

APPLICATION THE PRINCIPLE OF GOOD FAITH IN FORCE MATTERS BETWEEN CREDITORS AND DEBTORS IN FOUR-WHEEL VEHICLE FINANCING AGREEMENTS

APLICAÇÃO DO PRINCÍPIO DA BOA-FÉ EM MATÉRIAS DE FORÇA ENTRE CREDORES E DEVEDORES EM CONTRATOS DE FINANCIAMENTO DE VEÍCULOS DE QUATRO RODAS

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Abstract

The principle of good faith implies that every party involved in negotiating an agreement is obliged to disclose all material information that may influence the other party's consent to the agreement. However, until now there are still many creditors who do not comply with the provisions that have been set by the Government related to the existence of Force Majeure which makes it difficult for debtors to carry out their obligations, so that it can potentially incur late fines. This research employs a normative juridical research methodology. The analysis is based entirely on secondary data obtained through documentary research. These sources include primary legal instruments, scholarly legal literature, and supporting reference materials that function as tertiary legal sources.

Keywords: Principle of Good Faith. Force Majeure. Financing Agreement.

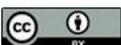
Resumo

O princípio da boa-fé implica que todas as partes envolvidas na negociação de um acordo são obrigadas a divulgar todas as informações relevantes que possam influenciar o consentimento da outra parte em relação ao acordo. No entanto, até agora, ainda existem muitos credores que não cumprem as disposições estabelecidas pelo Governo relacionadas com a existência de Força Maior, o que dificulta o cumprimento das obrigações dos devedores, podendo potencialmente incorrer em multas por atraso. Esta pesquisa emprega uma metodologia de pesquisa jurídica normativa. A análise baseia-se inteiramente em dados secundários obtidos por meio de pesquisa documental. Essas fontes incluem instrumentos jurídicos primários, literatura jurídica acadêmica e materiais de referência de apoio que funcionam como fontes jurídicas terciárias.

Palavras-chave: Princípio da Boa-Fé. Força Maior. Acordo de Financiamento.

1 INTRODUCTION

(Setiawan, 2016) As God's most perfect creation, humans are social being who cannot live alone because they need other humans or living creatures to fulfill their needs. (Hernawan, 2012) Between one human and another, there is always interaction and reciprocal relationship, which can be either social or legal. Every legal relationship created by law has 2 aspects, there are right and on the other side there are obligation. A legal



relationship arises between individual through various legal acts, one of which is an agreement. Agreements play a crucial role in business activities, as they establish rights and obligations that govern interactions between the parties involved. (Hermansyah, 2008) A legal relationship formed through an agreement establishes right and obligation that must be carried out by all parties involved. (Wiryan, 2020) Consequently, the agreement mutually accepted by parties function as the binding legal framework governing their specific relationship.

Indonesian contract law is rooted from civil law tradition and legal system remains largely shaped by regulatory frameworks originating from the Dutch colonial era. This influence is particularly evident in the foundational legal principles that regulate relationships between the state and its citizens, as well as among private individuals. One of the most tangible manifestations of this historical linkage is the continued application of the Civil Code (Kitab Undang-Undang Hukum Perdata/KUHPerdata), which is derived from the Dutch Burgerlijk Wetboek (BW). Particularly Book (III) concerning Contracts, and Chapter (II) on Obligations Arising from Agreements. (Subekti, 2016) According to Prof. Subekti, an agreement arises when one person makes a promise to another or when two parties mutually promise to perform a certain act. Such an event creates a juridical connection through which parties are bound by enforceable rights and duties. In this context, an obligation (*verbintenis*) refers to a legal relationship between each party in which 1 party is entitled to required the fulfillment of an obligation, while the other party is obliged to fulfill that demand. An agreement serves as the primary source of obligations, although obligations may also arise directly from statutory law. Conceptually, an obligation is abstract in nature, whereas an agreement represents a concrete legal act or event. (Hetharie, 2019) Accordingly, An agreement refers to a legal bond formed between multiple parties that gives rise to rights and obligations, formed by mutual consent, that gives rise to legal consequences.

(Sutarno, 2004) Meanwhile, Sudikno Mertokusumo identifies three fundamental principle of contract law: Consensualism, which relates to the formation of an agreement through mutual consent. Binding force of contracts, which concerns to the legal effects arising from an agreement, as well as the principle of freedom of contract that determines its substantive terms,

(Taun & Nugraha, 2020) During the fulfillment of contractual obligations, the principle of binding force are sometimes difficult to implement when circumstances change, Such conditions may impair the capacity of the parties bound by the agreement to properly discharge their contractual obligations. Alterations in surrounding circumstances can result in economic or legal disadvantages for one or more parties if the agreement is required to continue in its original form.

