

Legal Certainty of Abuse of Circumstances as a Basis for Contract Cancellation in Indonesia

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Abstract

This research discusses the necessity for legal reform in regulating abuse of circumstances within contract law in Indonesia, considering the existing legal vacuum that has the potential to cause uncertainty and injustice in transactions. By analyzing the provisions in the Civil Code (KUHPperdata) and comparing them with the laws of other countries, such as the Netherlands, this study identifies ambiguities and shortcomings in the regulations concerning defects of will, particularly related to abuse of circumstances. The findings indicate that legal uncertainty negatively impacts the bargaining position of the weaker party, creating risks of unfair practices in agreements. Therefore, this research recommends the recognition and clearer regulation of abuse of circumstances to enhance legal protection for vulnerable parties and promote the creation of a fairer and more transparent business environment in Indonesia.

Keyword: abuse of circumstances, agreement, legal certainty

INTRODUCTION

Agreements are one of the fundamental aspects of social and economic life, serving as a foundation for interactions and transactions between individuals, groups, and organizations (Subekti, 2010). In social terms, agreements serve as a means to regulate relationships between parties, ensure certainty, and create mutual understanding. With the existence of agreements, individuals can engage in various social activities, such as cooperation within groups, the arrangement of responsibilities, and the resolution of potential conflicts that may arise. For example, within a family, agreements can be used to establish the rights and obligations of each family member, creating a harmonious atmosphere and avoiding potential disputes.

In the economic realm, agreements play a role in regulating transactions and business relationships. Every economic activity, such as buying and selling, renting, or partnerships, typically involves agreements that bind both parties to fulfill their respective rights and obligations. These agreements not only provide legal certainty for the parties involved but also create a climate of trust within the economy (Salim, 2021). When individuals or business entities are aware that there is a legal foundation protecting their rights, they are more likely to invest, transact, and innovate. This creates a positive dynamic within the economy that can ultimately contribute to sustainable economic growth.

The importance of agreements is also evident in risk mitigation. In business, risk is an inseparable part of every decision made. By drafting clear and comprehensive agreements, the parties involved can anticipate potential issues and establish mechanisms for resolution in case of disputes. For example, in employment contracts, agreements can stipulate provisions

regarding salary, working hours, and other rights that protect both workers and employers. Additionally, agreements can include clauses that dictate the methods of dispute resolution, thus reducing the likelihood of prolonged conflicts in the future. Agreements have a significant impact on the development of law and society (Sari, 2019). With legally recognized agreements in place, society can build trust in the existing legal system. When people feel that their rights are protected by law, they are more likely to comply with the established rules and norms, creating a stable social environment. In the long term, this contributes to the establishment of a harmonious and orderly social order, where individuals and groups can interact safely and productively (Nonet & Selznick, 2019).

The principle of consensus in contract law states that an agreement is considered to have occurred once the parties reach a consensus. This agreement becomes a crucial element in the formation of contracts in Indonesia. Additionally, the principle of consensus is universal and accepted as a general principle in many countries around the world. In the context of Indonesian law, the valid conditions of an agreement are explained in Article 1320 of the Civil Code (KUHPPerdata), which establishes four conditions: (1) agreement, (2) the capacity of the parties, (3) a definite object, and (4) a lawful object. If the conditions of agreement and capacity are not met, the contract can be annulled. This demonstrates that both of these elements must be fulfilled for the agreement to be recognized as valid (Khomaini & Hayati, 2024). If the conditions of agreement and capacity are not met, the contract can be annulled based on a lawsuit or a court ruling, with the possibility of one party filing a petition for annulment, especially if one of the parties is legally incompetent. Meanwhile, if the third and fourth conditions are not fulfilled, the agreement will be automatically void. This means that from the outset, the agreement does not have legal consequences as it contradicts the law, public order, or morality (Agus Riyanto & Kn, 2018). In this case, there is no obligation formed between the parties intending to make an agreement, so no party can claim rights before a judge, as there is no legal basis for it. In Indonesian contract law, the factors that can cause defects in consent are regulated in Article 1321 of the Civil Code (KUHPPerdata) (Rastuti, 2016). Three main elements identified are error, coercion, and fraud. However, in practice, there are also issues related to undue influence, which can be considered a factor causing defects in consent. Undue influence in a contract can result in the contract being voidable, given the violation of subjective elements. The dissatisfaction and injustice arising from this situation have significant legal consequences for the parties involved in the contract (Rahim, 2022).

