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Legal Protection for Buyers of Collateral Objects Sold at Auction

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Abstract: The purpose of this research is to analyze the legal protection provided to buyers who purchase collateral objects sold at auction, as well as to explore the legal challenges faced by buyers in acquiring rights to these objects. The main focus of this research is to understand how the legal system provides protection for buyers. This study uses a qualitative method with a descriptive approach, aimed at describing and analyzing the legal situation in cases involving the auction of collateral objects. Data collection was carried out through interviews with various related parties, including notaries, legal practitioners, auction officials, and buyers of auctioned objects. The results of the study show that, although there are efforts to protect buyers under auction regulations, buyers often face challenges related to the legal status of the objects they purchase. Buyers are at risk of being caught in legal disputes concerning obligations attached to the purchased objects, especially with regard to third-party rights or debts associated with the object. This research also finds that the current auction procedures and regulations still have gaps that allow for legal uncertainty for buyers.

Keywords: Legal Protection, Collateral Objects, Auction.

1. INTRODUCTION

The auction is one of the mechanisms used to settle debts between debtors and creditors. In the auction process, the auctioned object is often an item that is a guarantee or mortgage of the debtor that cannot be paid off in any other way. The auction is carried out with the aim of transferring ownership of the mortgage object to the auction buyer as an effort to pay the debtor's debt to the creditor. However, even though the auction has been carried out and the auction winner has paid in accordance with the provisions, it is not uncommon for there to be obstacles that prevent the buyer or auction winner from being able to control the auction object. These obstacles can be administrative, technical, or even legal problems that can prevent the auction winner from enjoying their rights to the object that has been won. Therefore, it is important to understand the aspects of legal protection provided to buyers of auction objects, especially related to their rights in the auction process and after the auction takes place. This legal protection aims to ensure that auction buyers can obtain auction objects in accordance with what has been agreed upon, without any interference that can harm the buyer (Santoso, 2018).

Legal protection for auction winners does not always run smoothly. Several obstacles, both legal and non-legal, often arise in the process of controlling auction objects. Legal obstacles, for example, are related to disputes regarding ownership or mortgage rights that have not been fully released. Meanwhile, non-legal obstacles are often related to technical or social obstacles that cannot be resolved by law alone. Therefore, this study aims to analyze legal protection for auction winners over mortgage objects, as well as to identify various obstacles that can affect their rights as legitimate buyers. In banking practices and economic activities in Indonesia, auctions as a mechanism for receivables and debt settlement have a very important role. Auctions are held as a last resort in the process of executing mortgage rights that cannot be resolved through other means. This auction process allows creditors

to obtain payment for outstanding debts by selling objects that are used as collateral by the debtor. Meanwhile, for buyers who win the auction, the process promises ownership rights to the auctioned objects. However, in reality, there are various phenomena and problems that arise regarding legal protection for buyers of mortgage objects that are auctioned (Abdurrahman, 2017).

One of the phenomena that often occurs is that even though auction buyers have fulfilled their obligations by paying the auction price in accordance with applicable provisions, they often face obstacles in controlling the auction object. This is usually caused by administrative problems or unresolved ownership disputes. For example, auctioned objects are often tied to legal problems such as inheritance disputes, previously unknown third-party claims, or even delays in the process of releasing mortgage rights attached to the object (Setyawan, 2019).

This problem reflects the gap in effective legal protection for auction buyers, especially after the auction process is declared complete and the auction winner has fulfilled their payment obligations. Auction buyers, who should have obtained the rights to the won object, instead face legal uncertainty regarding control over the object. This is a dilemma for auction buyers, because even though they have acted in good faith and carried out their obligations in accordance with applicable law, their rights as legitimate buyers of the auction object are not always guaranteed. In addition, non-legal factors such as technical constraints, social conditions, and lack of clear information regarding the status of the auction object also exacerbate this situation. For example, in some cases, the won auction object has physical problems, such as damage or incomplete documents required for the legal transfer of ownership rights. These obstacles certainly hinder buyers from fully controlling the auction object and gaining benefits from such ownership (Mulyadi, 2022).

