



**Original Article**

**LIABILITY OF ADVERTISING COMPANIES FOR CONSUMER LOSSES  
RESULTING FROM MISLEADING ADVERTISEMENTS**

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**ABSTRACT**

**Background.** The increasing number of cases involving advertising installation companies that neglect safety standards has raised significant legal concerns, particularly regarding consumer protection. The background of this study lies in the unlawful acts committed by such companies, which often result in physical, material, or psychological harm to the public. This research aimed to determine the extent of the responsibility of advertising companies in committing unlawful acts and analyze the legal liability for unlawful acts by advertising companies that result in consumer harm.

**Research Method.** This research uses a normative juridical method with a statutory and conceptual approach. Legal materials were sourced from primary legal norms, such as the Indonesian Civil Code, especially Article 1365 and supported by secondary sources, including academic literature and expert interpretations. The analysis was conducted qualitatively by classifying legal principles, doctrines, and case examples.

**Findings.** The findings indicate that unlawful acts, as defined in Article 1365 of the Civil Code, are interpreted broadly in Indonesia. These acts may include violations of others' rights, neglect of legal obligations, conduct contrary to public decency, and actions against societal norms of caution. Advertising companies that disregard structural safety, proper licensing, or installation procedures can be held civilly liable if their actions cause harm to others.

**Conclusions.** Advertising installation companies bear full legal responsibility for any consumer harm resulting from their unlawful conduct. To ensure accountability, stronger regulatory oversight and enforcement mechanisms are needed to protect the rights and safety of the public.

**Keywords:** Consumer, Misleading Advertisement, Unlawful Act.

**BACKGROUND**

The delivery of information in human life plays a crucial role in the process of conveying messages from one party to another. Human interaction cannot occur without fulfilling two key requirements: social contact and communication. In the process of communication between individuals, it is essential to have a shared understanding so that the communication can be effective and lead to mutual satisfaction [1,2].

The relationship between producers who create goods or services and consumers who use them is often not conducted directly. There is typically a gap, as consumers usually do not know the producers of the goods or services they use[3]. Moreover, the demand for goods and services is increasing and becoming more sophisticated, both in

function and appearance. Therefore, consumers require comprehensive information about the products or services offered by producers[4].

There are many ways to introduce goods and services to the public, and one of the most effective methods is through advertising. Advertising cannot be separated from the overall economic activities, particularly in product marketing. Advertising defines the relationship between producers and consumers. Advertising serves as a medium to establish a connection between companies and consumers[5]. Companies aim to communicate both their existence and their products or services effectively.

The objectives of advertising based on its target audience can be classified into three categories: (1) informative advertising, which aims to educate the public about the nature of a product; (2) persuasive advertising, which seeks to create selective demand for a specific brand; and (3) reminder advertising, which serves to refresh previously received information[6].

The effectiveness of an advertisement can be evaluated in two ways (based on Media Public Relations): first, the message delivered by the company must be not only received but also accepted by the audience; second, the advertisement should be able to influence the audience's attitude or behavior in a planned manner to achieve the communication goal. A good message is one that is easily understood and accepted by the recipient, as the message is essentially the core of communication between the communicator and the audience. To ensure a message's success, it must be designed and delivered in a way that captures the target audience's attention. To assess whether the advertisement is effective, the communicator must consider behavioral responses in the communication process[7].

The legal basis for consumer protection in Indonesia is Law No. 8 of 1999 on Consumer Protection. This law defines an advertiser as a business actor, namely: "Any individual or business entity, whether incorporated or not, established and operating within the jurisdiction of the Republic of Indonesia, either independently or jointly based on an agreement, conducting business activities in various economic sectors."

According to Article 17 of Law No. 8 of 1999, advertising businesses are prohibited from producing advertisements[8] that: a. Mislead consumers regarding the quality, quantity, materials, benefits, price, and/or delivery time of goods and/or services; b. Mislead consumers regarding guarantees or warranties of goods or services; c. Contain incorrect or inaccurate information about goods or services; d. Do not disclose potential risks of using the goods or services; e. Exploit events and/or individuals without proper authority or consent; f. Violate advertising ethics and relevant laws and regulations.

The Indonesian Advertising Code of Ethics of 2006 changed into the Indonesian Advertising Code of Ethics of 2014, which outlines three main principles of advertising[9]: 1. Advertisements and advertisers must be honest, truthful, and responsible; 2. Advertisements and advertisers must compete fairly; 3. Advertisements and advertisers must protect and respect the audience, not demean religion, culture, the state, or any group, and must comply with applicable laws.

Regarding claims for damages resulting from harmful advertisements, Article 1365 of the Indonesian Civil Code (KUH Perdata) states that any unlawful act that causes harm

to another person obligates the party at fault to compensate for the damage. From Article 1365, it can be concluded that several conditions must be met to constitute an unlawful act: first, there must be an act, either active or passive (an act of commission or omission); second, the act must be unlawful; third, there must be fault; fourth, there must be a causal relationship between the act and the damage; and fifth, there must be actual loss[10,11].