In many situations, undue influence is evident in a business context, such as in determining bank interest rates that may be excessively high, placing the opposing party in a difficult position to refuse the contract agreement (Zamroni, 2020). Another example includes clauses in parking lease agreements stating that the business operator is not responsible for vehicle loss, essentially creating unfairness for users. In leasing contracts, clauses that allow for the repossession of assets without considering the lessee's ability to pay also demonstrate an imbalance of bargaining power between the debtor and creditor (Amalia, 2023). The stronger bargaining position of the creditor often forces the debtor to accept terms that are detrimental to them. This situation makes undue influence a crucial issue to discuss, especially considering that in contract law under the Civil Code (KUHPPerdata), undue influence has not been specifically regulated, although it frequently occurs in practice.

The process of forming a legal agreement occurs through an offer from one party that is then accepted by the other party, where this acceptance signifies the occurrence of an agreement. Offers and acceptances must reflect the genuine intention of each party to enter into a contract (Pangestu, 2019). If there is no agreement, the contract is considered nonexistent. However, in practice, the statements of intention do not always reflect the true intentions of the parties involved. One party may be misled by inaccurate information about the contents of the contract, leading to a situation of defective consent. Additionally, coercion from another party

can also influence one party's decision, which is a condition in which the agreement is made under pressure. All of this falls under classical defects of consent, which relate to inconsistencies in the formation of intention based on the statements made (Prasetya, 2016). Agreements must also meet the requirement of not being contrary to the law, social norms, and public order, in accordance with Articles 1335 to 1337 of the Civil Code (KUHPerdata). Although the Civil Code does not provide explicit provisions regarding undue influence, judges have the authority to evaluate situations that contradict good morals and assess whether an agreement can be considered invalid. If a judge believes that an agreement contains elements of undue influence, the agreement can be declared partially or wholly null and void. As stated in Article 1335, an agreement that lacks a lawful cause has no legal force, which means that the agreement is considered as never having existed and has no legal consequences.

The legal vacuum regarding undue influence in agreements in Indonesia creates serious challenges for enforcing justice and protecting the rights of weaker parties in business transactions (Suwasta & Juhana, 2024). Although Article 1321 of the Civil Code addresses defects of consent, encompassing error, coercion, and fraud, there are no specific provisions explicitly regulating undue influence. This leads to legal uncertainty because judges and the parties involved lack clear guidelines to determine when and how undue influence may be recognized as a reason for annulment of an agreement. Without adequate regulation, business practices may proceed in an unfair manner, where parties with greater bargaining power can exploit the positions of weaker parties, resulting in agreements that should be mutually beneficial instead becoming sources of injustice. This legal vacuum creates a gap between theory and practice, potentially harming individuals and entities attempting to operate within a fair and transparent legal framework.

This research addresses a significant gap in Indonesian contract law regarding the concept of undue influence, which has not been explicitly regulated despite its frequent occurrence in practice. While existing literature primarily focuses on traditional defects of consent such as error, coercion, and fraud, this study introduces a comprehensive analysis of undue influence as a distinct and critical factor that can invalidate agreements. The novelty of this research lies in its exploration of how undue influence operates in various business contexts, particularly in transactions involving significant power imbalances. By analyzing real-world examples, such as unfair lease agreements and exploitative banking practices, this study aims to provide a nuanced understanding of undue influence and its implications for legal agreements. Furthermore, the research will propose recommendations for legal reforms that could enhance the protection of weaker parties in contractual relationships, thereby contributing to the development of a more equitable legal framework.

The urgency of this research is underscored by the increasing complexity of business transactions in Indonesia, where power imbalances often lead to exploitative practices. As the economy continues to grow and attract both domestic and foreign investments, the need for a robust legal framework that safeguards the rights of all parties involved becomes paramount. Without clear regulations addressing undue influence, vulnerable individuals and small businesses are at risk of being subjected to unfair terms and conditions, which can undermine their economic stability and trust in the legal system. Moreover, the lack of specific legal provisions regarding undue influence creates a precarious environment for judges and legal practitioners, who may struggle to adjudicate disputes fairly in the absence of clear guidelines. This research is timely and necessary to stimulate discussions on legal reform, promote fairness in contractual relationships, and ultimately contribute to a more just and transparent economic landscape in Indonesia. By highlighting the importance of addressing undue influence, this study aims to advocate for the establishment of legal protections that ensure equitable treatment for all parties in contractual agreements, thus fostering a healthier business environment and enhancing public trust in the legal system.

