



Rights and obligations of creditors: Reflection on the cancellation of collateral by the court (A study of the Supreme Court decision of the republic of Indonesia number 3659 K/Pdt/2019)

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Abstract

Cancellation of collateral by the court has become a significant issue in the context of civil law in Indonesia. The Supreme Court Decision of the Republic of Indonesia Number 3659 K/Pdt/2019 highlights the complexities of creditors' rights and obligations when facing situations where the collateral for their loans is revoked by the court. This article aims to analyze the impact and implications of collateral cancellation on creditors' rights and obligations, using the aforementioned Supreme Court decision as a case study. This research employs a normative research method with a legislative approach and a case study. The findings indicate that the cancellation of loan agreements and collateral by the court, as in the case of Supreme Court Decision Number 3659 K/Pdt/2019, illustrates the complexity of lending practices. The court should not annul loan agreements; a proportional solution is to annul only the Deed of Granting Mortgage, maintaining the debtor's debt with the creditor. Following the cancellation, creditors can restructure loans, track debtor assets, or file for a seizure of assets. A comprehensive approach involving regulators, financial institutions, debtors, and the judiciary is necessary to ensure legal certainty and creditor protection.

Keywords: Creditor's rights, creditor's obligations, cancellation of collateral

Introduction

The rights and obligations of creditors are critical elements in lending and financing relationships. Creditors play a central role in ensuring the security of their investments, which are often realized through collateral, including mortgages on properties. In other words, the party providing funds (creditor), particularly banking institutions or financing entities, require collateral as a condition for extending credit, aiming to protect their funds and ensure their legal validity ^[1]. Generally, everyone has the right to enter into agreements. Rights are normative aspects inherent in every individual and applied in the context of equality and freedom associated with interactions between individuals or institutions ^[2]. However, there are cases where creditors may face unexpected challenges, such as the cancellation of mortgage certificates by the court. Such cases highlight the complexity and risks associated with lending practices, and the need for creditors to thoroughly understand their rights and obligations.

At some point, creditors may encounter situations where mortgage certificates they received from the National Land Agency (BPN) are revoked by the court. This occurrence can arise due to various factors. In this context, reflection on the cancellation of mortgage certificates by the court becomes essential to understand the legal implications, risks, and obligations faced by creditors. Lending and financing activities are integral to the modern financial system. Creditors, which can be financial institutions, banks, or individuals, play a crucial role in supporting economic growth by providing funds to individuals or companies. The banking sector plays a vital role in driving Indonesia's economy through the execution of intermediary functions, namely, collecting and channeling funds ^[3]. To protect their interests, creditors often request collateral in the form of security, and land property is a common choice. There is a strong connection between humans and land. It is

inseparable from the places where people live and work, allowing them to lead their lives ^[4].

Boedi Harsono stated that Hak Tanggungan is a right that grants authority to the creditor to control the land and conduct a foreclosure sale of the land burdened by Hak Tanggungan if the debtor fails to fulfill promises or commits a breach of contract. Breach of contract (wanprestasi) in this context refers to wrongful actions taken by the borrower, resulting in their inability to fulfill the obligations agreed upon in the agreement. This could entail negligence in repaying debt when it falls due, or non-compliance with the terms of the main agreement and its collateral before the debt must be paid ^[5]. In this context, banks as preferred creditors have the right to prioritize the repayment of the debtor's debt from the proceeds of the Mortgage Right auction compared to other creditors. Therefore, banks, as creditors, have the ability to execute the object of the Mortgage Right. According to Article 4, Article 10 paragraph (3), Article 27 of Law Number 4 of 1996 concerning Mortgage Rights Over Land and Related Objects (Mortgage Law), along with Article 47 of Law Number 20 of 2011 concerning Apartment Ownership (Apartment Law), the object of the Mortgage Right can also include: "a. Land Ownership Certificate; b. Right to Build Certificate; c. Building Use Rights Certificate; d. Rights to Use land; e. Units of condominiums; f. Old rights that have not been converted; and g. Converted old rights that have not been registered" ^[6].