(Sunandar, 2004) Certain contractual problems arise due to such changes; however, the Civil Code, as the primary source of contract law, has not fully accommodated these situations. These conditions are often linked to events beyond the parties' reasonable expectations or control, commonly referred to as force majeure (overmacht).

(Pramono & others, 2023) The Civil Code defines force majeure as a condition in which a debtor is unable to perform an obligation, refrain from an act, or carry out a performance as stipulated in the agreement due to circumstances beyond their control. This definition is then adjusted to the terminology used, namely force majeure. (Subekti, 2016; Taun & Nugraha, 2020) Force majeure denotes circumstances not attributable to a party's actions, which interfere with or obstruct the performance of duties arising from contract and once it occurs, the party cannot avoid or overcome the event. ". (H. P. Panggabean, 2008) Article 1338 of the Civil Code requires that every agreement be performed in good faith and recognizes the binding force of contracts as law for the parties. Nevertheless, this provision allows for certain exceptions. (Diantha, 2016) Such exceptions are regulated under the doctrine of force majeure, as stipulated pursuant to the provisions of Articles 1244 and 1245 of the Civil Code, which nonetheless do not formally codify the principle of *rebus sic stantibus* in contractual relations, but instead places greater emphasis on the concept of force majeure.

(Hauliani & others, 2022; Kunarso & Sumaryanto, 2020) The initial cases of COVID-19 were identified in Wuhan, China, in December 2019. (Nuraini et al., 2020) Although the precise origin of virus was not definitively identified, initial infections were linked to a animal market in Wuhan. Between 18 and 29 Dec 2019, 5 individuals required hospitalization due to Acute Respiratory Distress Syndrome (ARDS). In Indonesia, COVID-19 pandemic has generated considerable negative impacts on the national economies, the banking system, and the socio-economic conditions of population.

(Kunarso & Sumaryanto, 2020; Taun & Nugraha, 2020) In response to the global spread of COVID-19, including escalation in Indonesia, and far-reaching consequences for various sectors of society particularly the economic sector Financial Services Authority (Otoritas Jasa Keuangan/OJK) enacted Regulation No. 11/POJK.03/2020 concerning the National Economic Stimulus as a Countercyclical Policy to Mitigate the Impact of Coronavirus Disease 2019 (hereinafter referred to as POJK No. 11/2020). (Aminah, 2020) Nevertheless, the implementation of credit or financing restructuring and relief under this regulation is fully subject to the discretion of banks. (Banefar, 2020) Accordingly, banks determine the applicable policies, including parameters for debtor eligibility and the categories of sectors experiencing the effects of COVID-19.that may qualify for such restructuring measures.

(Sunandar, 2004) Something similar also happened to PT. Carisky General Sentosaa transportation procurement company in Pekanbaru City, which entered into a financing agreement with May Bank Finance Pekanbaru as creditor on September 18, 2018 with a payment tenor (period) of 48 (forty-eight) months. (Wiryawan, 2020) PT. Carisky General Sentosaas a debtor/consumer, we have entered into a collaboration (Financing Agreement) with May Bank Finance regarding the procurement of 5 (five) minibus units, including:

- a. BM 1277 VV
- b. BM 1233 VV
- c. BM 1227 VV
- d. BM 1229 VV
- e. BM 1177 TA

PT. Carisky General Sentosa as the debtor entered into a cooperation agreement (Financing Agreement) with May Bank Finance, by always making monthly payment obligations (installments) to May Bank Finance Pekanbaru, but when Indonesia and the world were hit by the Covid 19 Virus, that was the time PT. Carisky General Sentosa, is no longer able to fulfill its monthly installment payment obligations as a Debtor, due to the economic situation/condition not improving, due to the impact of The spread of the Covid 19 virus has resulted in all activities/work being completely paralyzed, the impact is... The company's finances also declined drastically, and during the period of 2020 PT. Carisky General Sentosa was completely unable to make installment payments to its

customers. May Bank Finance Pekanbaru, regarding the 5 (five) units of vehicles that were promised, however May Bank Finance Pekanbaru did not write to you at all PT. Carisky General Sentosa regarding installment payments, and in 2025 PT. Carisky General Sentosa wishes to pay off all vehicle installments to May Bank Finance Pekanbaru as a creditor, but due to the very large fine arrears, and it seems that the amount of the fine was deliberately ignored without issuing a warning to PT. Carisky General Sentosa, of course, surprised PT. Carisky General Sentosa, considering the amount of the fine that had to be paid was Rp. 40 million per unit, and this certainly made PT. Carisky General Sentosa, submit a letter requesting the cancellation of the fine through a letter numbered 051/SK/CGS/VI/2025, dated June 26, 2025.