RESEARCH METHOD

The normative juridical research method is an approach used to analyze applicable legal norms and their legal consequences in practice. In this research, the researcher focuses on written legal sources, such as laws, government regulations, and other legal documents, to understand how these norms are applied in real contexts. This approach enables the researcher to explore the relationship between the existing law and social facts, as well as to identify discrepancies between established law and practices in the field. By utilizing this method, the researcher can provide recommendations for improvement and better enforcement of the law, based on a normative analysis of various relevant legal sources.

Legislative and conceptual approaches are often used in normative juridical research to deepen the understanding of specific legal issues. The legislative approach involves the analysis of legal regulations related to the topic being researched, allowing the researcher to assess the validity, relevance, and effectiveness of these norms within a broader social context. On the other hand, the conceptual approach focuses on understanding the legal concepts, terms, and doctrines underlying the legislation. By combining these two approaches, the researcher can develop a more comprehensive theoretical framework for analyzing the legal issues at hand, as well as provide deeper insights into the implications and consequences of legal norms in practice.

RESULT AND DISCUSSION

Legal Regulation on Undue Influence in the Annulment of Agreements in Indonesia

Abuse of circumstances, in the context of contractual law, refers to situations where one party in an agreement takes advantage of the other party's unfavorable position or circumstances to gain unjust benefits (Putri & Taupiqqurrahman, 2023). This often occurs when one party is in a vulnerable condition, such as economic pressure, lack of understanding of the contents of the agreement, or emotional dependence. In Indonesian law, although abuse of circumstances is not explicitly regulated in the Civil Code (Kitab Undang-Undang Hukum Perdata or KUHPerdata), this practice is recognized as a form of defect in will that can serve as the basis for annulment of contracts. This concept is rooted in the principles of justice and good faith, which should be the foundation of any agreement. In situations where abuse of circumstances occurs, the resulting contract is deemed defective, and the aggrieved party is entitled to request the annulment of the contract.

While abuse of circumstances, coercion, and fraud often interrelate, these three concepts have fundamental differences. Coercion occurs when one party forces the other party to do or agree to a contract by using physical threats or violence, thereby eliminating the free will of the coerced party. In this case, the will of the forced party cannot be considered valid because no alternative choice is available. Conversely, fraud involves delivering false or misleading information by one party, intending to deceive the other party into agreeing to the contract. In this context, fraud undermines trust and prompts the aggrieved party to make decisions they would not have made if they had accurate information. Meanwhile, abuse of circumstances does not always involve threats or deceit but rather exploits a situation that places one party in a weaker position. All three concepts demonstrate defects in will but differ in how and in what context those defects occur.

In legal practice in Indonesia, several case examples reflect abuse of circumstances. One example is where a small business owner is compelled to sign a highly disadvantageous lease contract because they are in urgent need of a business location. In this situation, the business owner may not fully understand the contents of the contract or may feel compelled to accept unfair terms due to the threat that a better business location would no longer be available if the contract is not signed immediately. In this case, the business owner may claim that the contract can be annulled due to the abuse of circumstances by the property owner, who takes advantage of the tenant's ignorance and urgent situation. Another example can be found in creditor-debtor relationships, where a financially vulnerable debtor is forced to accept extremely burdensome loan terms. In both of these cases, abuse of circumstances is evident, and the aggrieved party has the right to seek annulment of the agreement based on principles of justice and legal protection that should be afforded to the weaker party in the transaction.

Abuse of circumstances as a factor that causes defects in will within an agreement is very relevant, especially in contexts where the agreement takes place (Situngkir, 2017). When an agreement is made under certain conditions, this does not always affect its legality or the rationale behind the agreement. However, if the intention and purpose of the parties are influenced by abuse of circumstances, this can result in harm to one party. Therefore, actions that aim to disadvantage one party are not only considered unethical but also contradict the principles of public order and legal customs governed by Articles 1335 and 1337 of the Civil Code. In this context, if the losses suffered by one party are deemed unreasonable, then the agreement can be considered invalid. Abuse of circumstances not only includes imbalances in performance but also relates to the circumstances under which the contract was formed, thereby potentially transforming a will that should be free into one that is compelled.

Abuse of circumstances reflects an imbalance of positions between the two parties. There are two types of advantages that may occur: economic advantage and psychological advantage (Izzati, 2021). Economic advantage encompasses situations where one party has significantly

greater financial power, allowing them to impose terms that disadvantage the other party, such as demanding unfair prices or interest rates. In contractual relationships, this advantage is often evident, particularly in standard contracts where one party holds more dominance. In this case, abuse of circumstances is apparent when one party exploits its stronger economic position to gain disproportionate benefits. For example, in the relationship between employers and employees, or between borrowers and lenders, the stronger party often abuses its position to compel the weaker party to accept unjust terms.