In Article 1 paragraph (1) of the Mortgage Law, it is explained that Mortgage Right is a form of security interest imposed on land rights as regulated in Law Number 5 of 1960 concerning Basic Agrarian Principles. This Mortgage Right may or may not involve other objects that are integral to the land, and is used as collateral to settle specific debts. Mortgage Right prioritizes certain creditors over others. With the enactment of Law Number 4 of 1996 concerning Mortgage Rights, it is expected to provide comprehensive

legal clarification regarding the imposition of security on land and related objects, replacing the previous regulations referring to the provisions of Hypotheek in the Civil Code [7].

However, issues arise when the debtor sells the collateralized land before engaging in the loan or financing transaction. This can create legal uncertainties regarding ownership and collateral status. In some cases, the court may decide to cancel the mortgage certificate issued by the National Land Agency (BPN), causing losses and uncertainties for creditors. As seen in Supreme Court Decision Number 3659 K/Pdt/2019, which reviewed a civil case on reconsideration concerning a dispute between Yatty Kolopita, hereinafter referred to as the Plaintiff, against Masrul Rantung, hereinafter referred to as the Defendant I, PT. National Capital Madani (Persero), hereinafter referred to as Defendant II, PT. National Capital Madani (Persero)-Micro Capital Service Unit (ulaMM) Kotamobagu, hereinafter referred to as Defendant III, Erlangga Saputra Rantung, hereinafter referred to as Defendant IV, and Land Deed Official (PPAT) Achmad Syafriel, SH, hereinafter referred to as Intervening Defendant I, Land Office of Kotamobagu City, hereinafter referred to as Intervening Defendant II, and the State Property and Auction Service Office Manado Branch, hereinafter referred to as Intervening Defendant III.

The case in Supreme Court Decision Number 3659 K/Pdt/2019 is as follows: The Plaintiff and Defendant I (Masrul Rantung) were previously married and divorced based on Divorce Deed Number 249/AC/2001/PA.Ktg dated December 12, 2001, after being previously bound in marriage based on the Marriage Certificate of the Kotamobagu District Religious Affairs Office Number 158/1973 dated January 2, 1972. Currently, they still jointly own land and buildings on Jalan Adampe Dolot, Mogolaing Village, West Kotamobagu District, Kotamobagu City, with Certificate of Ownership (SHM) Number 186 in 1979, land area of 200 M², and building area of 300+144 M².

Defendant I along with Defendant II (PT Permodalan Nasional Madani) and its attorney-in-fact Defendant III (PT Permodalan Nasional Madani (Persero)-Micro Capital Service Unit (ulaMM) Kotamobagu) entered into a loan agreement without the Plaintiff's consent, mortgaging the joint assets of the Plaintiff and Defendant I. This occurred on November 19, 2013, with loan agreement letter Number 110/PKULM/KTMB/SUP/XI/2013. Subsequently, Deed of Mortgage (APHT) Number 20/2014 was made on January 20, 2014, and Mortgage Certificate (SHT) rank I Number 195 dated March 3, 2014. A similar action was taken again on October 31, 2014, with loan amendment agreement Number 019/ULM-KTMB/PK-RMR/X/2014 still mortgaging joint assets of the Plaintiff and Defendant I. On July 22, 2017, Defendant I together with his son, Defendant VI (Erlangga Sapputra Rantung), entered into Loan Agreement Number 004/ULM-KTMB/PK-RMR/VI/17, also with joint asset collateral. The Plaintiff became aware of the execution auction process against the collateral/joint assets of the Plaintiff and Defendant I, carried out through the intermediary of Defendant III (State Property and Auction Service Office Manado).