However, this was not responded to well by May Bank Finance Pekanbaru, so that on October 28, 2025, PT. Carisky General Sentosa, through its legal counsel, Ucok Syafrial Sijabat Law Office, issued a summons to May Bank Finance Pekanbaru via a warning letter with the number 01/USJ-LAW/X/2025 related to the elimination of fines and good faith to pay off all outstanding installment payments for 5 (five) four-wheeled vehicles, and after waiting almost 2 weeks, the Legal Head of May Bank Finance Pekanbaru finally responded well to the warning letter and decided to accept the waiver of fines during pandemic, consistent with the guidance set out in the circular letter, the Financial Services Authority introduced Regulation Number 11/POJK.03/2020.

The Legal Head of May Bank Finance Pekanbaru responded well to the summons from the legal counsel. PT Carisky General Sentosa in contract law is known for its principle of good faith, as is also done by PT. Carisky General Sentosa which also implements the principle of good faith to pay off all outstanding installment payments on 5 (five) four-wheeled vehicles. (Solim & others, 2019) The concept of good faith really important in implementing a financing agreement, because basically the debtor or consumer needs to get clarity regarding the financing agreement between the Creditor as a Business Actor and the debtor as a consumer and the Business Actor should have good faith in explaining in detail regarding all debts or arrears that have not been paid by the Debtor as a consumer. This of course aims to eliminate misunderstandings or disputes between the business actor as a creditor and the debtor as a consumer regarding the financing agreement that occurs. So it can be said that the concept of good faith has an important role in implementing financing agreements. This measure contributes to

lowering the probability of fraud and default in financing relationships. (Hetharie, 2019) The good faith standard is embodied in Article 1338 of Civil Code, which provides that all legally formed agreements are binding as law upon the parties. Such agreements may be dissolved only through mutual consent or pursuant to explicit legal provisions. (Limpele, 2017) Contractual performance is subject to a standard of honest and fair conduct. As indicated by the foregoing provision, this standard represents an essential requirement for parties engaged in contractual relationships. The scope of this standard may be interpreted in several ways including:

1. Objectively, Agreement made must be implemented while observing principles of propriety and decency

2. Subjectively, good faith reflects the inner attitude underlying an individual's action (S. A. Panggabean & others, 2022) The requirement of good faith in contractual performance functions to limit unreasonable behavior and conduct that violates standards of propriety and morality, thereby supporting equitable treatment and preventing detriment to the parties involved. Furthermore, good faith operates at the level of an individual's internal intention rather than solely observable conduct and it is very necessary to prevent default or fraud by the parties when implementing an agreement especially in a financing agreement, as each party is vested with rights and corresponding obligations that must be fulfilled. (Taun & Nugraha, 2020) The principle of good faith may also be understood as requiring each party, during the formation of an agreement, to disclose complete and relevant information that may influence another parties decision to enter into the contract. (Anonymous, 2021) Good faith is really important principle and needs to be possessed by each parties in carrying out a four-wheeled vehicle financing agreement, therefore the author really about necessary to answer the problem related to implementation principle of good faith in a state of emergency between creditors and debtors in four-wheeled vehicle financing agreements.

2 METHODOLOGY

(Diantha, 2016) This research is conducted as a normative legal study, applying statutory and conceptual approaches. This statutory approach examines the structure of norms in manifestation of hierarchy of legal regulations by examining the regulations and

linking them to legal issue in this research. (Pramono & others, 2023) Meanwhile, the conceptual approach is the foundation of principles, perspectives, and doctrines developed in law. The analysis technique uses prescriptive techniques. This prescriptive technique is an analysis technique that provides explanations of arguments on the basis of research findings. These arguments are used to provide prescriptions or assessments regarding right, wrong, or what is appropriate according to law regarding the facts or legal events resulting from the research results.