In an effort to protect the rights of auction buyers, adequate legal protection is very necessary. In this context, the law provides several protective measures, both preventive and repressive. However, implementing this legal protection still faces a number of challenges. For example, inconsistencies between existing regulations and practice in the field, or a lack of in-depth understanding of the rights of auction buyers, contribute to exacerbating this situation. Given these phenomena and problems, there needs to be a more in-depth study of how legal protection for auction buyers can be improved, either through clearer regulations, more efficient dispute resolution mechanisms, or stricter law enforcement efforts. This is not only important to provide legal certainty for auction buyers, but also to ensure that the auction process can run fairly and transparently (Adi, 2020).

This study uses a legal approach through case studies and analysis of court decisions and applicable laws and regulations, such as HIR, *Vendu Reglement*, PMK No. 213/PMK.06/2020, and the Civil Code (KUHPerdata). Through this approach, it is hoped that an appropriate legal solution can be found to overcome the obstacles faced by auction winners in obtaining and controlling auction objects in full in accordance with their rights. This study aims to examine and analyze the legal protection provided to buyers of mortgage objects that are auctioned, as well as the obstacles faced by auction winners in controlling the objects. In this context, the main objective of the study is to understand the extent to which the legal system in Indonesia provides guarantees for legitimate auction buyers, both in terms of ownership rights and control rights over objects they have won in auctions.

In addition, this study also aims to identify various problems that often arise in the auction process, especially related to the difficulties faced by auction winners in effectively obtaining auction objects. In many cases, even though the auction process is considered valid and complete, buyers often still face obstacles, either in the form of administrative problems, ownership disputes, or other technical obstacles that prevent them from fully controlling the object. Therefore, this study also aims to provide an overview of the legal and non-legal obstacles that can affect the rights of auction buyers. Through this study, it is hoped that solutions and recommendations can be found that can improve legal protection for buyers of auction objects, as well as ensure that buyers can obtain their rights fairly and without interference. This study also aims to provide a deeper understanding of the regulations applicable to auctions, such as civil procedure law, rules regarding the execution of mortgage rights, and other relevant laws and regulations. Thus, this study is expected to contribute to improving the

legal protection mechanism for auction buyers in Indonesia and creating a more transparent, efficient, and fair auction process (Kurniawan, 2016).

2. LITERATURE REVIEW

2.1. *Mortgage Rights in Legal Perspective*

Mortgage Rights are security rights imposed on land and objects related to land, as regulated in Law Number 4 of 1996 concerning Mortgage Rights on Land and Objects Related to Land (UUHT). Mortgage Rights provide a preferential position to creditors if the debtor fails to fulfill obligations (UUHT, 1996). Mortgage Rights subjects include creditors as rights holders and debtors as rights grantors. Mortgage Rights objects are generally land rights such as Ownership Rights, Cultivation Rights, Building Rights, or Usage Rights that can be transferred in accordance with laws and regulations (Salim, 2011). The process of imposing Mortgage Rights involves the stages of granting rights by the grantor to the recipient, registration at the Land Office, and issuance of Mortgage Rights Certificates as valid evidence of collateral (UUHT, 1996).

2.2. *Auction as a Mechanism for Executing Mortgage Rights*

Auction is the sale of goods or rights openly to the public with an oral or written price offer until the highest price is reached (Minister of Finance Regulation Number 213/PMK.06/2020). The legal basis for implementing auctions in Indonesia includes the Regulation of the Minister of Finance Number 213/PMK.06/2020 concerning Auctions. Auctions of Mortgage Rights objects are carried out to fulfill the obligations of debtors who are in default. This execution is carried out based on Article 20 of the Mortgage Law, which stipulates that creditors can sell Mortgage Rights objects through auctions to settle debts (UUHT, 1996).