Based on the above case, the Kotamobagu District Court issued a verdict on September 12, 2018, Number: 55/Pdt.G/2018/PN Ktg, stating that the actions of Defendant I and Defendant II through its attorney-in-fact, Defendant

III, in the Loan Agreement, were invalid and against the law. The Loan Agreement was declared null and void. The Deed of Mortgage (APHT) Number 20/2014 dated January 20, 2014, made by the Intervening Defendant I, and the Mortgage Certificate (SHT) rank I (first) Number 195 dated March 3, 2014, issued by the Intervening Defendant II, were declared invalid and without legal binding force. However, this decision was overturned by the Manado High Court Number: 172/PDT/2018/PT.MND.

Dissatisfied with the decision, the Plaintiff filed for cassation. In Supreme Court Decision Number 3659 K/Pdt/2019, which reviewed the civil case on the cassation level, it annulled Manado High Court Decision Number 172/PDT/2018/PT MND dated December 13, 2018, which annulled Kotamobagu District Court Decision Number 55/Pdt.G/2018/PN Ktg dated September 12, 2018. Then, it partially granted the Plaintiff's claim, declaring that the land and building with Certificate of Ownership (SHM) Number 186 Year 1979, were joint assets of the Plaintiff and Defendant I. The court also declared that the actions of Defendant I and Defendant II, through their attorney-in-fact, Defendant III, in the Loan Agreement, were invalid and illegal. Therefore, the Court annulled the Loan Agreement and declared that the Deed of Mortgage made by the Intervening Defendant I and the Mortgage Certificate rank I issued by the Intervening Defendant II were invalid and without legal binding force.

Previous research has extensively examined the topic of collateral cancellation by the court. Some earlier studies that focused on collateral cancellation by the court include the following: first, by Ryan Dwitama Hutadjulu *et al.* (2023), this study aimed to analyze the legal consequences on the position and responsibilities of banks as holders of mortgage rights (HT) when such rights are declared invalid by court decisions [8]. Second, by Dian Saraswati and Putu Samawati (2023), the issues addressed in this study include the fundamental aspects of judicial considerations in canceling credit agreement deeds, particularly when they have adhered to the principles of balanced justice. Additionally, the research also highlights the impact on bank performance and the concept of balanced legal protection for banks related to the cancellation of credit agreement deeds by the court [9].

This study specifically aims to provide a comprehensive overview of the rights and obligations of creditors in the context of the cancellation of collateral certificates by the court. Several specific objectives targeted by this research are: firstly, to analyze the Supreme Court Decision Number 3659 K/Pdt/2019 with emphasis on the triggering factors of the decision. Secondly, to analyze the economic, legal, and business impacts of the cancellation of collateral certificates on creditors. Thirdly, to analyze what efforts can be made by creditors to anticipate the cancellation of collateral by the court. With the formulation of the following problems: First, are the rights of creditors fulfilled after the cancellation of the credit agreement and collateral by the court, focusing on the case of the Supreme Court Number 3659 K/Pdt/2019? Second, what concrete steps can creditors take to protect their interests and pursue loan repayments after the cancellation of collateral by the court, considering applicable legal provisions? Third, what regulatory and law enforcement strategies can be enhanced to reduce the risks and uncertainties faced by creditors in situations of collateral cancellation by the court, focusing on the

protection of creditor interests and the sustainability of financial institution business operations?

Methods

This study employs a normative legal research method with a legislative approach and case study. The normative legal research method is one of the research methods that relies on analyzing applicable legislation related to the legal issues under investigation^[10]. The legislative approach is utilized to comprehend the legal framework governing the rights and obligations of creditors as well as the legal implications of the court's cancellation of credit agreements and collateral. Case studies are employed to illustrate the application of legal concepts in real-life situations, with a focus on the Supreme Court Case Number 3659 K/Pdt/2019. The deductive analysis technique is applied in this research. Deductive reasoning is used to draw specific conclusions from given general premises. Primary data sources for this study include Supreme Court rulings, relevant legislation, and other legal documents pertinent to the research issue. Secondary data in the form of legal literature and previous case studies will also be utilized to support the analysis.