Additionally, Article 19 paragraph (1) of Law No. 8 of 1999 stipulates that business actors are responsible for damages, pollution, and losses experienced by consumers as a result of consuming goods or services produced or traded[12]. Every unlawful act must carry legal consequences in the form of liability and compensation to ensure that the law is properly upheld in Indonesia.

Based on the explanation above, the researcher is interested in conducting more in-depth research. This research aimed to determine the extent of the responsibility of advertising companies in committing unlawful acts and analyze the legal liability for unlawful acts by advertising companies that result in consumer harm. To support the application of civil law theory related to consumer protection. The findings of this research are expected to contribute to legal knowledge and the development of civil law, particularly in protecting consumers from harmful advertising practices. To provide insights to relevant parties regarding advertising companies that harm consumers. This study is also intended to raise public awareness and understanding about consumer protection against misleading or harmful advertisements.

## **RESEARCH METHOD**

This research employs normative legal research, which is conducted by examining legal literature and secondary legal materials. The statute approach is applied in this study, which involves analyzing legislation relevant to the legal issues being examined. The data collection method includes reading, analyzing, and identifying various legal materials, such as statutes, books, and other relevant documents, and synthesizing general principles into specific legal conclusions relevant to the research problem. This study conducts an analytical process by reviewing legal facts and interpreting them in relation to applicable legal norms[13]. This study applies normative legal research, a methodology that involves analyzing legal norms, statutes, and authoritative legal doctrines. The statute approach is central to this analysis, focusing on how legislation such as the Civil Code, the Consumer Protection Law (UUPK), and various government regulations regulate liability in advertising practices[14]. Secondary legal materials, including academic commentaries, books, and expert opinions, support the interpretation of statutes. This approach allows the research to go beyond literal statutory language and incorporate doctrinal developments and judicial interpretations in forming legal conclusions.

The analysis begins with identifying legal issues, then examining the primary legal materials applicable to those issues. Interpretation is further supported by expert legal opinions found in secondary legal sources. This shows the literature review: Definition of Unlawful Acts. The Civil Code does not explicitly define the concept of unlawful acts. It focuses more on the elements that must be fulfilled for a person to claim compensation in court due to harm caused by another's unlawful act. Article 1365 of the Indonesian Civil Code states that every unlawful act which causes harm to another person obliges the person

who committed the act to compensate for the damages. This defines an unlawful act as an act against the law committed by a person who, due to their fault, has caused harm to another. In Indonesia, the interpretation of unlawful acts has developed into a broad concept, which includes the types of acts that violate the rights of others.

## **FINDINGS**

Legal liability examines the concept of compensation in the Civil Code. Theoretically, compensation is divided into: a. Compensation for breach of contract; b. Compensation for unlawful acts. Article 1365 of the Civil Code provides the basis for various forms of claims, such as: [8] a. Compensation in monetary form; b. Compensation in kind (restitution to the original state); c. Declaration of an act as unlawful; d. Injunctions to prohibit certain acts; e. Nullification of unlawful actions.

An act may lose its unlawful nature if it falls under legal justification (grounds for justification), such as: a. Force majeure (overmacht); b. Self-defense (noodweer); c. Legal obligations (statutory provisions); d. Official orders (lawful authority). Types of damages recognized in law include: a. Nominal damages; b. Compensatory damages; c. Punitive damages. Under Article 19 paragraph (2) of the Consumer Protection Law, the forms of compensation include: a. Refunds or replacement of goods/services of the same type or equivalent value; b. Medical treatment and/or appropriate compensation under existing laws.

Requirements for compensation due to unlawful acts according to the Civil Code: a. Components of damage (costs, loss, interest); b. The point of commencement (starting point) of the loss; c. The loss is not due to force majeure; d. The moment the damage occurred, e. The damage must be foreseeable. The dispute resolution process concerning damages caused by unlawful advertisements may be resolved through: a) Settlement through the District Court, Class action lawsuit, Legal standing lawsuit; b) Filing an Objection to the Consumer Dispute Settlement Agency Decision. If the consumer wins the case, the court may order compensation for damage or loss caused by the consumption of the product/service, which may include refunds, replacement of goods/services, medical treatment or compensation, administrative sanctions, with maximum compensation of IDR 200,000,000; c) Settlement through the Consumer Dispute Settlement Agency. Consumer Dispute Settlement Agency is a non-judicial body offering a faster, simpler, and more affordable resolution process. Decisions must be rendered within 21 working days. Its procedures are straightforward and cost-effective, offering a win-win solution to both parties [13].

## **DISCUSSIONS**

The rise of commercial advertising as a dominant tool of consumer persuasion has led to increased scrutiny of its legality and ethical boundaries. When advertisements contain misleading, exaggerated, or false information, the legal implications are serious not only from a consumer protection standpoint but also from a civil liability perspective[15]. This discussion examines the legal liability of advertising companies in cases where their

actions result in consumer losses, drawing upon normative legal research and the principles enshrined in Indonesian law.