Additionally, psychological advantage plays a crucial role in abuse of circumstances. This occurs when one party exploits the other party's dependencies or specific emotional circumstances (Syamsu Alam et al., 2021). For instance, relationships between parents and children, spouses, or doctors and patients often create situations where one party is more easily influenced due to the established trust and dependence. In conditions like this, the aggrieved party may be unable to refuse an unwanted agreement due to their inability to assess the consequences of their actions. Abuse of psychological advantage can occur when the party holding emotional or psychological dominance attempts to influence the other party to do something detrimental. For instance, if a doctor directs a patient to sign an unfavorable agreement, this action could be deemed as an inappropriate abuse of trust.

It is important to note that abuse of circumstances in agreements does not always appear obvious and often requires in-depth analysis to understand its impact. In practice, courts in Indonesia also apply the doctrine of unequal influence to protect parties that are in weaker positions. Courts may consider various factors, such as whether the agreement was made under unreasonable conditions or whether the stronger party exploited the circumstances for personal gain. Additionally, indications of abuse of circumstances might be observed in imbalanced contract clauses, disproportionate pressure to agree to an agreement, and situations where one party has no alternative but to accept the proposed terms.

In civil law in Indonesia, Article 1321 of the Civil Code stipulates that there are certain situations where the agreements binding a contract can be deemed invalid. One of the main factors influencing the validity of such agreements is error (*dwaling*), coercion (*geweld*), and fraud (*bedrog*). These three elements serve as grounds to annul agreements made by parties. Error occurs when one or both parties in an agreement are influenced by incorrect information, leading them to believe things that do not align with reality. According to Article 1322 of the Civil Code, while error is not an automatic reason to annul an agreement, certain exceptions are recognized. This error can be classified into two categories: first, error regarding the object of the agreement, which occurs when the parties misinterpret what is meant in the agreement; and second, error regarding the subject, which occurs when there is a mistaken identity between the parties involved, for example due to similar names or addresses. In this case, the misunderstanding can lead to a defective agreement and may result in one party requesting the annulment of the agreement.

Article 1323 of the Civil Code provides that an agreement can be annulled if it can be proven that coercion influenced one of the parties. Coercion can come from another party or even a third party, and Article 1324 explains that coercion creates a real and fundamental fear for the individual making the agreement. In other words, if someone is forced to sign an agreement due to threats or violence, then the agreement is considered defective and can be annulled. This concept of coercion focuses on external influences that hinder a person's free will, thereby affecting the validity of the agreement made. Article 1328 of the Civil Code identifies fraud as an action that can annul an agreement. Fraud occurs when one party uses deceit to influence the decision of the other party, leading the deceived party to agree to the contract's terms, which differ from the actual terms. This fraud must be provable and not merely conjectural, thus if proven, the aggrieved party can request annulment of the

agreement. This highlights the importance of transparency and good faith in contracts; without these, the resultant agreements can be deemed defective.

The position of abuse of circumstances in the context of contractual law in Indonesia is crucial, as it becomes one of the factors that can cause defects in the will of the parties in an agreement. Within the existing legal system, recognition of abuse of circumstances provides solutions to contractual issues that may arise in practice. It also serves to fill legal gaps in the Civil Code, which has only regulated several factors leading to defects in will, such as error, coercion, and fraud, as outlined in Article 1321 of the Civil Code. By including abuse of circumstances as a fourth factor, contract law in Indonesia could become more adaptive to the existing social and economic dynamics.

Abuse of circumstances often occurs in situations where one party has a stronger position in negotiations or agreements that can exploit the weaker party. This creates an imbalance within the agreement, which may lead to decisions that are not wholeheartedly made by the weaker party. With the recognition of abuse of circumstances, the law provides space for parties who feel aggrieved to seek annulment of contracts or request adjustments to terms of the agreement that are fairer. This is important to uphold justice and prevent harmful practices that may occur in business transactions. Abuse of circumstances also gains a legal basis from jurisprudence in the Netherlands, which emphasizes the importance of justice and equality in contractual relationships. This concept serves as a valuable input in the development of contract law in Indonesia. In this context, Article II of the Transitional Provisions of the 1945 Constitution emphasizes that all existing bodies and institutions remain in effect until new replacements have been established. Thus, the recognition of abuse of circumstances as one of the factors influencing the validity of an agreement encourages legal renewal that is more responsive to societal needs, especially in contracts.