Result and Discussion

In the realm of lending and financing, creditors play a crucial role as fund providers who ensure the security of their investments. Collateral, especially in the form of mortgage rights on properties, is often a primary requirement requested by creditors to safeguard and validate their investments. However, amid lending practices, there are unforeseen challenges, including the cancellation of mortgage certificates by the court. This highlights the complexity and risks associated with lending practices, necessitating a deep understanding of the rights and obligations of creditors.

Creditors, whether financial institutions, banks, or individuals, bear the responsibility of ensuring the security of their investments. They require collateral, such as mortgage rights on properties, to extend credit and minimize risks. Mortgage rights empower creditors to seize and sell the pledged property if the debtor fails to fulfill their obligations. According to Article 9 of Law Number 4 of 1996, a Bank acting as the Mortgage Holder, as a legal entity providing credit, has fulfilled the applicable provisions. This is because the bank has provided a loan to the borrower. In the credit agreement, there is a Mortgage Grant Agreement as an additional requirement, which necessitates an agreement between the borrower and the lender in the form of a debt agreement^[11]. Through Mortgage Rights, banks become creditors with priority. Creditors who have collateral on tangible assets are called Separatist Creditors, who are creditors with the right to act independently^[11].

Mortgage rights are regulated by Law Number 4 of 1996 and various related regulations. The object of mortgage rights can consist of various types of land ownership certificates, giving priority to specific creditors. Land used as collateral must be encumbered with Mortgage Rights by a Land Deed Official (PPAT). PPAT is a public official responsible for drafting deeds that serve as evidence of legal acts that have been carried out. The granting of mortgage rights begins with a promise to provide mortgage rights as security for specific debts accompanied by a loan agreement. After the mortgage rights are granted in the

presence of PPAT, the Mortgage Deed document must be registered at the local Land Office to meet publication requirements. This means that mortgage rights must be officially registered at the Land Office^[12].

Once the disputed land is registered, both in terms of ownership status and the encumbrance attached to it, the ownership of the land can be transferred. If the borrower violates the agreement, the property used as collateral can be sold to the public or executed. This is one way for lenders to resolve legal disputes when borrowers fail to fulfill their obligations^[13]. However, issues arise when land used as collateral is sold before the loan or financing transaction takes place, leading to legal ambiguity regarding ownership and collateral status.

Cases of court-ordered cancellation of mortgage certificates are crucial to understand due to the legal implications, risks, and obligations faced by creditors. Cases such as Supreme Court Decision Number 3659 K/Pdt/2019 provide insights into how courts decide on the cancellation of mortgage certificates, which can result in losses and uncertainty for creditors.

In this case, the Supreme Court overturned the decision of the Manado High Court that annulled the decision of the Kotamobagu District Court. The Supreme Court partially granted the plaintiff's lawsuit, declaring that certain credit agreements were invalid and unlawful. This ruling involved a case between Yatty Kolopita as the plaintiff and other parties as defendants, which involved credit agreements made without the plaintiff's consent, leading to the cancellation of the mortgage certificate by the court. The main issue in this case is the change in the land's ownership status used as collateral, which subsequently creates legal ambiguity and conflicts among the involved parties. The courtroom debates resulted in conflicting decisions between the Kotamobagu District Court and the Manado High Court, which were later adjudicated by the Supreme Court.

In determining the outcome of a case, the most crucial aspect is drawing legal conclusions based on the facts revealed during the trial. Evidence plays a vital role in the trial process. This aligns with the principle of burden of proof in procedural law, which implies that parties claiming rights, confirming rights, and denying rights must prove the truth of their claims or the facts they deny^[14].

Before carrying out their duty to make decisions regarding the cases they handle, a judge must not make decisions recklessly without providing legal explanations or legal considerations, known as legal reasoning. This is done to ensure that the decisions made are based on responsibility, justice, wisdom, professionalism, and objectivity^[15]. Essentially, a judge is not only involved in practical legal actions such as examining, adjudicating, and deciding on the case itself, but their essence is more related to intellectual activities involving interpretation and understanding of the law. Therefore, a judge should not be trapped in a passive principle in civil procedural law processes^[16].

