

ISSN (Print) 2723-3413 - ISSN (Online) 2722-3663

DOI: <https://doi.org/10.30596/nomoi.v6i2.27180>**RECONSTRUCTION CONSUMER PROTECTION IN PROPERTY DEVELOPER INSOLVENCY: A COMPARATIVE LEGAL CRITIQUE OF INDONESIA, SINGAPORE, AND AUSTRALIA****Fadli Maulana****Fakultas Hukum Universitas Nusa Cendana****Email : fadli.maulana@staf.undana.ac.id**

ABSTRACT

Consumer protection in failed property development transactions involving bankrupt developers remains a structural weakness within Indonesia's legal system. Consumers often face legal and financial burdens, such as ongoing loan obligations, despite project non-performance and lack of priority in bankruptcy proceedings. This study aims to analyze Indonesia's consumer protection framework in this context using normative-juridical and comparative legal methods, examining best practices from Singapore and Australia. The research finds that Indonesia lacks an integrated regime across contract, consumer, and insolvency law, resulting in fragmented protections and systemic risk to consumers. By contrast, Singapore mandates escrow accounts and standardized sale contracts, while Australia imposes statutory trust accounts, home warranty insurance, and enforceable certification and inspection schemes. Furthermore, both jurisdictions provide institutional redress mechanisms, including tribunals with binding adjudicative authority. The study also highlights actual cases, including the Porter Davis insolvency response and QCAT decisions, that demonstrate the efficacy of coordinated regulatory and adjudicative frameworks. The findings suggest that Indonesia must adopt structural legal reforms, including escrow mandates, recognition of consumers as preferential creditors, and enhanced supervisory institutions. This research is useful for legislators, regulators, and scholars seeking to construct a more equitable, accountable, and resilient consumer protection system in Indonesia's property sector.

Keywords: *consumer protection, property failure, developer insolvency, escrow law, comparative analysis*

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INTRODUCTION

The phenomenon of failed property development projects followed by the bankruptcy of developers has evolved into an increasingly complex legal issue. In numerous cases, consumers who have paid down payments or made installment payments through banks do not ultimately obtain rights over the property due to the failure of construction to materialize. Ironically, financial institutions continue to demand payment obligations from consumers, despite the absence of concrete legal protections. Consumers are placed in the weakest position across three intertwined legal relationships: contractually with the developer, financially with the bank, and judicially within bankruptcy proceedings at the commercial court. This situation illustrates that legal protection for consumers in the property sector remains largely formalistic and fails to address the substantive justice that should be upheld by civil and consumer protection law.

Within the Indonesian legal framework, property consumers are not explicitly recognized as preferred creditors when a developer is declared bankrupt. Law No. 8 of 1999 on Consumer Protection does not provide specific provisions for consumer protection in cases of failed projects resulting from developer insolvency, while Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations (PKPU) tends to prioritize the interests of secured or concurrent creditors such as financial institutions. Consequently, consumers face legal uncertainty, lacking both guarantees for refund and legal entitlement to the property. In many instances, consumers are treated as ordinary unsecured creditors, rarely receiving any restitution, as the bankrupt estate is first allocated to creditors holding security interests such as mortgage rights or fiduciary guarantees over the project assets.¹

This disparity reveals an urgent need to reformulate the legal protection framework for consumers in the property sector, particularly in the context of failed developments due to bankruptcy. In civil law, the principles of legal certainty, justice, and utility should serve as fundamental pillars in resolving conflicts between consumers, developers, and banks. However, empirical evidence indicates that these principles are not proportionately realized. Consumers suffer not only financial losses but also psychological distress from losing prospective housing while still being burdened with legal obligations under their credit agreements. Therefore, a more progressive and responsive legal approach is required to address the dynamics of the property sector, especially with regard to failed projects and the implications of developer insolvency on consumer rights.

This research aims to examine the forms of legal protection available to consumers in failed property projects involving bankrupt developers in Indonesia, while also conducting a comparative analysis with the legal systems of Singapore and Australia. Both countries are recognized for their more comprehensive and preventive mechanisms for protecting property consumers, including the use of escrow systems, trust accounts, and strict oversight of consumer funds. Through a comparative legal approach, this study seeks to identify best

¹ Hanafi, S. D., Wahid, E., & Djajaputra, G. (2022). *Legal Protection on Apartment Units' Customers with PPJB When the Developer Is Failed*. *International Journal of Management Studies*, 3(0). Retrieved from <https://ijoms.internationaljournallabs.com/index.php/ijoms/article/download/113/134/579>

practices in consumer protection within the property sector and provide recommendations for a more adaptive national regulatory reform in favor of public interest.²

This study is guided by three central research questions: first, what forms of legal protection are available for consumers who suffer losses due to failed property developments and developer bankruptcy under the Indonesian legal system? Second, how do the legal systems of Singapore and Australia address similar situations? Third, what legal recommendations can be formulated to strengthen the legal position of consumers in Indonesia? These questions are addressed using normative juridical and comparative legal research methods, analyzing relevant legislation, doctrines, and court practices at both national and international levels.²

Theoretically, this research is grounded in consumer protection theory, legal justice theory, and modern civil law theory. Consumer protection theory emphasizes the need for legal intervention to safeguard structurally weaker parties such as property consumers in their relationships with developers and banks.³ Legal justice theory underlines the importance of a legal system that ensures not only formal certainty but also substantive justice in its implementation. Meanwhile, modern civil law theory highlights the need for a balance between contractual certainty and the protection of the economic rights of genuinely affected parties.

This study offers both theoretical and practical contributions. Theoretically, it enriches the body of literature in civil and bankruptcy law by positioning consumers as primary legal subjects in need of systemic protection. Practically, the findings can serve as a reference for policymakers in improving the legal substance of consumer protection in Indonesia's property sector, and for financial institutions in designing more balanced and equitable credit schemes. Additionally, legal scholars and practitioners may utilize this study as a reference in both litigation and non-litigation settings involving failed property development disputes.

By examining consumer protection practices in Singapore and Australia, this research provides a comparative perspective that may enhance Indonesia's legal approach. Singapore, through the Housing Developers (Control and Licensing) Act, mandates the use of escrow accounts and restricts the use of buyer funds prior to project commencement. Australia goes even further, requiring developers to deposit consumer funds into trust accounts that may only be disbursed in accordance with construction progress. These systems establish effective checks and balances, protecting consumers from the risks of failed developments and mitigating moral hazard on the part of developers.