3 LITERATURE REVIEW

3.1 Contract law framework in Indonesia

Indonesian contract law is rooted in the continental civil law system inherited from the Dutch *Burgerlijk Wetboek* and codified in the Indonesian Civil Code (*Kitab Undang-Undang Hukum Perdata*). A contract is understood as a legal relationship that creates rights and obligations for the parties based on a legally binding agreement. Subekti defines a contract as arising when one party makes a promise to another or when two parties mutually promise to perform a certain act, thereby creating a legal bond in the form of an obligation (*verbinten*) that binds the parties (Subekti, 2016). This view is reinforced by Setiawan (2016), who positions contracts as the primary legal instrument governing private legal relations, particularly in economic and business activities. Within the framework of grand theory, contract law is founded on three fundamental principles: the principle of consensualism, the principle of freedom of contract, and the principle of binding force (*pacta sunt servanda*). Mertokusumo, as cited by Sutarno (2004), explains that the principle of consensualism establishes that a contract is formed upon the mutual consent of the parties; the principle of freedom of contract grants the parties autonomy to determine the content of their agreement; and the principle of binding force affirms that a valid contract has the same authority as law for the parties who conclude it. At the level of middle-range theory, the principle of good faith constitutes a fundamental requirement in the performance of contracts, as stipulated in Article 1338 paragraph (3) of the Indonesian Civil Code, which mandates that every agreement must be executed in good faith. Panggabean (2008) emphasizes that good faith is not limited to the performance stage but

extends from the pre-contractual phase through post-contractual implementation. Good faith contains both a subjective dimension, relating to the inner intention of the parties, and an objective dimension, relating to standards of fairness, propriety, and honesty in contractual relations. Extraordinary changes in circumstances may disrupt contractual equilibrium and hinder the fulfillment of contractual obligations. Sunandar (2004) explains that such unforeseen and uncontrollable events are classified as force majeure (*overmacht*), which in Indonesian civil law is governed by Articles 1244 and 1245 of the Civil Code. Force majeure releases the debtor from liability for damages when non-performance results from circumstances beyond the debtor's responsibility. Accordingly, the conceptual relationship between financing agreements, the principle of good faith, and force majeure establishes a theoretical framework in which contractual performance is not based solely on the binding force of contract, but also on principles of justice, fairness, and legal protection for parties facing объектив obstacles in fulfilling their contractual obligations. Indonesian contract law is grounded in the continental civil law tradition derived from the Dutch Burgerlijk Wetboek and codified in the Indonesian Civil Code (Kitab Undang-Undang Hukum Perdata). A contract is defined as a legal relationship that creates rights and obligations for the parties based on a binding agreement. Subekti (2016) conceptualizes a contract as arising when one party promises another or when two parties mutually agree to perform a certain act, thereby establishing a legally binding obligation (*verbintenis*). This definition is reinforced by Setiawan (2016), who positions contracts as the primary legal instrument governing private legal relations, particularly in economic and business activities. From a grand theoretical perspective, contract law is founded on three fundamental principles: consensualism, freedom of contract, and the binding force of contract (*pacta sunt servanda*). The principle of consensualism establishes that a contract is formed upon mutual consent of the parties. The principle of freedom of contract grants autonomy to determine contractual content, while the principle of binding force affirms that a valid contract has the same authority as law for the parties who conclude it (Sutarno, 2004).

3.2 The principle of good faith in contract performance

At the middle-range theoretical level, the principle of good faith constitutes a fundamental requirement in contractual relations. Article 1338 paragraph (3) of the Indonesian Civil Code mandates that every agreement must be executed in good faith. Panggabean (2008) emphasizes that good faith operates throughout the entire contractual lifecycle, from the pre-contractual phase to post-contractual performance. Good faith encompasses both subjective and objective dimensions. Subjectively, it refers to the honest intention of the parties when entering and performing a contract. Objectively, it reflects standards of fairness, propriety, and reasonableness that govern contractual conduct. The principle functions as a corrective mechanism to prevent abuse of contractual rights and to ensure balanced legal protection between contracting parties.

3.2 Force majeure and contractual equilibrium

Extraordinary and unforeseen changes in circumstances may disrupt contractual equilibrium and hinder the fulfillment of contractual obligations. Sunandar (2004) defines such events as force majeure (*overmacht*), which in Indonesian civil law is governed by Articles 1244 and 1245 of the Civil Code. Force majeure releases the debtor from liability for damages when non-performance results from circumstances beyond the debtor's control and responsibility. The doctrine of force majeure serves as a legal instrument to restore contractual fairness when external events make performance impossible or excessively burdensome. Rather than terminating contractual obligations automatically, force majeure allows for contractual adjustment in order to preserve legal certainty and substantive justice.