The Law on Judicial Power No. 48 of 2009 emphasizes that a judge has an obligation to investigate, follow, and understand the legal values and justice prevailing in society. This natural process is referred to as Judicial Activism, where a judge takes a creative approach to legal interpretation. Additionally, in carrying out their duties, a judge also requires Judicial Discretion, which refers to independence and impartiality in making decisions in cases^[17].

The Supreme Court Decision No. 3659 K/Pdt/2019 regarding the case between Yatty Kolopita as the Plaintiff and the Defendants I, II, III, IV, and the Interveners I, II, III, represents a decision that significantly emphasizes justice in property legal disputes. This case involves a credit agreement made without the Plaintiff's consent, using the jointly-owned assets of the Plaintiff and Defendant I as collateral. The initial ruling by the Kotamobagu District Court declared the actions of Defendants I and II as invalid and illegal, nullifying the credit agreement and invalidating the Deed of Granting Mortgage and the Mortgage Certificate. However, this decision was overturned by the Manado High Court. Through a review process, the Supreme Court decided to partially grant the Plaintiff's claims, declaring the land and building as jointly-owned property, and canceling the credit agreement and the validity of documents related to the mortgage. This decision demonstrates the Supreme Court's commitment to upholding justice and providing legal protection to the aggrieved parties in unlawful transactions.

In the Supreme Court Decision No. 3659 K/Pdt/2019, the judges carefully considered various factors in making their decision. These considerations included the facts presented during the trial, such as the credit agreement made without the Plaintiff's consent. Prioritizing the principle of legal certainty, the judges decided to annul the credit agreement and declare the invalidity of documents related to the mortgage. Additionally, the judges also took into account the Plaintiff's rights as the aggrieved party of the Defendants' unlawful actions. This step was taken to prevent further losses to the Plaintiff. Furthermore, the judges considered social and economic factors, which may include the economic impact that the Plaintiff would bear if the credit agreement were allowed to remain valid.

The Supreme Court Decision No. 3659 K/Pdt/2019 should not necessarily invalidate the entire credit agreement; this is a controversial point that raises questions about the proportionality and appropriateness of case resolution. Legally, the cancellation of the credit agreement should be based on principles of justice and legal certainty, while considering the legitimate rights and obligations of each party. In this context, completely nullifying the credit agreement may be too extreme and fail to account for the interests of the creditors that should be protected.

As an alternative, a more proportional and legally appropriate resolution would be to annul the supplementary (accessory) Deed of Granting Mortgage and the documents related to this mortgage. An accessory agreement is a type of agreement that is supplemental and closely related to the main agreement. For example, security agreements such as pledges, mortgages, and fiduciary agreements. In other words, security agreements have the nature of an accessory agreement, meaning they are bound to the main agreement^[18]. Therefore, the debtor's debt remains attached to the creditor according to the original credit agreement, while the responsibility for the mortgage is removed. This step not only safeguards the creditor's interest in obtaining payment guaranteed by the mortgage but also provides legal certainty to both parties.

Furthermore, Article 18 Paragraph (4) of the Mortgage Law asserts that the removal of the mortgage does not result in the extinguishment of the guaranteed debt. Therefore, the decision to cancel the entire credit agreement seems not entirely consistent with the applicable legal principles.

Instead, a more balanced and proportional approach would be to cancel the mortgage while maintaining the existing debt obligations between the debtor and the creditor, in accordance with the applicable legal provisions. Thus, the decision may require further review to ensure a fair resolution for all parties involved in the case.

The cancellation of the credit agreement and mortgage certificates by the court in the context of creditor-debtor relations reveals various complexities and risks involved in lending and financing practices. This background highlights the key role played by creditors in ensuring the security of their investments, often in the form of collateral such as mortgages on properties. In the credit granting process, financial institutions or other funding parties (creditors) require collateral as one of the primary conditions, aimed at protecting the borrowed funds and ensuring their legal validity. However, there are various cases where creditors must face unforeseen challenges, such as the cancellation of mortgage certificates by the court. Cases like these underscore the importance of a deep understanding of the rights and obligations of creditors in the context of banking and financial law.

