

## Legal Liability of Borrowers in Cases of Fraud on Peer-to-Peer Lending Platforms: A Case Study of Koinworks

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### ABSTRACT

The development of financial technology (fintech) in Indonesia has driven the rapid growth of Peer-to-Peer (P2P) lending services as an innovative financing alternative. Although it has a positive impact on financial inclusion, this phenomenon of rapid development also poses legal risks, especially related to fraudulent actions committed by borrowers. This study aims to analyze the form of legal liability of borrowers in fraud cases on P2P lending platforms with a case study of KoinWorks. This research uses a normative juridical approach, namely by examining laws and regulations, legal doctrine, and jurisprudence, and analyzing data through qualitative methods with deductive techniques. The results of the study show that borrowers' actions that meet the elements of fraud regulated in Article 378 and Article 263 of the Criminal Code can be subject to criminal liability. In addition, civil liability through the mechanism of default and/or unlawful acts (*onrechtmatige daad*) can also be applied. This research also highlights the weaknesses of sectoral regulations and the importance of strengthening due diligence mechanisms by platforms. Regulatory harmonization, the establishment of a digital dispute resolution forum, and the improvement of digital legal literacy are needed as a form of preventive and repressive legal protection

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## **INTRODUCTION**

The development of digital technology has driven a major transformation in the financial world, including in Indonesia. This transformation includes not only changing the way people transact, but also fundamentally changing the landscape of financial service providers. One of the tangible manifestations of this transformation is the emergence of Peer-to-Peer (P2P) lending services that offer alternative financing solutions outside of conventional financial institutions. P2P Lending is a financial service provider that brings together lenders and borrowers to make credit and debit agreements through an internet-based electronic system (Abdullah Engku & Abdul, 2018:110). This system allows individuals or micro and small businesses to obtain loans directly from lenders through digital platforms.

This innovation provides new hope for sectors that have been difficult to access bank credit, especially due to limited collateral and administrative requirements. The presence of P2P Lending can be a solution to the problems faced by the government in increasing financial inclusion. Financial inclusion is about enabling access to a wide range of products, financial services, and institutions. Depending on the ability and needs of the community, different financial services can be chosen to improve welfare (POJK, 2016:76). However, behind these benefits, there are legal risks that can threaten the stability of the system if not managed properly.

The rapid growth of this sector also raises various complex legal challenges. One of the main challenges is the increasing cases of fraud committed by borrowers. Fraud in P2P lending includes various forms of manipulation such as the use of fake identities, falsification of documents, simultaneous double loan applications, and the blurring of true financial conditions. As a result, lenders suffer significant financial losses, and furthermore, trust in the fintech ecosystem can be systemically disrupted. The Financial Services Authority (OJK) noted that the number of P2P Lending fintech service providers has reached hundreds, but not all service providers have been officially registered (Murdadi, 2012:32). This shows the urgency to strengthen the supervisory and certification system of organizers, so that consumers are not trapped in illegal or uncredible services.

Within the framework of Indonesian law, it is important to examine how positive legal instruments provide protection to parties harmed by fraud. Both from the perspective of criminal and civil law, there is room for accountability that can be imposed on perpetrators. However, in practice, law enforcement against borrowers in the context of digital lending is often hampered by the absence of norms (*lacuna legis*), as well as the lack of optimal inter-institutional synergy. On the other hand, the role of a platform as a service provider cannot be seen as neutral. Their responsibilities in applying the principles of prudence, data verification, and consumer protection need to be clarified in applicable regulations. In addition, the phenomenon of fraud also demands an update of legal approaches that are more adaptive and responsive to technological developments.