2.3. *Legal Protection for Buyers in the Auction of Mortgage Objects*

Buyers who win the auction have the right to obtain auction objects free from legal disputes, according to the principle of *nemo plus iuris* (Rahardjo, 2009). However, legal protection is also needed so that buyers are not harmed if there are legal defects in the object. The Auction Official is responsible for ensuring that the auction process is carried out according to procedure, including verification of the validity of documents (Minister of Finance Regulation Number 213/PMK.06/2020). The Land Office plays a role in recording changes in land ownership after the auction. Legal risks can arise due to third-party lawsuits, objections from debtors, or non-compliance with legal procedures. For this reason, buyers are protected through auction certificates as proof of legal ownership and dispute resolution mechanisms through the courts or mediation (Salim, 2011).

2.4. *Relevant Legal Theories*

The Theory of Legal Certainty emphasizes the importance of clear, firm, and predictable rules in providing legal protection to parties in an auction, including buyers (Rahardjo, 2009). The Theory of Justice focuses on fair treatment for all parties involved, including creditors, debtors, and buyers. In this context, buyers must be guaranteed their rights without neglecting the interests of other parties (Rahardjo, 2009). The Theory of Legal Protection according to Satjipto Rahardjo states that legal protection is provided to ensure that individuals obtain their rights through legitimate mechanisms, including in terms of ownership of auction results (Rahardjo, 2009).

2.5. *Related Legislation*

Relevant regulations include Law Number 4 of 1996 concerning Mortgage Rights, Regulation of the Minister of Finance Number 213/PMK.06/2020 concerning Auctions, and the Civil Code (KUHPerdata), especially the articles related to agreements and guarantees (Salim, 2011).

2.6. Risk Analysis and Solutions

Some potential problems that buyers may face include objections from debtors, ownership disputes, or flawed auction procedures. Legal protection can be provided through education to buyers regarding the auction process, transparency of information regarding the status of Mortgage Rights objects, and the active role of auction officials in ensuring the validity of documents (Regulation of the Minister of Finance Number 213/PMK.06/2020; Rahardjo, 2009).

3. RESEARCH DESIGN AND METHOD

Qualitative methods in legal research are used to understand and analyze legal phenomena, focusing on the process, meaning, and understanding related to legal protection for buyers of mortgage objects that are auctioned. In this context, qualitative research aims to explore and interpret in depth the situation or problem that occurs, as well as find solutions or recommendations related to legal protection for buyers in mortgage object auctions (Sugiono, 2017). The steps that can be taken in using qualitative methods for this research are as follows:

1. Qualitative Research Approach

Qualitative research can be conducted with a descriptive, exploratory, or case study approach, depending on the objectives to be achieved. In this case, researchers may choose a case study approach to analyze specific cases where buyers of mortgage objects face legal problems after purchasing through auction.

2. Data and Data Sources

Data sources in this qualitative research can include:

- a. Interviews: Collecting information from parties involved in the mortgage auction, such as buyers, sellers, notaries, auction officials, and parties who have mortgage rights (creditors).
- b. Documentation: Examining relevant documents, such as auction minutes, credit agreements, deeds of sale and purchase, and court decisions related to the auction object.
- c. Observation: Observing the auction process or interactions between related parties to understand the practices in the field.

3. Data Collection Techniques

- a. In-depth Interviews: Conducting in-depth interviews with legal experts, notaries, auction institutions, and buyers or related parties who have direct experience in auction transactions.
- b. Case Studies: Taking relevant case examples regarding legal protection for buyers in mortgage auctions, both those involving legal disputes and successful legal protection.
- c. Literature Review: Analyzing books, articles, legal journals, and other written sources that discuss legal protection in mortgage auctions.

4. Data Analysis

After the data is collected, the analysis is carried out using thematic analysis or content analysis techniques. Researchers can identify themes or patterns related to the issue of legal protection for buyers, such as:

- a. Purchase Validity: Does the buyer get legal protection for the status of the mortgage object purchased, for example whether the auction is valid and free from disputes.

- b. Responsibilities of the Parties Involved: What are the responsibilities of the auction party, creditors, and buyers for the status of the auctioned object.
- c. Legal Security: What legal protection is provided to the buyer regarding the continuation of ownership rights and the status of the object after the auction.