In many situations, creditors may find themselves confronted with the cancellation of mortgage certificates issued by the National Land Agency (BPN), which can be caused by various factors. This cancellation presents legal, financial, and liability challenges for creditors, which then become essential subjects of reflection in understanding the legal and business implications involved. Lending and financing are critical aspects of the modern financial system where creditors, which can be financial institutions, banks, or individuals, play a role in providing funds to individuals or companies to support economic growth.

In Indonesia, the banking sector plays a central role in driving the economy through its intermediary function, which involves collecting funds from the public and channeling them back as loans to individuals, businesses, and the government. To protect their interests, creditors often request collateral in the form of mortgages, with land properties being a common choice. Mortgages, as stipulated in Law No. 4 of 1996 concerning Mortgages on Land and Related Objects, provide creditors with priority in debt collection from debtors.

Creditors or banks losing their collateral in this case indeed face a difficult and detrimental situation. They provide credit with what they believed to be valid collateral, but it turns out the collateral is jointly owned by disputing parties. This indicates unforeseen risks in financial transactions, where creditors or banks may not be aware of the true legal status of the collateral provided. However, in the context of the Supreme Court decision, the decision was made to uphold justice and respect the rights of the parties involved in the dispute. Although creditors or banks incur material losses as a result of the decision, this is also an impact of inherent risks in the business and financial world. Therefore, while the losses for creditors or banks cannot be overlooked, a deep understanding of the legal and business implications of mortgage cancellations by the court is crucial for all parties involved.

From the creditor's perspective, mortgage cancellations can result in significant financial losses and legal uncertainty that may hinder business operations. Previous research and studies have deeply explored this topic, examining the

factors influencing court decisions and their impacts on the involved parties, especially financial institutions and banks. In the context of mortgage cancellations by the court, several fundamental issues arise, including legal uncertainty, financial losses, and negative impacts on business performance. The main causes of mortgage cancellations can vary, ranging from legal procedure violations in establishing mortgages to disputes between involved parties. In cases like the one described earlier, the ownership of the land used as collateral leads to confusion about ownership and collateral status, which then becomes a point of contention in court.

The impact of mortgage cancellations by the court can be widely felt, especially by creditors and debtors. For creditors, mortgage cancellations can result in significant financial losses, especially if the borrowed funds cannot be fully recovered. Additionally, mortgage cancellations can disrupt business operations and the reputation of the financial institutions involved. On the other hand, for debtors, mortgage cancellations can result in the loss of rights to the pledged property and affect their ability to obtain credit or financing in the future.

To address these issues, a holistic approach based on a deep understanding of the legal and business practices involved in lending and financing is needed. Firstly, there needs to be increased awareness and compliance with legal procedures in establishing mortgages. This can be achieved through education and training for parties involved in credit transactions, including banks, financial institutions, and debtors.

Secondly, stronger legal protection needs to be provided to creditors to ensure that their interests are safeguarded in situations where there is non-compliance with legal procedures. This may include enhancing regulations and supervision of lending and financing practices, as well as stricter enforcement of laws against legal violations. Indonesia is a country that adheres to the rule of law. Therefore, legal protection is crucial and an inseparable part of the legal structure of a law-based state. The state has an obligation to guarantee legal rights for all its citizens. This legal protection is a form of respect for the values and dignity of every citizen^[19].

Additionally, it is important to strengthen effective and efficient dispute resolution mechanisms so that conflicts between creditors and debtors can be resolved quickly and fairly. Mediation or arbitration mechanisms can be effective solutions to resolve disputes amicably and avoid lengthy and costly court proceedings. When credit agreements and collateral rights have been revoked by the court, creditors will face challenging situations in ensuring repayment of loans extended to debtors. In this context, efforts to settle the loan become more complex because the collateral that served as security has been revoked. Therefore, creditors must take appropriate steps to protect their interests.