This study aims to analyze the form of legal liability of borrowers in fraud cases on P2P lending platforms, by referring to the provisions of the Criminal

Code, Civil Code, Law Number 11 of 2008 concerning Information and Electronic Transactions (ITE Law), and OJK Regulation No. 10/POJK.05/2022. This study uses the KoinWorks case as a concrete illustration of the legal problems that occur in the field. This research also places Lawrence M. Friedman's legal system theory as an evaluative basis for the weaknesses of regulation, institutions, and legal culture in the context of lender protection. It is hoped that the results of this research can contribute to the development of a stronger and fairer fintech legal framework. It is hoped that the results of this study will not only provide an academic contribution, but also become a reference in the formation of more comprehensive technical regulations in detecting, preventing, and handling fraud in the P2P lending system in Indonesia.

## **THEORITICAL REVIEW**

The rapid development of financial technology (fintech) has significantly transformed the financial services sector, particularly through the emergence of Peer-to-Peer (P2P) lending platforms. P2P lending provides alternative financing mechanisms by connecting lenders and borrowers directly through digital platforms without involving conventional banking intermediaries. This innovation has contributed positively to financial inclusion, especially for micro, small, and medium enterprises (MSMEs) and individuals who experience difficulties accessing formal credit institutions. According to Financial Technology theory, digital financial innovation improves efficiency, accessibility, and transaction speed within the financial sector. However, the increasing use of digital financial systems has also generated new legal challenges, particularly concerning borrower fraud, misuse of personal data, and weak consumer protection mechanisms in electronic transactions.

Several previous studies have examined the legal and regulatory dimensions of fintech lending practices in Indonesia. Jamaluddin (2021) emphasized that legal protection for lenders in fintech services remains relatively weak due to the absence of comprehensive dispute resolution mechanisms and limited supervision over digital lending activities. Similarly, Lubis (2022) explained that the legal relationship among lenders, borrowers, and platform providers in P2P lending often creates uncertainty regarding the allocation of legal responsibility when defaults or fraudulent activities occur. Prastyanti (2021) further argued that the rapid growth of fintech lending has not been balanced with adequate legal infrastructure, particularly regarding consumer protection and digital dispute settlement procedures. In addition, Pratiwi (2022) highlighted that fraud risks in fintech lending transactions are strongly associated with inadequate borrower verification systems and weak implementation of prudential principles by platform providers.

From the perspective of criminal and civil law, fraudulent activities in P2P lending may involve acts such as identity falsification, manipulation of electronic documents, fictitious loan applications, and intentional defaults conducted in bad faith. These actions may fulfill the legal elements of fraud regulated under Article 378 of the Indonesian Criminal Code, forgery under Article 263 of the Criminal Code, and electronic information manipulation under the Information

and Electronic Transactions Law (ITE Law). According to Legal System Theory, the effectiveness of law enforcement is influenced by three interrelated components, namely legal substance, legal structure, and legal culture. In the context of fintech lending, weaknesses in these three components may reduce the effectiveness of legal protection for lenders and create opportunities for digital financial crimes.

Although previous studies have discussed fintech regulation, consumer protection, and platform responsibilities, limited research specifically analyzes the legal liability of borrowers who intentionally commit fraud in P2P lending transactions using a comprehensive criminal and civil law approach. Most previous studies focus primarily on the legality of platforms, financial supervision, or general consumer protection issues rather than examining the direct legal accountability of borrowers as perpetrators of fraud. Therefore, this study offers novelty by comprehensively analyzing borrower liability in fraud cases through the perspectives of criminal law, civil law, consumer protection law, and digital financial regulation using the KoinWorks case as a concrete legal case study. This research is also expected to contribute theoretically to the development of fintech legal studies and practically to strengthening legal protection mechanisms within Indonesia's digital financial ecosystem.

## **METHODOLOGY**

This research is a normative legal research that uses a normative juridical approach. This approach is based on the study of laws and regulations, legal doctrines, legal principles, and relevant jurisprudence. Normative research is very suitable for analyzing legal accountability in the context of positive law in Indonesia. The main focus of this research is to identify, interpret, and evaluate the applicable legal provisions to answer the legal issues studied.