METHOD

This study adopts a normative juridical method, focusing on the analysis of legal norms, statutory instruments, and doctrinal interpretations relevant to consumer protection in property developer insolvency. The research employs both statutory and conceptual approaches to examine the interaction between consumer law, contract law, and insolvency law in Indonesia. To strengthen its normative analysis, the study utilizes a comparative legal

² Paterson, J. M., & Wong, V. (2016). *Consumer Protection, Statute and the Ongoing Influence of the General Law in Singapore*. Singapore Academy Law Journal, 28. Retrieved from https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID3326956_code427203.pdf?abstractid=3326956

method to critically evaluate regulatory frameworks in Singapore and Australia. These jurisdictions are selected due to their advanced legal instruments, such as mandatory escrow and trust accounts, statutory home warranty insurance, and adjudicative enforcement through specialized tribunals. The legal materials analyzed include primary sources (laws, regulations, tribunal decisions) and secondary sources (legal commentary, academic journals, institutional case studies). Comparative evaluation is conducted through functional and structural comparisons, aiming to identify normative gaps and institutional deficiencies in the Indonesian system, and to formulate reform-oriented legal recommendations. The study remains qualitative in nature and is grounded in doctrinal legal reasoning.

DISCUSSION

The Concept Of Consumer Protection From The Perspective Of Indonesian Legislation

The consumers in the property sector represent one of the most legally vulnerable groups in their contractual relationships with business actors, particularly developers and financing institutions. Under Indonesian civil law, the consumer–developer relationship is typically bound through a Sales Binding Agreement (*Perjanjian Pengikatan Jual Beli*, PPJB), legally constituted as a unilateral obligation grounded in the free will of the contracting parties. However, PPJBs are often skewed in favor of the developer and drafted as standard-form contracts with minimal room for consumer negotiation. When a property project fails to materialize and the developer is declared bankrupt, consumers bear the greatest risk, both legally and economically without any guarantee of refund. This raises the fundamental question: to what extent does the Indonesian legal system provide concrete protection for property consumers harmed in such situations?.

The legal conception of consumer protection under Law No. 8 of 1999 on Consumer Protection normatively aims to position consumers as legal subjects entitled to comfort, safety, and overall protection. In practice, however, this law has yet to effectively translate into safeguards for property consumers who fall victim to development failures. One fundamental weakness is the absence of specific provisions in the Consumer Protection Act dealing with risk schemes when the subject of agreement fails to materialize due to developer bankruptcy or severe breach. Consequently, consumers often face dual burdens: losing their right to the property while still being obligated to continue installment payments to financing institutions. This gap undermines consumers' bargaining power as property purchasers within the tripartite legal relationship involving consumer, developer, and financial institution.³

Within Indonesia's bankruptcy framework, consumers receive inadequate protection because they are neither categorized as preferred nor *separatis* creditors. Instead, they are placed as concurrent creditors who receive distribution only after secured, *separatis* creditors such as banks have been fully satisfied. This results in stark legal inequity since consumers, who have not obtained any benefit from the transaction are deprioritized in the payment

³ Ahmad, S. N., Sulistyono, A., & Kusumo, A. T. S. (2025). *Legal protection for consumers owning apartment units in PPJB for developers declared in bankruptcy*. International Journal of Law Analytics, 3(1), 1–10. <https://doi.org/10.59890/ijla.v3i1.186>

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hierarchy. Moreover, the absence of escrow accounts or any mechanism to safeguard consumers' funds in property purchase arrangements exacerbates their risk, especially when development halts before reaching economically significant construction stages.⁴

This situation is further exacerbated by the weak regulatory oversight of developers by competent authorities, both at the central and regional levels. In many instances, construction permits are granted without thorough evaluation of the developer's financial capacity or legal track record. As a result, numerous property projects are initiated with limited capital and rely heavily on consumer payment schemes from the outset. In principle, however, consumer funds should not be used as the developer's primary working capital without guarantees of construction progress that are subject to periodic audits. The absence of such mechanisms significantly increases the likelihood of project failure and effectively turns consumers into "unofficial creditors" in the financing structure without any legal standing to demand results commensurate with the risks they bear.

A number of commercial court rulings demonstrate inconsistent treatment of property consumers. In certain cases, the judiciary has acknowledged the good faith of consumers and granted remedies such as contract termination and partial refund. However, in many other cases, courts rigidly adhere to the creditor classification system as stipulated under bankruptcy law, without considering the dimension of substantive justice. This indicates that consumer protection in Indonesia's property sector remains sporadic and largely dependent on judicial discretion in interpreting legal norms. Accordingly, there is an urgent need for regulatory reform and a progressive jurisprudential approach to strengthen the legal standing of consumers in property disputes arising from developer insolvency.

The gap between legal norms and the actual implementation of consumer protection is clearly evident in the decision of the Central Jakarta Commercial Court No. 352/Pdt.Sus-PKPU/2022/PN Niaga Jkt.Pst dated May 11, 2023.⁵ In this case, the developer, PT Permata Sakti Mandiri was filed for a Suspension of Debt Payment Obligations (PKPU) by several consumers after failing to complete the construction of an apartment project that had been marketed since 2018. In its legal considerations, the panel of judges ruled that consumers did not possess any preferential status over the developer's assets and were merely regarded as concurrent creditors. As a result, the consumers' requests for contract termination and refund were not explicitly granted, and they were required to file claims in the same manner as other general creditors. This decision highlights how current positive law places consumers in a subordinated position compared to financial institutions or other secured creditors.

Upon further analysis, the legal position of consumers in this case reflects the weakness of the *restitutio in integrum* principle within the context of civil consumer protection. This principle asserts that an aggrieved party should be restored to the position they were in prior to the contract. However, in the Indonesian legal reality, there is no

⁴ Pasaribu, E. M., & Yuhelson. (2021). *Legal protection for consumers to purchasing flat units based on the sale and purchase agreement regarding the bankruptcy of the developer*. JournalNX - A Multidisciplinary Peer Reviewed Journal, 5(12), 1–10. Retrieved from <https://repo.journalnx.com/index.php/nx/article/view/652>

⁵ Putusan Pengadilan Niaga Jakarta Pusat No. 352/Pdt.Sus-PKPU/2022/PN Niaga Jkt.Pst, tanggal 11 Mei 2023.

concrete mechanism to guarantee proportional recovery of consumer rights in the event of failed property development. The PPJB, which forms the basis of the legal relationship between consumers and developers, is not protected by any guarantee system such as an escrow account, which is commonly used in other legal systems. Consequently, consumers' funds are absorbed by the developer without any performance being delivered, and the resulting losses go uncompensated. This is contrary to the principle of contractual justice, which should ensure a fair balance between the rights and obligations of both parties.

Another systemic issue lies in the standardized nature of contracts commonly used in property transactions. Many developers use standard-form agreements containing exculpatory clauses that exempt them from liability for delays or failure to deliver the project, often citing circumstances beyond their control. These clauses are frequently embedded in lengthy and complex documents, leaving consumers without sufficient understanding of their legal consequences. In the event of bankruptcy, such clauses may further obstruct consumers' efforts to claim compensation. Although, in theory, these clauses could be deemed unfair contract terms that violate the Consumer Protection Act, there is no consistent jurisprudence in Indonesia that annuls such clauses in favor of consumer protection.⁶

Furthermore, the weakness of legal protection is exacerbated by the absence of a consumer guarantor body, an institution designated to safeguard buyers' funds and rights in property transactions. In many developed countries, the establishment of a statutory trust or public escrow system is a mandatory mechanism for all off-plan property transactions. In contrast, in Indonesia, payments are made directly to the developer's or affiliate's account without any supervision over the fund's utilization. This scheme creates a significant moral hazard, as developers may divert consumer funds to cover unrelated operational expenses or to bail out other failing projects. Without legislative intervention in the form of a systematic fund protection scheme, failed development practices will continue to recur with the same victims: first-time homebuyers.