The legal gap in the Civil Code (KUHPperdata) in Indonesia regarding abuse of circumstances in agreements represents a significant issue. Although the Civil Code has addressed several factors that can result in defects in will, such as error, coercion, and fraud, there is no explicit provision regulating abuse of circumstances. This abuse may occur in scenarios where one party exploits a more powerful position to influence the decision of the other party who is in a weaker position, such as in cases of economic pressure, ignorance, or emotional conditions. In practice, this can lead to unfair agreements where the weaker party is forced to accept disadvantageous terms without reasonable options. This condition creates challenges in enforcing justice in contracts in Indonesia, considering the inability of the weaker party to protect their rights. Although jurisprudence in some countries, such as the Netherlands, has recognized abuse of circumstances as a factor influencing the validity of an agreement, this has yet to be fully integrated into the Indonesian legal system.

Legal Uncertainty Regarding Abuse of Circumstances in Contractual Annulment in Indonesia

Abuse of circumstances in the context of contract law refers to situations where one party in an agreement exploits the conditions or position of the other weaker party to gain unfair advantages. This often occurs when one party in the agreement is in an unfavorable or pressured situation, leading them to agree to terms that are disproportionate or unjust. A concrete example of abuse of circumstances can be seen in transactions where one party, such as a borrower, is in an emergency situation and is forced to accept very high interest rates from a financial institution. In this case, the financial institution capitalizes on the borrower's urgent situation to negotiate detrimental terms, potentially resulting in significant injustice and harm to one party.

The legal basis regarding abuse of circumstances in Indonesia remains unclear and vague, as the existing regulations in the Civil Code (Kitab Undang-Undang Hukum Perdata or KUHPperdata) are more focused on other factors leading to defects in will, such as errors,

coercion, and fraud, as stated in Article 1321 of the Civil Code. Although there is no specific article that explicitly regulates abuse of circumstances, this principle is often recognized in judicial practice and interpreted through existing jurisprudence. On the other hand, Dutch law more explicitly recognizes abuse of circumstances in the context of contract law, where there are provisions allowing for the annulment of agreements if one party can demonstrate that they have been exploited in an unjust situation. This comparison shows that while Indonesia has a strong legal foundation, its regulations concerning abuse of circumstances require more attention to effectively protect the weaker party in agreements.

The legal vacuum in the Indonesian Civil Code often manifests in the ambiguity and lack of legal provisions regarding abuse of circumstances in agreements. The Civil Code, established in the early 20th century, contains several provisions addressing defects in will, such as errors, coercion, and fraud. However, there is no clear regulation regarding abuse of circumstances as a cause of defects in will, even though this practice is widely encountered in daily life. Consequently, when parties feeling aggrieved by abuse of circumstances seek to annul an agreement, they often face difficulties in finding a solid legal basis to support their claims. This creates legal uncertainty, which may lead to differing interpretations by judges depending on the context and the facts of the specific case.

The implications of this legal vacuum are significant, particularly concerning the protection of weaker parties in agreements. When the law does not explicitly regulate situations where abuse of circumstances occurs, individuals or entities in less favorable positions may be forced to accept unfair contract terms without any guarantee of receiving justice. This ambiguity can pose risks for the parties involved since they may feel they have no other choice but to accept detrimental terms to avoid worse consequences. Furthermore, without provisions regulating abuse of circumstances, the stronger parties may exploit their bargaining power to gain imbalanced advantages in agreements. This can potentially create systematic injustice and undermine trust in business transactions, ultimately adversely impacting the investment and trade climate in Indonesia.

The application of law by courts in Indonesia often exhibits both consistency and inconsistency, which can affect fairness within the legal system. Consistency in legal application is vital for creating legal certainty and public trust in the judicial system. When courts apply legal principles uniformly, it ensures that similar cases are treated in the same manner. However, in practice, several factors contribute to inconsistencies, such as differing interpretations of legal provisions, variations in judges' approaches, and discrepancies in the context of the cases at hand. For example, in cases involving abuse of circumstances, some courts may be more inclined to recognize the abuse and annul the agreement, while others may be more skeptical, demanding stronger evidence or more detailed explanations before deciding to annul the agreement.