The types of legal materials used in this study consist of two categories. First, primary legal materials that include laws and regulations such as the Criminal Code (KUHP), the Civil Code (Civil Code), Law Number 11 of 2008 concerning Information and Electronic Transactions (ITE Law), and OJK Regulation No. 10/POJK.05/2022. Second, secondary legal materials in the form of legal literature, scientific articles, and relevant journals are used to enrich analytical perspectives.

Data collection techniques are carried out through literature studies and documentation of relevant legal sources. The legal literature is critically analyzed to build a solid legal argument. Data analysis is carried out qualitatively with a deductive approach, which is drawing conclusions from general legal norms towards application in concrete cases. Thus, this research is expected to be able to provide a comprehensive legal mapping and can be used as a basis for stronger policy recommendations. This approach also allows researchers to assess the extent to which current laws are able to respond to the new challenges presented by financial technology.

## RESEARCH RESULTS AND DISCUSSION

### *Overview of Fraud Cases on the KoinWorks Platform*

KoinWorks is one of the largest Peer-to-Peer (P2P) Lending platforms in Indonesia that has obtained an official license from the Financial Services Authority (OJK). This platform provides loan intermediation services between lenders and borrowers digitally, and has been used by various levels of society, especially small and medium enterprises (MSMEs). KoinWorks is fully supervised by the OJK as a body that implements an integrated supervision system for the activities of the financial services sector, including the fintech lending sector (Law Number 21 of 2011). KoinWorks is currently a member of the Indonesian Joint Funding Fintech Association (AFPI), and is listed as an organizer of Digital Financial Innovation (IKD) in the Aggregator Cluster registered under the Indonesian Fintech Association (AFTECH) with member registration number 0322/REG/AFT/SU (AFTECH, 2020). The platform also positions itself as a "Super Financial App" that provides a variety of digital financial services for personal and business needs (KoinWorks, 2025). However, in 2024, KoinWorks faces a serious problem when it is revealed that there are fraudulent acts committed by a number of borrowers.

KoinWorks, through its subsidiary, KoinP2P, is facing a fraud case involving the owner of the MPP business group with the initials M. M allegedly embezzling funds that should have been channeled to lenders, even though MSMEs in the MPP ecosystem have paid off their obligations. The director of KoinP2P, Jonathan Bryan, stated that the funds were misused for personal gain, not channeled through the platform. This act fulfills the element of deception (*dolus*), which is the core of fraud offenses in Indonesian criminal law. This case has been reported to the Police and is in the process of investigation. KoinP2P affirms its commitment to protecting lenders, minimizing losses, and cooperating with authorities. The estimated losses experienced by lenders to date have reached IDR 365 billion.

### *Borrower Legal Liability: The Criminal Aspect*

In the context of Indonesian criminal law, fraudulent acts such as those committed by the borrower in this case meet the elements stipulated in Article 378 of the Criminal Code (KUHP) regarding deception and the intention to benefit oneself unlawfully. The act of falsifying documents and falsifying identities is clearly a malicious intent (*mens rea*) where proving the borrower's intention to deceive from the beginning is the main basis for ensnaring them criminally. It also falls under the category of deception and a series of lies as well. In addition, this action can also be subject to Article 263 of the Criminal Code regarding forgery of letters, which is a formal offense and does not require real

consequences as a condition for criminalization. The use of false electronic documents may also be subject to sanctions under Article 35 jo. Article 51 paragraph (1) of the ITE Law, because the perpetrator has deliberately and without rights manipulated electronic information for personal gain.

Strict regulations are needed to prevent the misuse of P2P lending services, and that public education plays an important role in creating compliance and legal awareness (Aulia Azka, 2024). The elements of acts (*actus reus*) and *mens rea* can be proven through a series of actions of the borrower since the loan application. Therefore, the enforcement of criminal law against fraudsters has a preventive and repressive function to maintain the integrity of the fintech ecosystem.