Therefore, legal reform in the property sector is an urgent necessity that cannot be postponed. The government must undertake a reconstruction of the consumer protection framework in property transactions through two principal avenues. First, it must revise existing regulations to mandate the use of escrow or trust accounts in all PPJB transactions.⁷ Second, it must reform the legal standing of consumers in bankruptcy law to recognize them as preferential creditors when developers default. In addition, there is a pressing need to strengthen consumer mediation institutions and to establish a project oversight authority under an independent regulator. Absent these structural reforms, public trust in the legal system and the property sector will continue to deteriorate. Consumer protection in the

⁶ Poernomo, S. L. (2024). *Consumer Protection in Indonesia: Exploring the Adverse Effects of Misusing Exoneration Clauses on Consumer Rights in Legal Perspective*. *Journal of Law and Sustainable Development*, 12(1), 1–15. <https://doi.org/10.55908/sdgs.v12i1.2811>

⁷ Ali Murtadho, N. (2024). *Perlindungan Hukum terhadap Kreditor Preferen dalam Pemberesan Proses Kepailitan*. *Journal of Contemporary Law Studies*, 1(4), 207–226. <https://doi.org/10.47134/lawstudies.v2i3.2499>

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property market should no longer be viewed as a private matter, but rather as an integral component of national legal and economic stability.

Developer Liability and Consumer Protection from the Perspective of Bankruptcy Law

In civil law systems, the legal relationship between consumers and property developers is generally constructed through a sale and purchase agreement, commonly referred to as the PPJB (Perjanjian Pengikatan Jual Beli). Under normal circumstances, such agreements create reciprocal rights and obligations that are enforceable under contract law. However, when a developer is declared bankrupt, the legal framework shifts significantly, as all of the developer's obligations toward creditors including consumers become subject to the bankruptcy legal regime. In this context, a fundamental legal question arises: whether the developer can still be held individually liable, and how consumers are positioned within the creditor list prepared by the court-appointed receiver (curator). This issue lies at the core of the problem, as Indonesian bankruptcy law has not yet fully accommodated the rights of consumers who suffer losses in relation to properties that may not even exist in physical form.⁸

Pursuant to Articles 1131 and 1132 of the Indonesian Civil Code (KUH Perdata), all of the debtor's assets serve as general collateral for the fulfillment of their obligations, except for those held by secured creditors with specific rights. Within this framework, secured creditors, such as banks holding security rights (hak tanggungan) are granted priority in debt repayment, whereas property consumers are classified as unsecured concurrent creditors. This legal construction results in substantive injustice, considering that consumers have directly contributed to the development of the project through down payments or installment payments. Yet, under bankruptcy proceedings, their rights are not prioritized. In fact, consumers who have made full payment but have not received legal ownership of their property units often do not obtain restitution, as the developer's remaining assets are distributed to preferential creditors.⁹

Even more concerning is the fact that the consumer's status as the rightful owner of a property unit is frequently not legally recognized due to the absence of a formal transfer of ownership through a deed of sale (akta jual beli). According to Indonesian positive law, property ownership is only deemed legally valid once the deed has been executed before a Land Deed Official (PPAT) and registered with the land office. If bankruptcy occurs before this process is completed, consumers lose not only their legal status as buyers but also any lawful claim to the promised property unit. Consequently, consumer protection in bankruptcy situations cannot rely solely on contractual arrangements but must be reinforced through legal instruments that guarantee substantive justice and legal recognition of buyers' rights.

⁸ Hanafi, S. D., Wahid, E., & Djajaputra, G. (2022). *Legal Protection on Apartment Units' Customers with PPJB When the Developer is Failed*. Indonesian Journal of Multidisciplinary Science, 1(6), 565–575. Retrieved from <https://ijoms.internationaljournalabs.com/index.php/ijoms/article/download/113/134/579>

⁹ Siahaan, R. B., & Sinaga, Y. (2021). *Consumer Protection as Concurrent Creditors in the Distribution of Bankruptcy Proceeds*. Awang Long Law Review, 4(1), 235–240. Retrieved from <https://ejournal.stih-awanglong.ac.id/index.php/awl/article/download/342/245>

As part of efforts to pursue justice, several countries have adopted specific mechanisms to protect consumers in cases of developer bankruptcy. For instance, in the legal systems of the Netherlands and Germany, there exists the concept of *bouwgarantie* or construction guarantee, which requires developers to set aside funds or establish partnerships with financial institutions to ensure the continuity of the project even in the event of bankruptcy. In contrast, the Indonesian legal system lacks a comparable instrument. Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations (PKPU) does not explicitly recognize property consumers as a special category warranting protection, but rather includes them under the general classification of creditors. This creates a legal disparity where parties who have not yet received any benefit from the contract (i.e., the consumers) end up receiving the least protection compared to other business entities.¹⁰

The decision of the Central Jakarta Commercial Court in the case of PT Permata Sakti Mandiri, as previously mentioned, serves as a concrete illustration of the lack of legal protection afforded to consumers in bankruptcy proceedings involving property developers. In this case, the panel of judges ruled that consumers held the status of concurrent creditors, rather than preferential creditors. There was no substantive consideration given to the consumers' financial contributions to the project or the losses they incurred due to the unfulfilled delivery of the purchased property. This ruling highlights that under Indonesia's current legal system, consumer protection in the context of developer bankruptcy remains trapped within a formalistic and procedural approach. As a result, substantive justice is not achieved, and consumers are left without a legal basis to claim refunds or ownership rights over the promised property units. This further reinforces the argument that inclusive and responsive legal reform addressing the interests of property consumers is both urgent and indispensable.

Comparison Of Consumer Protection Concepts In Indonesia, Singapore And Australia

a. Consumer Protection in Singapore

Singapore stands as a model jurisdiction that has successfully developed a strong and integrated system for consumer protection in the property sector. Singapore's regulatory framework under the Housing Developers (Control and Licensing) Act 1965 mandates that all developers obtain a license before marketing properties and requires the establishment of a project account to hold purchaser payments exclusively for the construction of the specified development.¹¹ One of the key instruments is the use of a project account, a designated bank account that developers are required to establish for the sole purpose of holding all payments made by property purchasers. These funds may not be used for any other purposes apart from the construction of the specific project, thereby safeguarding consumer funds from misappropriation or loss in the event of default or project failure. This mechanism enhances

¹⁰ Mahmudah, S., & Hasan Al Asy'arie, M. A. (2023). *Consumer protection arrangements for flat-house buyers under the Indonesian bankruptcy regulation regime*. *Russian Law Journal*, 11(6). Retrieved from <https://www.russianlawjournal.org/index.php/journal/article/view/3373>

¹¹ See Housing Developers (Control and Licensing) Act 1965, Sections 4 and 15, which require developers to be licensed and to maintain a project account for all payments received from purchasers, ensuring funds are used solely for the relevant project. Available at: <https://sso.agc.gov.sg/Act/HDCLA1965>

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trust in property transactions and provides a high level of preventive legal assurance against consumer loss.

