (Articles 1239–1240) shows that the application of penalty and guarantee clauses is not only a contractual instrument, but also a form of implementation of preventive legal protection for rental owners. Preventive legal protection is protection provided before a dispute occurs, with the aim of preventing violations through clear, transparent and binding rules.²⁸ In the context of car rental, penalty clauses for late returns or late rental payments function as "legal signs" that provide certainty to renters while protecting owners from the risk of loss. A security deposit is also a preventive instrument because it can be used immediately to cover potential losses due to default without having to wait for a lengthy litigation process. However, the effectiveness of this preventive protection depends on the extent to which the contract clauses are formulated proportionally, are legally valid, and do not violate the principles of justice.²⁹

Apart from that, repressive legal protection is also relevant when a breach of contract has occurred, namely by providing a mechanism for resolving disputes and restoring rights through legal channels. Repressive protection in car rental cases includes the owner's right to demand compensation based on Article 1243 of the Civil Code as well as the right to report actions that have entered the criminal realm, such as vehicle embezzlement.³⁰ These repressive efforts must be based on complete transaction documentation, valid written contracts, as well as coordination with law enforcement officials to distinguish between civil breaches of contract and criminal acts. This is where the balance of legal protection theory is seen: rental owners are not only given space to prevent risks through contractual rules (preventive), but also have a path to recover their rights if losses actually occur (repressive).³¹ Thus, legal protection theory emphasizes that the existence of penalty clauses, guarantees and other preventive measures are not just administrative instruments, but rather the foundation of rights protection and legal certainty in rental relationships.

Consumers or renters who default must be prepared to bear compensation from the car rental company for any breach of contract, such as late return of the rental car. If the matter cannot be resolved amicably or through mediation, legal action can be taken in court. This includes the renter's responsibilities, which mean the renter is obligated to take an action to avoid sanctions for violations of the rental agreement. Responsibility for the renter's negligence, or liability in a car rental agreement, can be considered part of the rights and obligations. Rights emphasize the obligation to fulfill obligations, and obligations are the fulfillment of the right. Rights and obligations are closely related and inseparable.

²⁷ R. Subekti, *Hukum Perjanjian*, Jakarta: Intermasa, 2008, 45–46.

²⁸ Philipus M. Hadjon, *Perlindungan Hukum bagi Rakyat di Indonesia*, Surabaya: Bina Ilmu, 1987, 2.

²⁹ R. Subekti, *Hukum Perjanjian*, Jakarta: Intermasa, 2008, 46.

³⁰ Handika Ramadhan, et.al, (2025), Legal Protection for Vehicle Owners in Lawsuits for Unlawful Acts of Confiscation of State Land: Review of Decision 27/Pdt.G/2019/Pn.Tbk, *International Journal of Law and Society*, 2(3), <https://doi.org/10.62951/ijls.v2i3.700>.

³¹ Satjipto Rahardjo, *Ilmu Hukum*, Bandung: Citra Aditya Bakti, 2000, 54.

Legal protection for vehicle owners in cases of default in car rental agreements is essential to ensure fairness and legal certainty in contractual relationships. Defaults often occur when renters fail to return vehicles on time, cause damage without compensation, or deliberately misuse the vehicle, such as pawning or illegally transferring possession. These acts not only cause financial losses but also threaten the continuity of the rental business. Without clear and enforceable protection, vehicle owners are left vulnerable, especially when agreements are made informally without detailed written contracts.

A reformed legal framework should emphasize the necessity of transparent, balanced, and comprehensive contracts that clearly stipulate rights, obligations, and penalties for breaches. Vehicle owners must be equipped with strong contractual instruments supported by statutory provisions, such as consumer protection laws and criminal sanctions for fraud and embezzlement. In addition, preventive measures such as identity verification, upfront payments, insurance coverage, and the use of digital tracking systems can reduce the likelihood of defaults. These measures should be institutionalized as standard practice to strengthen owners' legal standing when disputes arise.

Beyond preventive and contractual measures, effective reform also requires stronger enforcement mechanisms and dispute resolution processes. Many cases of default remain unresolved due to slow legal procedures and limited awareness among both owners and renters about their respective rights and obligations. Mediation and alternative dispute resolution could serve as complementary approaches to litigation, allowing disputes to be resolved more quickly and fairly. Thus, reformulating legal protection means not only enhancing the substantive law governing car rentals but also ensuring practical enforcement, institutional support, and awareness-building to create a secure and sustainable rental ecosystem.

Conclusion

To address the issue of default in car rental agreements, significant improvements are needed in the rental contracts to better align with the principles of clarity, certainty, and fairness. According to Article 1233 of the Civil Code (KUHPperdata), default occurs when one party fails to fulfill their obligations as agreed. Therefore, rental contracts must include provisions for guarantees, late payment penalties, and restrictions on vehicle usage, in line with Article 1243 of the Civil Code, which allows vehicle owners to claim compensation for losses resulting from default. Furthermore, it is crucial to enhance the legal literacy of renters so they understand the legal consequences of breaching the contract. A low legal literacy can exacerbate disputes, highlighting the need for more intensive legal education on the rights and obligations of renters.

In addition to improving contracts and legal education, better coordination between law enforcement and legal institutions is required to address the ambiguity between civil default and criminal offenses, such as embezzlement. As pointed out by Elmanzah, the lack of clear legal clauses often complicates the proper enforcement of the law. Therefore, a more robust and systematic approach to law enforcement is crucial to ensure that vehicle owners receive adequate legal protection. With clearer contracts, improved legal literacy for renters, and better legal coordination, the protection for vehicle owners can be significantly enhanced.

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