4. RESULT AND DISCUSSION

4.1. Legal Protection Mechanism for Buyers of Auction Objects Originating from Mortgage Rights in Indonesia

The legal protection mechanism for buyers of auction objects originating from mortgage rights in Indonesia is regulated through various laws and legal practices involving various related parties, such as creditors (mortgage holders), auction officials, and buyers of auction objects. In general, this legal protection aims to ensure that buyers obtain legitimate rights to the objects purchased and are protected from potential legal disputes that may arise after the auction process (Wijaya, 2020).

a. Legal Basis for Legal Protection for Buyers of Auction Objects

Several regulations governing mortgage rights and auctions in Indonesia include:

- 1) Law Number 4 of 1996 concerning Mortgage Rights on Land and Goods Related to Land (UUHT): Regulates mortgage rights as collateral for debts and regulates how mortgage rights are executed through auctions.
- 2) Law Number 30 of 2007 concerning Auctions (Auction Law): Regulates auction procedures involving mortgage objects and provides guidelines regarding buyers' rights in the auction process.
- 3) Civil Code (KUHPerdata): Regulates the rights and obligations of the parties involved in sales and purchase transactions, including protection for buyers in auction transactions.

b. Auction Process of Mortgage Objects

Auction of objects bound by mortgage rights is carried out to fulfill the debtor's obligations to the creditor. If the debtor fails to pay his debt, the creditor can file a petition for execution of the mortgage right to the court to be auctioned. The following are the stages in the auction mechanism that need to be understood:

- 1) Execution Request: The creditor files a petition with the court to execute the object that is used as a mortgage right.
- 2) Auction Implementation: After the court's decision, the object bound by the mortgage right is auctioned by an auction official appointed by the court or the state auction office.
- 3) Notification and Implementation of the Auction: The auction process is announced to the public and carried out in accordance with the procedures set out in the Auction Law (Harsono, 2019).

c. Legal Protection for Buyers in the Auction Process

Legal protection for buyers of auction objects originating from mortgage rights includes several aspects, including:

- 1) Validity of Auction: Auctions conducted must comply with applicable legal provisions, both in terms of procedures and valid notification to interested parties. Buyers who participate in auctions must obtain a guarantee that the auction held is legally valid. In this case, the auction official is responsible for ensuring that the auction process is in accordance with applicable regulations.
- 2) Notification of Auction Object Status: The auction official is required to provide clear information regarding the status of the object to be auctioned, including whether the object

is free from disputes or is still bound by mortgage rights. Buyers have the right to obtain sufficient information to make the right decision before participating in the auction.

- 3) Buyer's Rights to Auctioned Objects: After the auction is completed and the buyer pays the auction price, the buyer obtains legal ownership of the object. However, if the object is still bound by mortgage rights or other legal disputes, the buyer may experience risks. For this reason, legal protection is provided through clarity of the status of the auction object and a guarantee from the auction party that the object is free from disputes.

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e. Auction Official Responsibilities

Auction officials are responsible for:

- 1) Ensuring that the auction process is carried out in accordance with legal and fair procedures.
- 2) Providing clear information regarding the legal status of the auctioned object.
- 3) Verifying creditors who apply for execution of mortgage rights so that there is no misuse of the auction process.

f. Legal Remedies for Buyers

If buyers face legal problems after purchasing an auctioned object that is bound by mortgage rights, they can take the following steps to obtain legal protection:

- 1) Filing a lawsuit in court: If buyers suffer losses due to legal problems that arise after the purchase, they can file a lawsuit in court to obtain their rights.
- 2) Filing a Compensation Application: Buyers can also seek compensation if they feel disadvantaged by an auction process that is not in accordance with the law, for example if the auctioned object is still bound by debt or disputes.
- 3) Using Legal Assistance: Buyers can seek legal advice from advocates to learn their rights and the best way to protect themselves from legal risks (Nurani, 2018).