In addition to financial safeguards, legal protection for property buyers in Singapore is further reinforced through the mandatory use of a Standard Sale and Purchase Agreement (S&P) standardized by the government.¹² This document contains consumer-protective provisions such as deadlines for project completion, obligations for refund in cases of developer default, and arbitration clauses for dispute resolution. These provisions significantly limit the developer's discretion to insert unilateral terms and promote legal symmetry between buyer and seller. This approach contrasts sharply with the situation in Indonesia, where PPJB are often drafted unilaterally by developers without adequate regulatory oversight. In Singapore, consumer protection is ensured not only in the content of contracts but also in their structure and process, upholding the principle of contractual fairness.

Beyond financial and contractual regulation, the Singaporean government has established the Controller of Housing, an authoritative agency tasked with supervising the private housing sector. This supervisory role encompasses the approval of development plans and monitoring of construction standards, as governed by the Building Control Act 1989 (2020 Rev. Ed.), as well as the legal vetting of sale and purchase contracts and ongoing oversight of developers' compliance under the Housing Developers (Control and Licensing) Act 1965 (2020 Rev. Ed.). This integrated approach underscores the understanding that consumer protection cannot be left solely to private contractual arrangements between developers and purchasers, but must be institutionalized as a public duty to ensure legal certainty and fairness. Accordingly, the state assumes both preventive and corrective functions in addressing potential misconduct within the property sector.¹³

At the institutional level, The Government of Singapore established the Urban Redevelopment Authority (URA) under the Urban Redevelopment Authority Act (Cap. 340) as the national land-use planning and development control authority. URA plays a strategic role in regulating developers' compliance with property laws, especially in relation to consumer payment schemes mandated by the Housing Developers (Control and Licensing) Act. Its regulatory functions include monitoring payment flows through project accounts, verifying construction milestones, and ensuring that disbursements to developers align with actual progress. URA is also empowered to audit financial records, inspect project sites, and review transaction documentation. In the event of non-compliance, such as unauthorized marketing, misuse of consumer payments, or unjustified delays, URA may impose administrative sanctions, including warnings, license suspensions, or referral for prosecution

¹² See Housing Developers (Control and Licensing) (Amendment) Rules 2023, which introduces updated requirements for the standard Sale and Purchase Agreement format. Available at: <https://sso.agc.gov.sg/SL/HDCLA1965-R1/Historical/20230901?DocDate=20230901>

¹³ See Building Control Act 1989 (2020 Rev. Ed.), which governs supervision, control, and safety standards of construction projects in Singapore, available at <https://sso.agc.gov.sg/Act/BCA1989> and Housing Developers (Control and Licensing) Act 1965 (2020 Rev. Ed.), which regulates licensing, contractual oversight, and consumer protection in housing development, available at <https://sso.agc.gov.sg/Act/HDCLA1965>.

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under applicable legislation. This demonstrates that Singapore's regulatory regime is not only normative but also strongly implementative, embodying a proactive preventive mechanism to safeguard consumer interests in the property sector.¹⁴

Furthermore, URA also plays a pivotal educative role by actively disseminating information and raising public awareness regarding buyers' rights and regulatory standards. Pursuant to Section 6 (g) to (l), URA is statutorily empowered to provide advisory services, publish accessible planning information, and engage in public outreach activities. These initiatives include maintaining an online database of licensed developers, ongoing projects, and applicable statutory requirements, thereby reducing the information asymmetry that often disadvantages consumers in complex property transactions. By making such data openly available, URA enhances consumer agency and promotes more informed decision-making. In the broader perspective, this transparency fosters a participatory legal culture in which the protection of consumer rights transcends mere formal legality and becomes embedded as a living practice in societal interactions between buyers, developers, and regulators.

To complement these structural and regulatory safeguards, Singapore also implements, in addition to structural regulations, Singapore implements alternative dispute resolution mechanisms facilitated by institutions such as the CASE Mediation Centre and the Small Claims Tribunals.¹⁵ These institutions provide consumers with fast and affordable access to resolving property disputes outside formal litigation, boasting a high rate of successful outcomes. This model represents a form of participatory and efficient justice, critically needed in the high-value yet conflict-prone property sector. The presence of effective mediation and adjudication channels is a crucial pillar that strengthens consumer protection in practice, beyond mere legal formality.

The effectiveness of legal protection in Singapore is reflected in the strict enforcement actions taken against non-compliant developers, as exemplified by the case of *Tan Eck Hong v Maxz Universal Development Group Pte Ltd* (2012) SGHC 240. In this case, the developer was subjected to substantial penalties for failing to fulfill its contractual obligations, and the consumer was granted a full refund. This case underscores that Singapore's legal system is not only normative in its regulatory framework but also robust in implementation and enforcement.¹⁶ Similarly, in *Panorama Development Pte Ltd v Fitzroya Investments Pte Ltd* [2000] SGHC 238, the court addressed a situation where the developer's inability to deliver the promised condominium units due to financial distress justified

¹⁴ See Urban Redevelopment Authority Act, Cap. 340 (Revised Edition 2020). Singapore Statutes Online. Housing Developers (Control and Licensing) Act, Cap. 130 (Revised Edition 2020). Singapore Statutes Online. Urban Redevelopment Authority (URA). (n.d.). Functions and Roles. Retrieved from <https://sso.agc.gov.sg/Act/URAA1989>

¹⁵ See Consumer Protection (Fair Trading) Act, Cap. 52A (Singapore Statutes Online). (Revised Edition 2020). <https://sso.agc.gov.sg/Act/CPFTA2003>
See Small Claims Tribunals Act, Cap. 308 (Singapore Statutes Online). (Revised Edition 2020). <https://sso.agc.gov.sg/Act/SCTA1994>

¹⁶ Hidayah, P. M. N., & Nugraheni, A. S. C. (2025). *Komparasi Perlindungan Hukum dalam Kontrak Pre-Project Selling Properti Indonesia dan Singapura*. Jembatan Hukum: Kajian ilmu Hukum, Sosial dan Administrasi Negara, 2(1), 192-205.