3.4 Conceptual Integration of good faith and force majeure in financing agreements

The interaction between financing agreements, the principle of good faith, and force majeure forms a coherent theoretical framework for evaluating contractual performance under extraordinary conditions. Financing agreements, which are inherently

based on trust between creditor and debtor, require the consistent application of good faith to ensure transparency, fairness, and proportional risk allocation. When force majeure occurs, the principle of good faith operates as a normative guide for creditors in exercising their contractual rights. It requires reasonable accommodation of debtor difficulties through mechanisms such as restructuring and renegotiation, rather than rigid enforcement. Consequently, contractual performance is not assessed solely on the basis of formal legality, but also on principles of justice, proportionality, and protection of economically vulnerable parties.

This literature review demonstrates that Indonesian contract law is not merely governed by the binding force of agreements but is equally shaped by ethical and equitable principles embedded in good faith and force majeure doctrines. The integration of these principles provides a normative foundation for evaluating financing agreements under emergency conditions and supports the development of a more balanced and socially responsive contract law framework.

4 RESULTS AND DISCUSSION

4.1 Results

An agreement must be performed in accordance with principle of good faith as mandated by Article 1338, Civil Code which stipulates that contract shall be executed in good faith. In the context of four-wheeled vehicle financing agreements, the application of this principle ensures that entire process of buying and selling vehicles proceeds smoothly and doesn't cause harm to any party involved in financing relationship. Good faith in every agreement, whatever it is, must exist from the time the agreement is formed and mutually agreed upon, meaning that good faith already exists from the time the agreement is negotiated, Good faith exists prior to the formation of an agreement, governs its implementation, and continues until all contractual obligations have been fulfilled. The good faith of the parties to agreement has been evident since pre-contract phase, when the parties began negotiations, reaching an agreement and implementing contract. However, it is essentially difficult to determine a person's good faith, as it constitutes an inherent human condition that cannot be directly observed. In the process of a four-wheeled vehicle

sale and purchase agreement through a direct financing agreement mechanism, it will be much easier to know whether the parties truly have good intentions in making the agreement, because they meet face to face. Good faith may be examined from another interpretative perspective as requiring each party, during the negotiation of an agreement, to disclose complete and relevant information that may influence other party's decision about contract. A financing agreement refers to ability of purchase goods or obtain funds with a commitment that payment will be made at a later date within an agreed period. Financing generally involves the provision of funds or monetary claims arising from a loan agreement between a bank and its customer or financing institution as a borrower, with an obligation to repay the principal within an agreed timeframe, including applicable interest. Financing also play a crucial role in supporting business activities by providing capital through banking institutions, enabling businesses to grow and remain competitive, given that limited capital is often a major constraint. A fundamental element of financing is trust placed by the bank or financing institution, as creditor, in debtor as consumer. This trust arises from debtor's compliance with all requirements and conditions for obtaining financing and reflects the creditor's confidence that funds provided will be repaid within the agreed timeframe. Financing represents an activity that delivers economic value to the debtor, which is subsequently returned to the creditor upon the expiration of a defined period, together with interest as compensation for the provision of that value. Financing facilities provided by banks and financing institutions, as creditor, to consumer, as debtor, are carried out through financing agreements. During COVID-19 outbreak, the implementation of such agreements was significantly affected. As legally binding instrument, financing agreement obligate parties to comply with their agreed terms and conditions. As previously explained force majeure is understood as a condition where, following the formation of contract, performance by debtor becomes impossible as a result of events beyond debtor's control. In such situations, debtor cannot be held at fault, is not required to bear the associated risks, and could not have reasonably foreseen event at that time the agreement already made. Typical instances of force majeure consist of natural catastrophe, such as earthquake and flood, along with unforeseen event. In most of contracts, term force majeure is commonly included. As a natural element of a contract, the occurrence of a force majeure clause is presumed even if it is not expressly stated. The Civil Code through Articles 1244 and 1245 recognize force majeure is a legal ground that