Legal protection for buyers of auctioned objects originating from mortgage rights in Indonesia is highly dependent on compliance with the procedures stipulated in the laws related to mortgage rights and auctions. Buyers have the right to obtain clear information regarding the status of the auctioned object, and have rights to the object purchased after a legitimate auction process. However, buyers are also at risk of facing legal problems if the object is still bound by mortgage rights or there are claims from third parties. Therefore, it is important for buyers to understand the risks involved and ensure that the auction process is carried out properly so that they obtain maximum legal protection.

4.2. *Legal Efforts That Can Be Taken by Buyers to Obtain Legitimate Rights to Auction Objects After the Auction is Implemented*

After the auction is implemented, if the buyer feels that his rights to the auction object have not been respected or there are problems related to ownership of the auction object, several legal efforts can be made to obtain legitimate rights to the auction object. The following are several legal efforts that can be taken by the buyer:

- a. Submitting an Ownership Application through the Court, If there is a problem regarding the legality of ownership or a dispute that arises after the auction, the buyer can submit an application to the court to obtain a legal decision that validates ownership of the auction object. This can be in the form of a civil lawsuit regarding the recognition of rights to the auction object that has been won.
- b. Verifying the Auction Process The buyer can re-check the completeness of the auction process that has been carried out. If there is an error in the auction procedure (for example, the auctioned object is not valid or there are other legal problems related to the object), the buyer can file an objection or lawsuit with the court to cancel the auction results and obtain his rights.
- c. Follow-up on the Certificate of Ownership After the auction, the buyer needs to change the name of the property ownership certificate through the National Land Agency (BPN) to obtain legal ownership rights to the auction object. If there are obstacles or disputes in this name change process, the buyer can file an application or dispute with the court.
- d. Filing a Lawsuit against the Obstructing Party If after the auction there is a party that prevents the buyer from obtaining a legitimate auction object, for example a party that previously claimed ownership of the object, then the buyer can file a civil lawsuit for an invalid claim against the auction object. The buyer can also file an ownership lawsuit or other dispute with the court.
- e. Filing an Objection or Appeal to the Auction Decision, If there is an auction procedure that is considered invalid or legally flawed, the buyer can file an objection or appeal to the auction decision. This objection can be submitted to the authorized party that regulates the auction, such as an auction institution or court.
- f. Restoration of Rights through Mediation or Arbitration, In some cases, if a dispute related to the auction object can be resolved in a non-litigation manner, the buyer and related parties can choose to resolve the dispute through mediation or arbitration. This allows the buyer to acquire rights to the auction object without going through a lengthy court process (Gunawan, 2021).

These efforts of course depend on the specific situation faced by the buyer, as well as the type of auction object and the regulations applicable in each region. If there are complex legal issues, consulting a lawyer or notary for further legal advice is highly recommended.

4.3. *To what extent do existing laws and regulations, such as PMK No. 213/PMK.06/2020 and the Civil Code, provide effective protection to auction buyers of mortgage objects*

Existing laws and regulations, such as PMK No. 213/PMK.06/2020 and the Civil Code (KUHPerdara), and how these regulations provide effective legal protection to auction buyers of mortgage objects (Fikri, 2020).

- a. PMK No. 213/PMK.06/2020 concerning Execution Auctions

Regulation of the Minister of Finance of the Republic of Indonesia No. 213/PMK.06/2020 regulates the implementation of execution auctions, including those relating to mortgage objects (for example, property used as collateral for debt). The purpose of this regulation is to provide a clear legal basis regarding the execution auction procedures carried out by the State Assets and Auction Service Office (KPKNL) and to ensure that auctions are carried out transparently, fairly, and legally. Buyer Protection in PMK No. 213/PMK.06/2020:

- 1) Transparency of Auction Process: This PMK ensures that the auction process is carried out with clear procedures and is open to all parties. Every auction must be announced to the public, and buyers have clear access to information regarding the object to be auctioned, including the legal status of the object, whether the object is in a mortgage status or not.
- 2) Legality and Validity of Auction: PMK No. 213 provides a guarantee that the auction is carried out by an authorized party and in accordance with legitimate procedures. This means that auctions carried out by KPKNL based on this regulation have strong legal force, so that buyers who purchase auction objects with the correct procedures will have legitimate ownership rights to the object.
- 3) Protection for Buyers Who Have Won the Auction: Buyers who have won the auction and paid the auction price according to the procedure have the right to obtain the object without cancellation, as long as the auction is conducted legally. This provides legal protection for buyers from claims that arise after the auction process.
- 4) Dispute Resolution: If any party considers that the auction is invalid or does not comply with applicable regulations, then that party can file an objection or lawsuit. However, as long as the auction has been carried out according to the valid procedure according to this PMK, then the buyer is protected from claims that could hinder his ownership (Sihombing, 2021).

b. Civil Code (KUHPerdata)

In addition to PMK No. 213/PMK.06/2020, protection for auction buyers is also regulated in the Civil Code (KUHPerdata), specifically related to buying and selling, transfer of ownership rights, and mortgage rights. Buyer Protection in the Civil Code:

- 1) Article 1162 of the Civil Code - Transfer of Ownership Rights: According to Article 1162 of the Civil Code, the transfer of ownership of an object can be carried out in a legal manner, one of which is through a sale and purchase agreement, which in this case is an auction. If the auction is carried out legally and the buyer fulfills his obligations (pays the auction price), then ownership of the object will transfer to the buyer, even though the object was previously used as collateral for debt (mortgage).
 - 2) Article 1813 of the Civil Code - Legitimate Sale and Purchase: The Civil Code also regulates that a sale and purchase is considered valid if it is carried out by fulfilling the applicable requirements, namely an agreement between the seller and the buyer, the object being traded is clear, and there is an agreed price. In the context of an auction, this condition is met when the auction is conducted according to procedure and the buyer pays the stated price.
 - 3) Article 1338 of the Civil Code - Valid Contract: This article confirms that every valid legal contract based on an agreement will bind the parties. In the context of an auction, when the auction has been conducted and the buyer wins the auction by fulfilling the requirements, a binding legal contract is created between the buyer and the auction object. The buyer has the right to the object as long as there are no legal defects that prevent it.
 - 4) Article 1164 of the Civil Code - Buyers are Protected from Third Party Claims: This article provides protection that even though the object purchased through a previous auction may be related to a mortgage, buyers who carry out the auction transaction legally and fulfill the requirements will obtain legal ownership rights. Claims from third parties (for example creditors or parties claiming rights to the object) cannot overturn the buyer's legal ownership rights.
 - 5) Protection Against Third Parties: After the auction is conducted, buyers who have paid the auction price and received the object can use the auction object with full rights, without worrying about claims from third parties who want the object back, as long as there is no evidence that reveals fraud or errors in the auction procedure.
- c. Challenges and Obstacles to Legal Protection for Auction Buyers

Although PMK No. 213/PMK.06/2020 and the Civil Code provide protection for auction buyers, there are several obstacles that can affect the effectiveness of this protection:

- 1) Auction Object Status Problems: One obstacle that may occur is that buyers do not receive clear information about the status of the auctioned object. If the object is still related to outstanding mortgages or debts, the buyer is at risk of facing legal problems after the auction.
- 2) Third Party Claims: Although PMK No. 213 provides guarantees for legitimate buyers, sometimes old creditors or parties who have claims on the object can file lawsuits or lawsuits against the buyer after the auction, for example if there are errors in administration or ambiguity in the mortgage rights related to the object.
- 3) Improper Auction Procedures: If there are errors in the auction procedures (for example, failure to provide complete information regarding the status of the object or errors in the implementation of the auction), the buyer may lose his rights to the auction object even though he has followed the entire auction process correctly.

In general, PMK No. 213/PMK.06/2020 and the Civil Code provide fairly strong protection to auction buyers for mortgage objects, both in terms of procedural legality and transfer of ownership. Auction buyers who follow the correct procedures and fulfill their auction payment obligations have the right to legally obtain the object. However, the effectiveness of this protection depends on proper implementation by relevant institutions (such as the KPKNL and the courts), as well as transparency and careful examination of the legal status of the auctioned object. If the auction procedure is carried out correctly and the buyer knows the status of the object in full.