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rescission of the sale and purchase agreements. The High Court upheld the buyers' right to terminate the contracts and ordered the return of payments made, recognizing that the developer's failure amounted to a constructive insolvency. These cases reflect a strong institutional commitment to uphold consumer interests not only through regulatory design but also through judicial enforcement, especially in scenarios involving developer insolvency or structural default.¹⁷

Considering the overall system, it can be concluded that the model of consumer protection in Singapore's property sector is built upon the principle of vertical integration combining preventive regulation, administrative oversight, and efficient dispute resolution mechanisms. This system does not solely emphasize legal-formal aspects, but also fosters long-term trust in the property market. Singapore's experience demonstrates that the effectiveness of consumer protection lies not merely in the existence of legal provisions, but in the consistency of implementation, the institutional capacity of regulatory bodies, and the establishment of a fair legal incentive structure for all stakeholders.

b. Consumer Protection in Australia

Australia's property sector operates under a dual-tier consumer protection framework. The Australian Consumer Law (ACL), embedded in the Competition and Consumer Act 2010 (Cth), establishes nationwide standards prohibiting unfair, misleading, and unconscionable conduct.¹⁸ At the state level, implementation of the ACL is carried out by general consumer protection agencies, including Queensland Office of Fair Trading (OFT)¹⁹, NSW Fair Trading²⁰, and Consumer Affairs Victoria (CAV)²¹. These bodies administer dispute resolution mechanisms, monitor compliance with fair trading legislation, and oversee the enforcement of consumer rights in property-related transactions. Their role ensures that the core principles of the ACL are effectively localised and remain accessible to individual consumers across jurisdictions.

Complementing these general agencies, each state also maintains specialised regulatory bodies dedicated to technical oversight of the construction sector. For instance, the Queensland Building and Construction Commission (QBCC)²², NSW Building

¹⁷ *Panorama Development Pte Ltd v Fitzroya Investments Pte Ltd & Another* [2000] SGHC 238, Retrieved from https://www.elitigation.sg/gd/s/2000_SGHC_238.

¹⁸ See Australian Government. (2010). Competition and Consumer Act 2010 (Cth), Schedule 2 (Australian Consumer Law). Retrieved from <https://www.legislation.gov.au/C2004A00109/latest/text>

¹⁹ See Queensland Government. (1989). *Fair Trading Act 1989*. Retrieved from <https://www.legislation.qld.gov.au/view/pdf/inforce/current/act-1989-084>

²⁰ See NSW Government. (1987). *Fair Trading Act 1987 No 68* (NSW). Retrieved from <https://legislation.nsw.gov.au/view/whole/pdf/inforce/2025-08-07/act-1987-068>

²¹ See Victorian Government. (2008). *Australian Consumer Law and Fair Trading Act 2012* (Vic). Retrieved from https://content.legislation.vic.gov.au/sites/default/files/e2786aa9-8253-3add-9b50-58c43a2d854f_12-21aa006%20authorised.pdf

²² See Queensland Government. (1991). *Queensland Building and Construction Commission Act 1991* (Qld). Retrieved from <https://www.legislation.qld.gov.au/view/pdf/inforce/current/act-1991-098>

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Commission²³, and Victorian Building Authority (VBA)²⁴ are tasked with regulating builder licensing, enforcing building codes, and administering consumer protection instruments such as statutory home warranty insurance and developer bonds. This institutional division of labour enables a layered yet coordinated enforcement environment in which both legal compliance and construction quality are systematically monitored, thereby embedding consumer protection at multiple stages of residential development.

Building upon the regulatory role of the Queensland Building and Construction Commission (QBCC), the Queensland Building and Construction Commission Regulation 2018 further operationalises consumer protection through detailed provisions under the Home Warranty Insurance Scheme.²⁵ The Regulation specifies monetary thresholds for insurance eligibility and procedural conditions for lodging claims involving defective or incomplete work. Notably, Schedule 6 of the Regulation addresses circumstances in which the licensed contractor is bankrupt, insolvent, deceased, or has had their license cancelled, enabling consumers to seek redress even in the absence of an active licensee. In addition, the Regulation prescribes requirements for domestic building contracts, including limits on advance payments and mandatory disclosure obligations, thereby enhancing transparency and mitigating consumer risk. By translating the broad mandates of the principal Act into enforceable rules, this Regulation ensures that Queensland's consumer protection framework remains comprehensive, accessible, and effective across all phases of the residential construction process.

In addition to post-completion mechanisms such as home warranty insurance, Queensland's regulatory framework incorporates proactive financial safeguards during the construction phase through a statutory trust account system. Under the Building Industry Fairness (Security of Payment) Act 2017, as amended by the 2024 Amendment Act, builders and developers are required to deposit consumer progress payments and retention amounts into dedicated project and retention trust accounts. Withdrawals from these accounts are permitted only in accordance with construction milestones verified by independent certifiers, thereby ensuring a direct link between payment and actual project delivery.²⁶ The accompanying Building Industry Fairness (Security of Payment) Regulation 2024 prescribes detailed rules on deposit timelines, permissible withdrawals, and mandatory reporting obligations. These fiduciary controls, overseen by the QBCC, enhance transparency in fund

²³ See New South Wales Government. *Building Commission Act 2023* (NSW). Retrieved from <https://legislation.nsw.gov.au/view/pdf/asmade/act-2023-44>

²⁴ See Victorian Government. *Building Act 1993* (Vic). Retrieved from <https://content.legislation.vic.gov.au/sites/default/files/2025-06/93-126aa142-authorized.pdf>

²⁵ See Queensland Government. (2018). *Queensland Building and Construction Commission Regulation 2018*. Retrieved from <https://www.legislation.qld.gov.au/view/pdf/inforce/current/sl-2018-0138>

²⁶ See Queensland Government. (2024). *Building Industry Fairness (Security of Payment) and Other Legislation Amendment Act 2024*. Retrieved from <https://www.legislation.qld.gov.au/view/pdf/asmade/act-2024-014>

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management, mitigate the risk of insolvency or misappropriation, and reinforce public trust in Queensland's residential property market.²⁷

In Queensland, consumer protection in residential construction is reinforced through a mandatory inspection and certification regime, legally established under the Building Act 1975 (Qld) and operationalised through the Building Regulation 2021 (Qld).²⁸ Under the Building Act 1975 (Qld), the National Construction Code (NCC) is adopted as the binding technical standard, and licensed building certifiers are vested with statutory authority to approve construction stages, issue compliance certificates, and direct the cessation of work in cases of non-compliance, thereby embedding technical compliance within the broader framework of legal accountability. Under the Building Regulation 2021 (Qld), particularly sections 44–53, mandatory staged inspections are prescribed for assessable building work, especially Class 1a and Class 10 structures, at critical phases including excavation, footings, slab, frame, and final completion. At each stage, a licensed certifier or competent person must conduct the inspection and issue a Form 16 certificate before subsequent work may proceed, with further construction prohibited in the absence of such certification. By integrating the NCC's technical standards with enforceable inspection procedures, Queensland's regulatory framework transforms consumer protection from an abstract legal entitlement into verifiable, on-site quality assurance throughout the construction process.