releases debtor from the obligation to perform (nakoming) and to pay loss (schadevergoeding), even when non-performance constitutes an unlawful act (onrechtmatige daad). Article 1244 of Civil Code states, "The debtor shall be required to bear responsibility by paying back costs, losses and interest, if they doesn't show that the non-performance or non-performance of the contract was caused by an unforeseen event for which he cannot be held responsible, all of which is so long as there was no bad faith on his part." Civil Code through Article 1245 of Civil Code states: "Cost, loss and interest don't have to be reimbursed because force majeure. Debtor is prevented from providing or for failing to perform an obligation, and for committing a prohibited act due to the same reasons. Force majeure are divided into 2 categories: permanent and temporary. Where force majeure is permanent, debtor is definitively prevented from performing the obligation; conversely, in temporary force majeure, performance may be carried out after the obstructing circumstances no longer exist. Article 1 paragraph (1) of Law No. 24 of 2007 on Disaster Management defines a disaster as an event that poses a threat to and disrupts lives and livelihoods of communities, arising from natural, non-natural, or human-induced factors, and resulting in loss of life, environmental degradation, property damage, and psychological impact.

COVID-19 constitutes a non-natural disaster as defined in Article 1 paragraph (3) of Law No. 24 of 2007, which classifies non-natural disasters as events resulting from non-natural causes, including technological failure, epidemic, and disease outbreaks. Accordingly, COVID-19 may be regarded as a condition of overmacht. For certain parties, this situation amounts to absolute overmacht, particularly where performance has become impossible, as experienced by debtors of Maybank Finance Pekanbaru, such as PT Carisky General Sentosa, a company engaged in transportation procurement. However, debtors have the option of either restructuring their credit/financing, which can be identified as relative force majeure, or declaring themselves in a state of absolute force majeure. However, it's important to understand that force majeure cannot be resolved solely by both parties (debtor and creditor). Therefore, debtors/customers can request a court order. The legal effects of force majeure as follows:

- (1) Debtor is relieved from the obligation to pay compensation, as stipulated under Article 1244 of the Civil Code.

- (2) Allocation of risk remains unchanged, particularly in cases of temporary force majeure; and
- (3) Creditor is not entitled to demand performance, while simultaneously being released from the obligation to provide counter-performance.

As COVID-19 pandemic is qualifies as a relative force majeure, legal consequences in credit agreements in Pekanbaru City don't shift the allocation of risk. Debtors continue to be bound to perform their contractual obligation upon the conclusion of the pandemic, either through continued performance or through credit restructuring measures implemented by banks or financing institutions in accordance with government policies. The government has implementation a range of policy to mitigate COVID-19 including implementation of financing agreement both of banking institution and financing institution. The Financial Services Authority (OJK), through Regulation No. 11/POJK.03/2020, introduced a national economic stimulus policy designed to counteract the effects of the COVID-19 pandemic. This policy was introduced in response to widespread difficult faced by online motorcycle drivers, taxi drivers, micro, small, and medium enterprise (MSME) actors, informal workers, and employees affected by layoffs in accessing financing relief. Core points of POJK No. 11/2020 concerning COVID-19 Economic Impact Stimulus include:

- a. Regulation for BUK, BUS, UUS, BPR, and BPRS.
- b. Banks are permitted to adopt measure aimed at supporting economic recovery for debtors impacted by COVID-19 while continuing to observe the principle of prudence
- c. Debtors are affected by COVID-19 include those experiencing difficulties in fulfilling their obligations because of direct or indirect impact of the pandemic on their business activities, particularly in sectors such as tourism, transportation, hospitality, trade, manufacturing, agriculture, and mining, including PT Carisky General Sentosa as a debtor of Maybank Finance Pekanbaru.
- d. The stimulus measures provided under this regulation include:
 - The evaluation of kredit or financing equality is conducted solely on the basis of punctuality of principles and interest payments for financing with a maximum limit

- Facilitation of credit or financing quality improvement following restructuring during POJK period, which may be implemented by banks regardless of the financing ceiling or type of debtor.
- e. The restructuring of credit or financing is conducted in compliance with OJK regulations governing asset quality management
- Interest rate reduction
 - Extension of repayment period
 - Reduction of outstanding principal arrea
 - Reduction of interest principal arrea
 - Conversion of credit into Temporary Equity Participation.
- f. Banks are permitted to extend new financing or disburse additional funds to debtor receiving special treatment under POJK, with same quality of such financing assessed independently from the debtor prior financing.
- g. Financing institutions are required to submit periodic reports concerning the implementation of POJK for supervisory oversight based on data recorded as of the end of April 2020
- h. These provisions remain in effect promulgation date until March 31, 2021.