4.4. The role of auction institutions and related authorities in ensuring that buyers' rights over auction objects originating from mortgage rights are legally protected

The auction process for objects bound by mortgage rights—for example in the case of auction execution to settle debts—has various procedures that must be followed to protect buyers' rights and ensure the validity of the transaction. Auction institutions and related authorities play an important role in ensuring that buyers can obtain auction objects with legal certainty, as well as ensuring that no party is harmed. In this case, auction institutions and related authorities such as the courts, the National Land Agency (BPN), and creditors have a major responsibility to create maximum legal protection for buyers (Subekti, 2021).

a. The Role of Auction Institutions in Protecting Buyer Rights

Auction institutions have a very important role in ensuring that auction objects originating from mortgage rights are auctioned legally and in accordance with applicable legal procedures.

1) Ensure the Auction Process Complies with Legal Regulations

Auction institutions such as the State Assets and Auction Service Office (KPKNL) or private auction institutions are obliged to ensure that the auction process is carried out with transparency, legal compliance, and fairness. This is regulated in various laws and regulations, including PMK No. 213/PMK.06/2020 which regulates the auction procedure for the execution of collateral for mortgage rights.

- a) Transparency and Clear Information Before the auction is held, the auction institution is required to announce the object to be auctioned, providing an overview of the physical description of the auction object, the status of the mortgage rights, and the associated legal risks. This notification aims to enable auction buyers to make informed decisions regarding the objects they are betting on.
- b) Certainty of the Legal Status of the Auction Object The auction institution is required to verify the legal validity of the status of the auction object by checking the mortgage certificate, the debtor's debt status, and ensuring that there are no third party rights that can sue the buyer's ownership after the auction is complete. Therefore, the auction institution is responsible for ensuring that the object to be auctioned is not bound by unresolved legal issues.
- c) Supervision and Orderly Procedures The auction institution is also responsible for ensuring that the auction procedures are carried out in an orderly, fair and legal

manner. This includes assessing the price of the object based on fair market value, so that the price paid by the buyer reflects the value that is in accordance with the condition of the object (Sihombing, 2021).

2) Notification to Interested Parties

Before the auction is carried out, the auction institution is required to provide notification to related parties, especially creditors who have mortgage rights over the auctioned object. Creditors need to be given the opportunity to settle their debts or offer payments that can prevent the auction. If there is no settlement from the debtor, the auction institution will ensure that the creditor's rights are fulfilled in an appropriate manner. This notification also applies to third parties who potentially have rights to the auction object, such as parties who have ownership claims or who are involved in legal disputes.

b. The Role of Related Authorities in Protecting Buyer Rights

In addition to the auction institution, there are a number of related authorities that play an important role in ensuring that the buyer's rights to the auction object are legally protected. Some of these authorities are the courts, the National Land Agency (BPN), and creditors.

1) Court (As the Issuer of Execution Decisions)

- a) The District Court has a role in issuing execution decisions on objects bound by mortgage rights. This court decision is a valid legal basis for the implementation of the auction. Without this decision, the auction cannot be carried out.
- b) The court also ensures that the execution and auction procedures are carried out in accordance with applicable regulations. If a party sues or files an objection regarding the auction, the court has the authority to resolve the dispute.

2) National Land Agency (BPN)

BPN plays a role in verifying the status of the land to be auctioned, ensuring that the land certificate related to the auction object is in accordance with the data at BPN. BPN is also tasked with ensuring that the land object being auctioned is not bound by other legal issues, such as disputes or the rights of others.