### ***Legal Liability: Civil Aspects and Consumer Protection***

In addition to criminal liability, borrowers who commit fraud can also be subject to civil liability. The legal relationship between borrower and lender is a contractual relationship that is subject to Article 1320 of the Civil Code regarding the legal terms of the agreement. If the borrower's intention from the beginning was not to repay the loan, then the agreement has been substantially violated because it does not meet the principle of good faith.

Borrowers can be sued on the basis of default (Article 1243 of the Civil Code) or unlawful acts (Article 1365 of the Civil Code) if their actions have caused losses. The unlawful element in Article 1365 can be fulfilled if it is proven that the borrower's actions not only violate the terms of the agreement, but also the norms of propriety, prudence, and integrity in *muamalah*. The weak legal protections in P2P lending are highlighted by the absence of a dedicated dispute resolution institution between the lender and the borrower, so consumers often do not have a clear legal path to resolve disputes. Therefore, the establishment of an effective digital dispute resolution forum is an urgent need (Prastyanti, 2021).

From the perspective of consumer protection law, individual lenders can be qualified as consumers who have the right to obtain true, clear, and honest information from business actors, as guaranteed in Article 4 letters c and f of Law No. 8 of 1999 concerning Consumer Protection. On the other hand, borrowers are obliged to provide information in a transparent and non-misleading manner, as stipulated in Article 7 letters b and c of Law No. 8 of 1999. Violation of such provisions may be considered a form of contractual breach and/or breach of a legal obligation that protects consumer rights.

### ***Legal Roles and Responsibilities of Platforms***

In OJK Regulation No. 10/POJK.05/2022, P2P lending platforms are regulated as electronic system operators and not as parties directly involved in lending transactions. Nonetheless, the platform has administrative responsibilities in terms of safe, transparent, and reliable administration. One of the main obligations is to ensure that the identity verification process is carried

out accurately and comprehensively. The OJK has established three main strategies to prevent fraud, namely mass financial education, the provision of a consumer complaint portal, and the publication of a list of illegal operators. This strategy should be a reference for platforms in developing their internal systems (Una, 2022).

If the platform is negligent in carrying out these obligations (*culpa in contrahendo*) and allows fraud to occur without early detection, then the platform can be held liable based on the principle of professional negligence. In civil law, this can be the basis for a lawsuit for default or unlawful acts if it is proven that the platform does not carry out the proper principles of prudence. Negligence in implementing the prudential principle can open up room for legal accountability.

More broadly, platform responsibility must also be seen through the lens of social responsibility and protection of users. In international practice, authorities such as the FCA in the UK and MAS in Singapore require P2P lending platforms to implement strict due diligence procedures and artificial intelligence-based fraud detection systems. This standard can be a reference in strengthening national regulations which are still general and less operational.

### ***Regulatory Challenges and the Urgency of Renewal***

The current OJK regulation only provides a basic framework for the implementation of P2P lending, but it does not regulate in detail the form of borrowers' legal responsibilities in fraud cases. This creates a legal vacuum (*lacuna legis*) that has the potential to be exploited by digital criminals. On the other hand, if a systematic review of other laws and regulations, including the 1945 Constitution of the Republic of Indonesia, there has not been a complete harmonization of norms. For example, Article 28G paragraph (1) of the 1945 Constitution guarantees the right to self-protection, property, and legal security, but these constitutional guarantees have not been balanced with the substance of sectoral law that provides concrete protection in digital-based financial transactions.

OJK regulations (POJK) related to P2P lending currently tend to be administrative and technical, but do not have adequate strength in terms of substantive law enforcement. Therefore, a derivative technical regulation from the OJK is needed that specifically regulates verification standards, fraud reporting, and dispute resolution mechanisms. In addition, there needs to be synchronization between existing legal apparatuses so that sectoral regulations can run in tandem and reinforce each other with constitutional norms.