While technical oversight ensures compliance during construction, robust consumer protection in the Australian property sector is also priorreinforced at the transactional stage through mandatory standard-form contracts and pre-sale disclosure requirements. These regulations are state-based, with each jurisdiction prescribing its own statutory framework. New South Wales (NSW) mandates written sale contracts under Conveyancing Act 1919 (NSW) s 66R and Conveyancing (Sale of Land) Regulation 2022 (NSW) cls 4–6. Vendors must provide prescribed documents, such as title searches, drainage diagrams, and zoning certificates—prior to marketing a residential property, with compliance overseen by NSW Fair Trading.²⁹ Victoria regulates through Sale of Land Act 1962 (Vic) s 32, which requires vendors to deliver a statutory disclosure document known as the Section 32 Statement, containing both legal and physical information about the property. While Estate Agents (Contracts) Regulations 2008 (Vic) reg 5 prescribes the standard-form contract for residential sales.³⁰ In both jurisdictions, these legal frameworks are designed to ensure

²⁷ See Queensland Government. (2024). *Building Industry Fairness (Security of Payment) and Other Legislation Amendment Regulation 2024*. Retrieved from <https://www.legislation.qld.gov.au/view/pdf/asmade/sl-2024-0085>

²⁸ See Queensland Government. (1975). *Building Act 1975*. Retrieved from <https://www.legislation.qld.gov.au/view/pdf/inforce/current/act-1975-011> and *Building Regulation 2021*. Retrieved from <https://www.legislation.qld.gov.au/view/pdf/inforce/current/sl-2021-0126>

²⁹ See NSW Government. (1919). *66R Conveyancing Act 1919 No. 6* (NSW). Retrieved from <https://legislation.nsw.gov.au/view/whole/pdf/inforce/2025-08-02/act-1919-006> and NSW Government. (2022). *Conveyancing (Sale of Land) Regulation 2022* (NSW). Retrieved from <https://legislation.nsw.gov.au/view/whole/pdf/inforce/2022-08-26/sl-2022-0485>

³⁰ See Victorian Government. (2008). *Estate Agents (Contracts) Regulations 2008* (Vic). Retrieved from https://content.legislation.vic.gov.au/sites/default/files/625b560b-0239-3862-aaec-9bb1a7c3d283_08-097sr.pdf

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transparency, prevent unilateral drafting of contractual terms by developers, and uphold the principle of good faith in property transactions. As a result, consumer protection is embedded not only in post-construction safeguards but also from the earliest stages of the sales process.

Complementing these regulatory instruments are institutional enforcement mechanisms that adjudicate disputes and uphold compliance standards. In Australia, consumer protection in the property sector is reinforced not only through substantive regulations but also via a network of statutory institutions with adjudicative and enforcement powers. At the federal level, the Australian Competition and Consumer Commission (ACCC) serves as the principal authority responsible for enforcing the Competition and Consumer Act 2010 (Cth), particularly Schedule 2: Australian Consumer Law, which prohibits misleading conduct, unfair contract terms, and unconscionable practices in property transactions.³¹ Complementing this national framework, each state has established its own civil and administrative tribunal to provide accessible, expedient, and low-cost dispute resolution mechanisms for consumers. For instance, the Queensland Civil and Administrative Tribunal (QCAT), is constituted under the Queensland Civil and Administrative Tribunal Act 2009 and adjudicates a wide range of consumer and building matters.³² Similarly, in the New South Wales, NSW Civil and Administrative Tribunal (NCAT), governed by the Civil and Administrative Tribunal Act 2013 (NSW), handles residential building and consumer claims within its jurisdiction.³³ Victoria equivalent, the Victorian Civil and Administrative Tribunal Act 1998 underpins the Victorian Civil and Administrative Tribunal (VCAT), which has extensive authority over disputes involving defective construction, misrepresentation, or breaches of statutory warranty.³⁴ These tribunals function as institutional extensions of consumer law by providing post-transactional remedies and enhancing legal certainty. In unison, the ACCC and state tribunals offer a dual-layered enforcement structure federal oversight through statutory regulation, and localized adjudication through specialist tribunals, ensuring that consumer protection in Australia's property sector is both preventive and responsive in nature.

This enforcement structure has proven effective not only in administrative coordination and post-insolvency recovery efforts but also in dispute resolution outcomes that uphold consumer rights. A notable example of Australia's responsive consumer protection framework in action can be seen in the 2023 collapse of the Porter Davis Group, a major residential builder with over 2,600 active and pre-site contracts across Victoria and Queensland. Following the group's insolvency, liquidators from Grant Thornton were appointed and collaborated with the Victorian Building Authority (VBA), the Queensland Building and Construction Commission (QBCC), and the Victorian Managed Insurance

³¹ See Australian Government. (2010). *Competition and Consumer Act 2010* (Cth). Retrieved from <https://www.legislation.gov.au/C2004A00109/latest/text>

³² See Queensland Government. (2009). Queensland Civil and Administrative Tribunal Act 2009. Retrieved from <https://www.legislation.qld.gov.au/view/pdf/inforce/current/act-2009-023>

³³ See NSW Government. (2013). Civil and Administrative Tribunal Act 2013 (NSW). Retrieved from <https://legislation.nsw.gov.au/view/whole/pdf/inforce/2025-08-03/act-2013-002>

³⁴ See Victorian Government. (1998). Victorian Civil and Administrative Tribunal Act 1998. Retrieved from <https://content.legislation.vic.gov.au/sites/default/files/2025-07/98-53aa141-authorized.pdf>

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Authority (VMIA) to assist affected homeowners. Approximately 200 nearly completed homes were delivered, and over 400 additional contracts were novated to alternative builders. Liquidators also provided access to construction documentation via the MyHome Portal and helped maintain warranty insurance eligibility. This case illustrates how proactive institutional coordination through regulatory oversight, statutory insurance schemes, and structured insolvency response can effectively mitigate consumer harm and restore confidence in the residential construction market.³⁵

Beyond coordinated institutional responses, individual adjudicative mechanisms have also proven effective in delivering direct legal remedies to consumers, particularly in instances of developer non-performance. A clear demonstration of the tribunal's effectiveness in upholding consumer rights in the property sector is found in *Perkins v Key to Australia Pty Ltd* [2024] QCAT 608. In this case, Andrea Perkins, a property investor, paid AUD 49,990 to the developer as part of a proposed land acquisition arrangement that ultimately failed to materialise. Despite repeated requests, the developer neither fulfilled the promised delivery nor refunded the payment. The Queensland Civil and Administrative Tribunal (QCAT) reviewed the documentary evidence submitted by Perkins, ranging from proof of funds transferred to the absence of performance by the developer

and ruled decisively in her favour. The tribunal ordered full restitution of the amount paid, thereby illustrating its active role in enforcing accountability and delivering tangible remedies to consumers who suffer loss from failed property transactions. This case underscores how QCAT functions as an accessible and responsive adjudicative forum for property consumers, particularly in situations involving developer non-performance or insolvency.³⁶

Taken as a whole, these multi-layered mechanisms illustrate how Australia has engineered a comprehensive and resilient legal architecture to safeguard consumers in the property sector. Rather than treating consumer protection as a peripheral add-on, the system embeds it at the structural core of residential property transactions through a calibrated interplay of statutory regulation, institutional oversight, financial guarantees, and adjudicative remedies. Its effectiveness derives not merely from the stringency of individual rules, but from the coherence of implementation and the institutional synergy among regulators, insurers, financial intermediaries, and tribunals. Importantly, in instances of developer insolvency or construction failure, consumer rights are not extinguished by default, they persist through overlapping legal safeguards that enable both compensation and enforcement. Australia thus presents a compelling model for how consumer protection can be integrated into the legal fabric of the housing market without sacrificing legal certainty, market efficiency, or enforceability.