This inconsistency can negatively impact public confidence in the justice system. When court decisions do not reflect the application of legal principles uniformly, the public may feel that justice is not equally accessible. This can lead to dissatisfaction, skepticism, and even non-compliance with the law. A tangible example can be observed in cases involving consumer protection, where courts may offer varying levels of protection for consumers in weaker positions, depending on the context and legal arguments presented. On one hand, courts may demonstrate a commitment to consumer protection by issuing favorable decisions; on the other hand, they may decide based on binding contractual provisions, even if those contracts were created under conditions harming one party.

Legal uncertainty within the judicial system often significantly affects the bargaining position of weaker parties, both in the context of business agreements and in other legal relationships. Weaker parties, such as consumers, workers, or those bound by unbalanced contracts, often do not have the same knowledge of the law and legal processes compared to

stronger parties, such as large corporations or financial institutions. Legal uncertainty exacerbates the bargaining position of weaker parties, as they often feel trapped in situations where their rights are unclear, and the methods for enforcing those rights become murky. For instance, in situations where there is doubt about the validity of a contract or contractual provisions, the weaker party may lack the courage or resources to initiate legal action, even if they have legitimate grounds to do so. Consequently, they might be forced to accept unfavorable conditions, which, in turn, reinforces injustice in transactions.

The impact of this legal uncertainty is not limited to bargaining positions, but it also undermines trust in business transactions as a whole. When parties in a transaction are unsure about the law's application and the likely legal outcomes, they tend to be more cautious or even avoid engaging in transactions that may be risky. This can lead to a decline in economic activity, hinder investment, and create an atmosphere of instability in the market. For instance, if entrepreneurs feel that the regulations governing their transactions are unclear or subject to different interpretations by the courts, they may hesitate to invest or enter into new agreements. Additionally, consumers who feel unprotected by the law may become reluctant to make significant purchases or commit to specific products or services, which could impact business growth and innovation in the market. Ultimately, this uncertainty can widen the gap between stronger and weaker parties, creating deeper injustices in society.

Legal reform in Indonesia is urgently needed to address the issue of abuse of circumstances in contract law more clearly and comprehensively. Although the Civil Code (KUHPerdata) contains provisions regarding defects in will encompassing factors such as error, coercion, and fraud, abuse of circumstances has not received adequate regulation. Abuse of circumstances refers to situations where one party takes advantage of the unequal position between both parties, for instance, through manipulation of information or exploiting the urgent needs of the weaker party. By recognizing and regulating abuse of circumstances, Indonesia's legal system can provide better protection for vulnerable parties in agreements, reduce risks of injustice, and enhance the sense of justice in transactions.

The benefits of recognizing and clearly regulating abuse of circumstances in contract law cannot be understated. First, this will strengthen the bargaining position of weaker parties in agreements. With clear provisions regarding abuse of circumstances, aggrieved parties will have a legal basis to file claims or annul agreements if abuse is proven. Furthermore, this regulation will encourage parties in transactions to behave more ethically and responsibly, as they will be more aware of the legal consequences of their actions. This will create a more transparent and fair business environment, where all parties have equal rights to be protected by the law. Regulation of abuse of circumstances can enhance public trust in the legal system and judicial mechanisms. When individuals and business actors feel assured that they are protected from unfair practices, they will be more inclined to engage in transactions and investments. This, in turn, will stimulate economic growth as trust drives more active participation in economic activities. Moreover, by providing better protection for vulnerable parties, this legal reform also has the potential to reduce disputes arising from unbalanced agreements, thereby alleviating the burden on the courts and improving the overall efficiency of the judicial system.

CONCLUSION

The need for legal reform regarding abuse of circumstances in contract law in Indonesia highlights that the current legal vacuum has resulted in significant uncertainty, especially for the weaker party in agreements. The lack of clarity in regulating abuse of circumstances has created a space for unfair practices, where stronger parties can exploit imbalanced positions for personal gain. This not only harms the individuals or entities involved in transactions but also negatively impacts public trust in the legal system and the integrity of the market. Without

clear regulations, parties in agreements feel unprotected, which in turn can hinder economic growth and create instability in the business environment.

Therefore, it is essential to promptly recognize and regulate abuse of circumstances within the framework of contract law in Indonesia. Legal reform that includes a clear definition and provisions regarding abuse of circumstances will provide stronger protection for vulnerable parties, strengthen fairness in transactions, and enhance trust in the legal system. With better provisions in place, it is hoped that a fairer and more transparent business climate will emerge, where all parties have equal access to legal protection. The implementation of these changes will not only benefit individuals and business actors but will also support government efforts to create a better investment climate while reducing legal disputes arising from uncertainty in agreements.

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