Referring to the legal system theory Lawrence M. Friedman, legal protection for lenders in P2P lending practices in Indonesia can be understood through three main components, namely legal substance, legal structure, and

legal culture. These three elements are interrelated and determine the effectiveness of a legal system. In terms of substance, regulations such as POJK No. 10/POJK.05/2022 are still general and have not yet detailed regulations on increasingly complex types of digital fraud, such as electronic identity manipulation or misuse of borrower data. From the aspect of legal structure, coordination between the OJK, police officers, and judicial institutions in cracking down on fraud perpetrators is still not optimal, causing loopholes in the law enforcement system. Meanwhile, in the dimension of legal culture, public awareness of their legal rights and obligations is still relatively low. Many lenders are unaware of the legal procedures that can be taken when they experience losses, and most platforms also do not provide maximum legal education to users. Therefore, the application of Friedman's theory provides a relevant analytical framework to see that the weakness of legal protection in the fintech sector does not solely lie in regulation, but also in the weakness of implementing institutions and low digital legal literacy in society.

Thus, synergy is needed between the OJK, the Ministry of Communication and Information, law enforcement officials, and industry associations such as AFTECH and AFPI to form an integrated supervisory system. This system must be able to detect transaction anomalies in real-time, provide effective administrative sanctions, and facilitate legal proceedings against fraudsters, both in the criminal and civil realms. Institutional reform and strengthening public policies are crucial to ensure comprehensive legal protection in the fintech sector in Indonesia (Prastyanti, 2021).

## **CONCLUSIONS AND RECOMMENDATION**

Based on the results of the analysis, it can be concluded that fraudulent acts by borrowers in P2P lending platforms are serious violations of the law that can be subject to criminal and civil liability. From the criminal side, the use of false identities, fictitious documents, and manipulation of personal data to obtain loans meets the elements of fraud in accordance with Article 378 of the Criminal Code, and can even be expanded through Article 263 of the Criminal Code and the ITE Law. From the civil aspect, this action violates the contractual principle which requires good faith in the legal relationship between borrower and lender. If it is known from the beginning that the borrower does not intend to return the loan, this can be qualified as a default or an unlawful act based on Articles 1243 and 1365 of the Civil Code. Thus, the borrower is doubly responsible for the losses incurred to the lender and the digital financial service system as a whole.

In addition, P2P lending platforms are also inseparable from legal responsibility. Although formally only acting as an electronic system provider, negligence in verification and risk mitigation can open up opportunities for fraud, so that platforms can be held accountable based on the principle of professional negligence in the context of contract law and tort law. The study also highlights that the current regulatory framework is still too generic and does not

provide adequate technical guidelines for dealing with fraud. This shows the importance of the formation of derivative regulations from POJK and policy reformulation to strengthen legal protection for all parties in the P2P lending ecosystem.

### **FURTHER STUDY**

First, it is necessary to formulate technical regulations by the OJK that specifically and specifically regulate borrower verification procedures, fraud risk mitigation, and digital dispute resolution mechanisms in P2P lending services. The regulation must contain strict administrative sanctions for negligent platforms as well as emergency response procedures in dealing with fraud reports from lenders.

Second, P2P lending platforms need to develop sophisticated technology-based verification systems, such as real-time integration of population data with Dukcapil and the use of artificial intelligence to detect suspicious behavior. Strengthening this internal system is important to prevent system abuse and maintain public trust in fintech services.

Third, the government together with stakeholders need to increase legal literacy and digital finance among the public. This education is very important so that users, especially individual lenders, understand their legal rights and obligations, and be able to recognize risks and fraudulent modes in online financial transactions.

Finally, synergy between institutions such as the OJK, the Ministry of Communication and Information, the Police, and industry players is needed to form a collaborative and sustainable supervisory ecosystem. This collaboration can create a legal system that is not only reactive to fraud cases, but also proactive in building justice and legal protection in the world of digital finance in Indonesia.

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