The consumer protection system in the property sector requires an approach that is not only normative but also implementative, considering the complexity of transactions and the inherent asymmetrical risks between developers and consumers. Singapore and Australia

³⁵ Grant Thornton Australia, *Case Study: The Porter Davis Group* (Web Page, 2023) Retrieved from <https://www.grantthornton.com.au/services/case-study/case-study-the-porter-davis-group/>.

³⁶ *Perkins v Key to Australia Pty Ltd*. [2024] QCAT 608 (27 June 2024). Retrieved from <https://www.queenslandjudgments.com.au/caselaw/qcat/2024/608>.

have developed protective systems that are preventive, corrective, and institutional in nature, while Indonesia continues to lag behind in formulating an integrated legal framework. This comparative analysis employs three key variables: (1) regulatory design, (2) the institutional structure of oversight bodies, and (3) dispute resolution mechanisms. By analyzing these three systems, this paper aims to demonstrate the extent to which the effectiveness of consumer protection depends on the integration across legal tiers, the clarity of institutional mandates, and the efficacy of law enforcement. The analytical method used is qualitative-comparative, relying on legal documents, court decisions, and academic literature as the comparative basis across jurisdictions.³⁷

Normatively, Singapore and Australia offer more explicit regulations in safeguarding property consumers' rights than Indonesia. Singapore mandates the use of project accounts and legally protected standard contracts through the Housing Developers (Control and Licensing) Act 1965. Australia, on the other hand, enforces statutory trust accounts and compulsory building insurance schemes through various state legislations. In contrast, Indonesia continues to rely on an administrative approach as stipulated in Government Regulation No. 12 of 2021, which lacks rigorous oversight over the implementation of escrow mechanisms or standardized contracts. Consequently, interpretative gaps and contractual inconsistencies often burden consumers in cases of default. The absence of a legal regime that mandates the exclusive allocation of consumer funds for development purposes reflects a weak preventive dimension in Indonesia's legal system, which remains structurally unprepared to anticipate developers' moral hazard.³⁸

The institutional structure of oversight also reveals significant disparities. Singapore is equipped with the Controller of Housing and the Urban Redevelopment Authority (URA), which serve not only administrative functions but also conduct inspections, audits, and public education in a proactive manner. Australia adopts a functionally decentralized model, wherein agencies such as the Queensland Building and Construction Commission (QBCC), NSW Fair Trading, and the Victorian Building Authority (VBA) possess extensive legal authority to impose sanctions and regulate development processes. In contrast, Indonesia lacks a dedicated and independent supervisory body to consistently monitor developers' conduct. The roles of the Ministry of Public Works and Housing (PUPR) and local housing agencies remain sporadic and largely reactive rather than preventive. The absence of explicit mandates and the limited technical capacity of regulatory institutions result in oversight that is more formal-administrative than substantive in nature.³⁹

In Singapore, the Urban Redevelopment Authority (URA) provides an online database containing updates on project progress, licensed developers, and the financial status of ongoing developments. Australia mandates the inclusion of disclosure statements and

³⁷ Howells, G., Ramsay, I., Wilhelmsson, T., & Kraft, D. (2018). *Handbook of Research on International Consumer Law, Second Edition*. Edward Elgar Publishing.

³⁸ Hidayah, P. M. N., & Nugraheni, A. S. C. (2025). *Komparasi Perlindungan Hukum dalam Kontrak Pre-Project Selling Properti Indonesia dan Singapura*. *Jembatan Hukum: Kajian ilmu Hukum, Sosial dan Administrasi Negara*, 2(1), 192-205. <https://doi.org/10.62383/jembatan.v2i1.1314>

³⁹ Estera, S., & Djaja, B. (2023). Analysis of the Role of Notaries in Consumer Protection in Property Transactions. *Jurnal Indonesia Sosial Sains*, 4(07), 601-606. <https://doi.org/10.59141/jiss.v4i07.847>

zoning certificates in property transactions, ensuring that buyers have access to essential and accurate information. In contrast, Indonesia lacks an official public database for property projects. The PPJB is also not standardized and is often drafted unilaterally by developers. This situation creates a significant imbalance in bargaining power and exposes consumers to potential violations of their rights.⁴⁰

The protection of consumer funds in pre-construction property transactions is a critical indicator of the effectiveness of a legal consumer protection framework. Australia implements statutory trust account schemes and home warranty insurance that legally safeguard buyers' funds in the event of developer default or insolvency. In Singapore, the use of project accounts, as mandated by the Housing Developers (Control and Licensing) Act 1965, restricts the utilization of consumer funds exclusively for the construction costs of the specific project. In contrast, Indonesia lacks explicit legal provisions requiring the use of escrow accounts or similar fiduciary mechanisms to secure purchaser funds. A recent study by Saraswati and Tornado (2025) reveals that, in practice, developers in Indonesia may access consumer payments under the PPJB even before construction begins, without any legal safeguards based on fiduciary control. This regulatory gap exposes consumers to substantial financial risk should the project remain incomplete or the developer declare bankruptcy.⁴¹

Australia implements a home warranty insurance scheme, also known as builders warranty insurance, domestic building insurance, or home indemnity insurance, which is mandatory in most states as a form of financial protection for homebuyers in the event that developers fail to complete construction or lose their business licenses. This mechanism functions as a last-resort safeguard, covering claims related to incomplete construction or major structural defects. An international comparative study of nine home warranty schemes, including Australia's, highlights the diversity in regulatory designs and levels of effectiveness across jurisdictions, while emphasizing the importance of oversight quality and financial stability in scheme architecture.⁴² In a different approach, Singapore does not operate a mandatory insurance scheme akin to Australia's. Instead, developers are required to provide performance bonds or specific bank guarantees for certain projects, alongside the compulsory use of project accounts that restrict access to consumer funds. These mechanisms collectively offer structural protection against financial risks during development. In Indonesia, by contrast, consumer protection under PPJB remains far from optimal. This is largely due to the absence of mandatory project guarantees or building insurance similar to those in more developed jurisdictions, leaving property buyers highly exposed to financial

⁴⁰ Najati, F. A., & Mashdurohatun, A. (2024). The Comparative Analysis of Consumer Protection Regulations in E-Commerce Transactions in Indonesia, Singapore and Malaysia. *Law Development Journal*, 6(2), 200-213. <http://dx.doi.org/10.30659/ldj.6.2.200-213>

⁴¹ Saraswati, M. A., & Tornado, A. S. (2025). *Perlindungan Hukum Bagi Pembeli Dengan Sistem Penjualan Pra-Pembangunan (Pre-Selling Project) Properti Dalam Perjanjian Pengikatan Jual Beli (PPJB)*. *Al-Zayn: Jurnal Ilmu Sosial & Hukum*, 3(3), 2737-2747. <https://doi.org/10.61104/alz.v3i3.1734>