One step that creditors can take after the cancellation of credit agreements and collateral rights is to trace the debtor's assets to determine if there are other assets that can be used as collateral. Creditors can also file lawsuits against debtors to demand repayment of loans directly. If the debtor is unable to repay the loan, creditors may consider debt restructuring options or negotiate to reach a payment agreement acceptable to both parties.

According to the provisions of Financial Services Authority (OJK) Regulation No. 11/POJK.03/2015, Credit

Restructuring is an improvement action carried out by banks in the context of providing credit to debtors facing difficulties in meeting their obligations^[20]. After the credit agreement and collateral rights over the collateral have been revoked by the court, creditors and debtors will face a situation where the collateral previously used as security can no longer be utilized for loan repayment. In this case, the bank as the creditor and the debtor need to come together to restructure the credit to ensure smooth payment. Credit restructuring may involve changes in interest rates, payment terms, or installment amounts to align with the debtor's ability to pay after losing the previously available collateral. In an effort to maintain the sustainability of loan payments after the court's cancellation of collateral, the bank and debtor can also seek solutions by providing new guarantees. These new guarantees could be other assets owned by the debtor, such as other properties or motor vehicles, which have sufficient value to serve as credit collateral. Additionally, third parties such as family or close friends of the debtor can also provide guarantees as additional assurance for loan repayment.

Furthermore, creditors can take additional legal steps, such as applying for asset seizure or execution against the debtor's assets that are not tied to the revoked collateral. This process can be carried out by obtaining permission from the court and following the procedures stipulated in the applicable law. One legal basis governing creditor actions is Article 1131 of the Civil Code. This article asserts that all assets owned by the debtor, whether movable or immovable, serve as collateral for the debtor's personal obligations. This provides a legal basis for creditors to pursue debt repayment by using the debtor's assets as collateral.

The purpose of a seizure request is to ensure the enforcement of future decisions by seizing the defendant's owned goods, both movable and immovable, during ongoing legal proceedings, so that these goods cannot be transferred, sold, or transferred to another party. A seizure request can be submitted to the Chief Judge of the District Court in the relevant jurisdiction. Although Article 226 paragraph (1) and Article 227 paragraph (1) of the Civil Code do not provide detailed information regarding the procedure and formal requirements for filing a seizure request^[21].

Therefore, even though the credit agreement and collateral rights have been revoked by the court, creditors still have several options to pursue repayment of their loans. However, these steps must be taken in accordance with applicable legal provisions and ensuring that the actions taken remain in line with principles of justice and legal compliance. To address the impact of collateral cancellation by the court, a comprehensive approach involving all stakeholders is required, including regulators, financial institutions, debtors, and the judiciary. Only then can legal certainty and protection of creditors' interests be ensured, thus creating a healthy and sustainable business environment for all parties involved.

Conclusion

Cancellation of mortgage certificates by the court, as occurred in the case of Supreme Court Decision Number 3659 K/Pdt/2019, highlights the complexity and risks associated with lending and financing practices. The decision to cancel the credit agreement entirely may not fully align with prevailing legal principles, necessitating

further review to achieve a fair resolution for all involved parties. A more proportional and legally appropriate resolution is to cancel only the supplementary (accessory) Deed of Mortgage and related documents. Consequently, the debtor's debt remains attached to the creditor as per the original credit agreement, while the mortgage is abolished. Therefore, it is important for the court to consider principles of justice and legal compliance in making decisions regarding collateral cancellation. After collateral cancellation by the court, creditors have several options to pursue repayment of their loans, including credit restructuring, debtor asset tracing, and filing for asset seizure. However, to comprehensively address the impact of collateral cancellation by the court, a comprehensive approach involving all parties involved in lending and financing practices is required. This includes regulators, financial institutions, debtors, and the judiciary, to ensure legal certainty and protection of creditor interests.

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