The foundation of this analysis is rooted in Article 1365 of the Indonesian Civil Code (KUHPerdata), which governs unlawful acts. The article states: [8] “Every unlawful act which causes harm to another person obliges the person who committed the act to compensate for the damages.”

Though the Civil Code does not offer a precise definition of an unlawful act, Indonesian legal scholars have interpreted it to encompass a wide range of actions, including: violations of others' rights, breaches of legal obligations, acts against public morality, behavior inconsistent with prudence or societal norms. In the context of misleading advertisements, advertising companies may be deemed to have committed unlawful acts when their messages mislead consumers, violate fair trade principles, or cause tangible harm. This interpretation aligns with both civil liability concepts and principles of consumer protection[16].

Misleading advertisements typically include false claims, exaggerated benefits, or the concealment of risks. When consumers rely on such information and suffer harm—financial, physical, or psychological—the advertising company may bear tort liability under civil law. The elements of an unlawful act under Article 1365 include: [8] an act by the advertiser (e.g., publishing a misleading advertisement), fault or negligence in producing or disseminating the ads, damage or loss suffered by the consumer, and causal connection between the act and the damage. For instance, if a skincare product is advertised as "100% safe and natural" but causes skin burns due to unlisted chemicals, the company may be liable for any injuries and associated costs.

Under both the Civil Code and the Consumer Protection Law (UUPK), victims of misleading advertising are entitled to compensation. The UUPK, particularly Article 19(2), outlines the following compensation forms refund of purchase price, replacement of goods/services, medical treatment costs, and other appropriate compensation as per prevailing laws. Additionally, the Civil Code recognizes monetary compensation, restitution (restoring the original state), injunctive relief, and declaratory judgments declaring the advertisement unlawful. Compensation may fall under these categories: nominal damages, symbolic compensation for rights violations, compensatory damages, actual reimbursement for losses suffered, and punitive damages: designed to deter and penalize egregious behavior (less common in civil law systems but can be interpreted through administrative fines or sanctions). Legal responsibility is not only civil but can include administrative sanctions, particularly if the losses exceed a certain threshold (e.g., up to IDR 200,000,000).

Not all misleading advertisements automatically trigger liability. Certain grounds for justification may exempt the advertising company, such as: force majeure (overmacht): Events beyond the company's control, legal obligations: If the content was mandated by regulatory authorities, self-defense: Extremely rare in advertising cases, official orders: Following direct orders from competent authorities. The presence of these justifications must be proven and evaluated within the broader context of responsibility and due diligence.

Consumers harmed by misleading advertisements have access to several legal and quasi-legal remedies: a) District Court Litigation. Victims may file a lawsuit under civil law (Article 1365), either as: [8] Class actions, especially in cases involving mass harm and legal standing suits, where organizations like YLKI represent the public interest. The court may order compensation, impose injunctions, and declare the act unlawful; b) Consumer Dispute Settlement Agency. This agency provides a non-judicial forum for simpler and faster resolution. Advantages include decisions issued within 21 working days, procedures are cost-effective and less formal, it offers binding decisions and can mandate restitution, replacement, or compensation [13]; c) Appeal Mechanisms. Parties dissatisfied with the agency's decisions may appeal to the District Court, which can review the merits of the dispute and issue broader remedies[17,18].

While legal liability is central, ethical advertising practices also play a significant role in shaping company behavior. Ethical standards require that claims be verifiable and accurate, and disclaimers be clear and not misleading, and ads targeting vulnerable populations (e.g., children or the elderly) be handled with extra care. Failure to adhere to these standards not only increases legal risk but also undermines public trust and consumer confidence. Companies are encouraged to establish internal review boards or compliance teams to vet advertisements before release, reducing exposure to liability and enhancing corporate reputation.

This study highlights the urgent need for greater consumer awareness and corporate accountability. The following recommendations are 1) Consumers must be vigilant in assessing advertisements and seek information from multiple sources before making purchasing decisions, 2) The government and regulatory bodies must intensify oversight of advertising content through stronger enforcement of the UUPK and relevant regulations, 3) Advertising companies must integrate legal compliance into their creative processes and adopt a consumer-centered approach to marketing, 4) Support for consumer advocacy organizations like YLKI should be expanded, enabling them to provide legal assistance, raise public awareness, and act as watchdogs against deceptive advertising.

## CONCLUSION

Advertising companies hold a critical responsibility in ensuring that their marketing practices are honest, accurate, and fair. When advertisements cross the boundary into misleading or deceptive territory, they not only violate ethical standards but also engage in unlawful acts under civil law. Article 1365 of the Civil Code, combined with the provisions of the Consumer Protection Law, provides a robust legal framework for holding such companies accountable. Consumers have several avenues to seek redress, ranging from court actions to accessible non-judicial mechanisms like BPSK. With appropriate legal interpretation, policy enforcement, and public support, Indonesia can build a more accountable, transparent, and fair advertising landscape.

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