⁴² Royal, S., Lehoux, N., & Blanchet, P. (2023). *Comparative case study research: An international analysis of nine home warranty schemes*. *International Journal of Building Pathology and Adaptation*, 41(4), 789-824. <https://doi.org/10.1108/IJBPA-04-2021-0058>

risks. As Perwiro (2023) notes, this regulatory gap represents a fundamental deficiency in Indonesia's legal framework for consumer protection in the housing sector.⁴³

In addition to regulatory reinforcement through administrative law, both Australia and Singapore implement consumer protection mechanisms through the imposition of strict standards on contractual arrangements. In Australia, the Queensland Building and Construction Commission Act 1991 serves as a key legal foundation, particularly through Schedule 1B, which requires that contracts be written, dated, and signed by the parties (Sections 13–14). This schedule also embeds implied warranties, such as the obligation to carry out construction work with reasonable skill and care, and in compliance with applicable laws (Sections 19–21). Singapore, meanwhile, mandates the use of standard form contracts in residential property transactions involving uncompleted units, based on the Housing Developers (Control and Licensing) Act. The government requires developers to use official documents such as Form D and Form E, subject to strict regulatory oversight to prevent clauses that may disadvantage consumers. In stark contrast to these frameworks, Indonesia has not established a nationally standardized format for PPJB. A review of various PPJBs reveals a strong tendency for developers to dominate the contract-drafting process, including the insertion of standard clauses that limit consumer rights. The implementation of contractual fairness principles remains weak, largely due to the absence of administrative oversight and the lack of substantive evaluation prior to contract execution.⁴⁴

Australia provides strong dispute resolution channels such as the Queensland Civil and Administrative Tribunal (QCAT), NSW Civil and Administrative Tribunal (NCAT) and the Victorian Civil and Administrative Tribunal (VCAT), which efficiently handle property-related disputes. Singapore facilitates alternative dispute resolution (ADR) through institutions like the CASE Mediation Centre and the Small Claims Tribunals, offering accessible and expeditious remedies. Indonesia, meanwhile, has established an ADR mechanism through the Consumer Dispute Settlement Agency (*Badan Penyelesaian Sengketa Konsumen* or BPSK), which is ideally designed to provide fast and low-cost dispute resolution. However, recent studies indicate numerous implementation barriers, including limited human resources, inadequate public outreach, and the frequent annulment of BPSK decisions by general courts or the Supreme Court, which significantly undermines its institutional legitimacy.² Moreover, the lack of legal certainty regarding the finality and binding nature of BPSK decisions raises concerns about the rule of law. This uncertainty weakens public trust in non-litigation dispute resolution mechanisms, despite BPSK's formal potential as a vital instrument for consumer protection.⁴⁵

⁴³ Perwiro, G. I. Z. (2023). *PERLINDUNGAN KONSUMEN YANG TERIKAT PERJANJIAN PENGIKATAN JUAL BELI (PPJB) APABILA PENGEMBANG (DEVELOPER) APARTEMEN DINYATAKAN PAILIT (STUDI TERHADAP APARTEMEN CANDILAND)* (Doctoral dissertation, Universitas Islam Sultan Agung Semarang).

⁴⁴ Wibisana, N. A., & Sari, R. D. P. (2024). Penggunaan Klausula Eksonerasi Dalam Ppjb Rumah Susun Dalam Perspektif Perlindungan Konsumen. *Jurnal Hukum Ius Publicum*, 5(1), 1-10. <https://doi.org/10.55551/jip.v5i1.84>

⁴⁵ Yuwono, M. S., & Saptomo, A. (2024). *Legal Efforts in Handling Consumer Disputes at the Consumer Dispute Settlement Body (BPSK) in Indonesia*. *Asian Journal of Social and Humanities*, 3(3), 602-612. <https://doi.org/10.59888/ajosh.v3i3.469>

To synthesize the comparative findings, the table below outlines the key institutional and regulatory features of consumer protection frameworks in Indonesia, Singapore, and Australia, particularly in relation to property developer insolvency.

Legal Dimension	Indonesia	Singapore	Australia (QLD/NSW/VIC)
Type of Sale Contract	Non-standardized <i>PPJB</i> (Binding Sale and Purchase Agreement); largely developer-drafted	Mandatory standardized contracts under <i>Conveyancing Act</i> and <i>Sale of Land Regulations</i>	Standard-form contracts required, with mandatory disclosures (e.g., Section 32 Statement in VIC)
Escrow / Trust Account System	Not mandated; no legal obligation to separate buyer funds	Mandatory project accounts regulated by the Urban Redevelopment Authority (URA)	Statutory trust accounts required for progress payments and retentions, particularly in QLD
Statutory Insurance / Guarantees	No mandatory home warranty insurance; consumers bear the risk of non-performance	Limited statutory insurance; protection mainly via project account regime	Home Warranty Insurance Scheme mandatory for most residential projects > AUD 3,300 (e.g., QBCC in QLD)
Technical Oversight & Certification	Weak enforcement; limited building inspection and certification	Regulated by Building and Construction Authority (BCA) and URA	Mandatory staged inspections and certification under Building Act and QBCC/VBA/NSW Building Commission
Consumer Status in Developer Insolvency	Consumers have no legal priority; not classified as preferential creditors in bankruptcy proceedings	Consumers protected through pre-payment safeguards (escrow) and developer licensing	Consumers not legally prioritized but protected through statutory trust, insurance, and contract regulation
Dispute Resolution Mechanism	General jurisdiction: commercial court or BPSK (Consumer Dispute Agency), limited effectiveness	Claims handled through Small Claims Tribunal or civil courts	Specialized tribunals: QCAT (QLD), NCAT (NSW), and VCAT (VIC) with adjudicative authority over housing issues

CONCLUSION

The research reveals a systemic disconnection between consumer protection mechanisms and insolvency law in Indonesia's property sector, resulting in the subordination of consumer rights when developers default or collapse. The absence of mandatory escrow arrangements, consumer prioritization in bankruptcy, and enforceable technical oversight contributes to legal uncertainty and financial vulnerability for property buyers.

Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (PKPU) does not explicitly recognize property consumers as a special category that warrants protection, but instead includes them in the general classification of creditors. This creates a legal disparity where parties who have not received any benefits from the contract (i.e., consumers) ultimately receive the least protection compared to other business entities. The Central Jakarta Commercial Court's decision in the PT Permata Sakti Mandiri case, as mentioned earlier, is a concrete illustration of the minimal legal protection provided to consumers in bankruptcy proceedings involving property developers.

By contrast, Singapore and Australia demonstrate that consumer protection can be materially strengthened through an integrated legal approach combining pre-contractual safeguards, statutory insurance, trust-based financial controls, and institutional enforcement via tribunals. These comparative findings confirm that effective consumer protection in property developer insolvency is contingent on both substantive regulatory design and the institutional capacity to implement and enforce it. Accordingly, the study concludes that Indonesia's existing regulatory framework must be restructured to establish vertical integration across contract, consumer, and insolvency law, supported by financial accountability mechanisms and adjudicative institutions that can actively preserve consumer rights

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