Following enactment of POJK No. 11/2020, debtors gained a greater sense of security due to availability of financing relief measure. Financing relief refer to the easing of obligation related to loan or financing repayment. This policy is reflected in Article 2 of POJK No. 11/2020, which authorizes banks and financing institutions to adopt measure aimed at supporting economic stability by providing assistance to debtor affected by COVID-19 pandemic, including those experiencing payment difficulties. There are 2 methods for resolving problematic financing, including:

- 1) The rescue of problematic financing is through renegotiations between the financial institution acting as creditor and the customer as debtor.

The settlement of non-performing financing is conducted through legal mechanisms, including institutions such as the State Receivables Committee (PUPN), the Directorate General of State Receivables and Auctions, judicial bodies, and arbitration. Financing recovery may be carried out through 3 main approaches which is: Rescheduling (involves adjusting certain provision of credit agreement related to the

repayment timetable or loan tenor, including changes to amount of installment). Reconditioning (refers to modifications to part or all of the contractual terms without extending additional credit or converting the loan into equity). Restructuring, (entails altering the credit arrangement by granting additional financing or converting the debt into equity participation). Under POJK No. 11/2020, credit recovery measure during COVID-19 pandemic are primarily implemented through restructuring mechanism. The implementation of restructuring policies has continued to present practical challenges for bank and financial institution. Based on information reported by various national online media platform, number of customer have expressed dissatisfaction because they are still required to make monthly repayment. This situation contrast with public expectation of relief measure, such as installment postponement and interest adjustment, which were previously communicated by the President. A comparison between the President's statement and POJK No. 11/2020 reveals some differences in the interpretation of financing relaxation. POJK No. 11/2020 limit financing relief for debtor to 6 restructuring measure such as interest rate adjustment, repayment period, reduction of outstanding principal, reduction of accumulated interest, provision of additional financing, and conversion. Consequently, the regulation doesn't explicitly provide for installment payment deferrals or blanket interest waiver. Chapter I Article 1 of POJK No. 11/2020 apply exclusive to banking institution and doesn't extend to non-bank financing entities, such as multifinance or leasing company. Regulation cover Conventional Commercial Bank, Sharia Commercial Bank, Sharia Business Unit, Rural Bank, and Sharia Rural Bank. In contrast President's policy emphasis was directed toward informal sector actor, including online motorcycle taxi and taxi driver who are subject to vehicle installment obligation. As a result, POJK No. 11/2020 doesn't fully reflect the President announcement regarding installment deferral and interest reduction for a one-year period because in fact, business actors such as PT. Carisky General Sentosa which is a transportation procurement company) Amid the Covid-19 outbreak, their situation is becoming increasingly concerning. This situation is impacting the finances of companies operating in the national economy, which is increasingly deteriorating amidst the uncertainty

4.2 Discussion

This study demonstrates that the principle of good faith constitutes a fundamental normative foundation in the implementation of four-wheel vehicle financing agreements, particularly under emergency conditions such as the COVID-19 pandemic. Article 1338 paragraph (3) of the Indonesian Civil Code establishes that every contract must be performed in good faith, thereby requiring not only formal compliance with contractual terms but also ethical and reasonable conduct between creditors and debtors. The findings confirm that good faith must operate throughout the entire contractual lifecycle, from negotiation to execution and dispute resolution.

The analysis further confirms that force majeure, as regulated under Articles 1244 and 1245 of the Civil Code, provides a legal basis for relieving debtors from liability when contractual non-performance is caused by extraordinary and uncontrollable events. The COVID-19 pandemic qualifies as a non-natural disaster under Law No. 24 of 2007 and may therefore be classified as a form of relative force majeure. In this context, debtors remain bound by their contractual obligations, but performance may be adjusted through restructuring mechanisms.

The case of PT Carisky General Sentosa illustrates the practical tension between contractual rigidity and substantive justice. Although the debtor experienced a complete business paralysis due to pandemic restrictions, the creditor initially imposed substantial penalty charges without prior warning or negotiation. This practice reflects a formalistic application of contract law that disregards the ethical dimension of good faith. Only after legal intervention did the creditor apply the restructuring and penalty waiver policy in accordance with OJK Regulation No. 11/POJK.03/2020.