3) Creditors and Financial Institutions

Creditors who have mortgage rights over the auctioned object play a role in ensuring that the debt related to the object has been fulfilled or auctioned legally. Creditors must notify the auction institution regarding the debtor's debt status and the rights they have over the object. Creditors are also responsible for ensuring that the auction is carried out in accordance with legal regulations, which ensures that the buyer's rights to the auctioned object will not be challenged after the transaction is completed.

c. Legal Protection for Auction Buyers

Buyers of auction objects originating from mortgage rights need to obtain legal protection to ensure that they obtain objects with legitimate legal status. Here are some steps that provide protection for buyers (Pratama, 2022):

- 1) Legitimate and Transparent Auction Process Buyers who participate in auctions have the right to obtain legitimate objects that are free from third-party claims, as long as the auction process is carried out according to procedure. The auction institution is responsible for ensuring that information about the object to be auctioned is conveyed clearly, so that buyers know that the object is bound by mortgage rights and may have related legal risks.
- 2) Verification of the Legal Status of the Object Before the auction is carried out, the auction institution together with the relevant authorities, such as the court and the BPN, verify the legal status of the object. This verification includes ensuring that the object is not bound by outstanding debts or other legal issues that may prevent the buyer from obtaining legitimate ownership.

- 3) Security of Ownership and Transfer of Rights After the auction is completed and payment is received, the buyer is entitled to the object with legitimate ownership. The auction institution and BPN must ensure that the process of changing the certificate name and transferring rights to the object is carried out according to law, so that the buyer can obtain a legitimate certificate for the object.
- d. Potential Legal Issues and Resolution Although auction institutions and related authorities make every effort to protect buyers, some legal issues may still arise, including:
 - 1) Third Party Disputes Third parties may claim ownership of auction objects, especially if there are issues with unresolved mortgages or disputes regarding ownership rights. If these claims arise, buyers can file a lawsuit in court to ensure that they obtain legal ownership.
 - 2) Undisclosed Object Status Sometimes, the status of an object that is not fully disclosed, such as the presence of outstanding debts or disputes with third parties, can affect the buyer's ownership status. Buyers who face such problems can seek legal protection from the court to claim their rights to objects that they have legally purchased (Purnama, 2017).

The role of auction institutions and related authorities in ensuring the protection of buyers' rights to auction objects originating from mortgages is very vital. By implementing transparent procedures, ensuring verification of the legal status of the object, and providing a guarantee of legal ownership, auction institutions as well as the courts, BPN, and creditors ensure that buyers obtain auction objects with clear and protected legal status.

5. CONCLUSION

Legal protection for buyers of objects originating from mortgage rights that are auctioned is a very important aspect in the auction process. This aims to provide legal certainty and security for buyers that the objects they buy have met the legal requirements and are free from unwanted claims in the future. Several important things that can be concluded regarding legal protection for buyers of mortgage objects that are auctioned include:

- a. Legitimate and Transparent Auction Procedures: Auction institutions, whether managed by the state (such as KPKNL) or private auction institutions, have an obligation to ensure that the auction process is carried out with transparency, compliance with laws and regulations, and fairness. Buyers have the right to obtain clear information regarding the legal status of the auction object, including the existence of mortgage rights attached to the object.
- b. Role of the Court: The court plays an important role in providing a valid execution decision on the mortgage object to be auctioned. Without this decision, the auction cannot be carried out, and buyers cannot obtain a guarantee of legal ownership. The court also has the authority to resolve disputes that arise, thus providing legal protection to buyers.
- c. Verification of Legal Status of Object by BPN: The National Land Agency (BPN) checks the validity of the land certificate and ensures that the auctioned object is not bound by disputes or third party rights that may interfere with the buyer's ownership after the auction is completed. This verification is important to provide a guarantee of legal ownership to the buyer.
- d. Creditors and Proper Notification: Creditors who have mortgage rights also play a role in ensuring that the debtor's debts tied to the auctioned object have complied with the legal procedures. Creditors are required to provide clear information to the auction institution and ensure that the object is eligible for auction without involving claims that could harm the buyer.

Potential Legal Issues: Although the auction institution and related authorities strive to provide protection to buyers, potential legal issues such as third-party claims or disputes that are not detected during the auction can occur. Buyers who face such problems can file a lawsuit in court to obtain clarity and legal guarantees for the objects they buy.

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