These findings indicate that the effectiveness of force majeure protection depends not only on statutory regulation but also on the willingness of creditors to implement restructuring policies in good faith. The discretionary nature of POJK No. 11/2020 has resulted in inconsistent implementation among financial institutions, thereby undermining legal certainty and debtor protection. Consequently, contractual justice during emergency conditions cannot rely solely on positive law but must be supported by institutional commitment to equitable risk sharing.

The study confirms that financing agreements are inherently based on trust. When creditors ignore the socio-economic reality of debtors during crisis situations, contractual equilibrium is distorted and legal protection becomes ineffective. Therefore, good faith must be understood not merely as a moral principle but as a binding legal obligation that governs creditor conduct in force majeure conditions.

4.3 Policy implications

The findings of this study carry several important policy implications for the regulation and supervision of financing agreements in Indonesia.

First, regulatory authorities should strengthen the mandatory nature of restructuring policies during force majeure conditions. OJK Regulation No. 11/POJK.03/2020 currently grants discretionary authority to banks and financing institutions, resulting in unequal treatment of debtors. A more binding regulatory framework is required to ensure uniform application of relief measures across all financial institutions, including non-bank financing companies.

Second, creditors should be legally required to proactively disclose all relevant information concerning penalties, restructuring options, and debtor rights during emergency conditions. This obligation flows directly from the principle of good faith and is essential to prevent abuse of contractual dominance and information asymmetry.

Third, the scope of emergency financial protection should be expanded to explicitly include multi-finance and leasing companies. The current regulatory framework primarily targets banking institutions, while many vehicle financing agreements are executed through non-bank financial entities. This regulatory gap exposes consumer debtors to disproportionate financial risk during crisis periods.

Fourth, judicial institutions should develop consistent jurisprudence recognizing pandemic-related economic paralysis as a valid form of relative force majeure. Such recognition would strengthen debtor legal protection and encourage creditors to resolve disputes through restructuring rather than litigation.

Finally, the integration of good faith principles into financial supervision policy would support the development of a more resilient and socially responsive financing system. Contract enforcement must be balanced with economic sustainability and

consumer protection, particularly in times of systemic crisis. The study confirms that four-wheel vehicle financing agreements cannot be governed solely by formal contractual doctrine. In emergency conditions, the principle of good faith and the doctrine of force majeure must operate as corrective mechanisms to restore contractual justice. A regulatory model that integrates legal certainty, ethical responsibility, and economic realism is essential for sustaining trust in Indonesia's financial system.

4 CONCLUSION

This study concludes that the principle of good faith constitutes a binding legal obligation that must govern the entire lifecycle of four-wheel vehicle financing agreements, from negotiation to performance and dispute resolution. As mandated by Article 1338 paragraph (3) of the Indonesian Civil Code, contractual performance is not limited to formal compliance with agreed terms but must reflect standards of fairness, propriety, transparency, and reasonableness. In financing relationships that are inherently based on trust, good faith functions as a corrective norm to prevent abuse of contractual dominance and information asymmetry between creditors and debtors. The findings further confirm that the COVID-19 pandemic qualifies as a form of relative force majeure under Indonesian law, as regulated by Articles 1244 and 1245 of the Civil Code and Law No. 24 of 2007 on Disaster Management. In such circumstances, debtors may be temporarily unable to perform their contractual obligations due to extraordinary and uncontrollable events beyond their responsibility. While force majeure does not extinguish contractual obligations, it justifies contractual adjustment through restructuring mechanisms rather than strict enforcement and penalty imposition. The empirical illustration of the PT Carisky General Sentosa case demonstrates that rigid contractual enforcement without due regard to emergency conditions undermines substantive justice and violates the ethical foundation of contract law. The initial imposition of excessive penalties without prior negotiation reflects a formalistic approach that is inconsistent with the principle of good faith and the protective intent of OJK Regulation No. 11/POJK.03/2020. Only after legal intervention did the creditor implement restructuring and penalty waiver measures consistent with government policy. Accordingly, this study affirms that contractual justice in emergency conditions cannot

rely solely on the binding force of agreements but must be balanced by the principles of good faith and force majeure. The integration of these doctrines provides a normative framework for ensuring equitable risk allocation, protecting economically vulnerable debtors, and preserving the sustainability of financing relationships during systemic crises. A contract law regime that combines legal certainty with ethical responsibility is therefore essential for maintaining public trust in Indonesia's financial system.

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Authors' Contribution

All authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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