



## Analysis of Compensation Mechanisms as Business Actor Liability for Overclaim in Azarine Skincare Products

Guna Gerhat Sinaga<sup>1</sup>, Surahmad<sup>2</sup>.

<sup>1</sup>Universitas Pembangunan Nasional Veteran Jakarta, Jakarta, Indonesia, 2110611020@mahasiswa.ac.id.

<sup>2</sup>Universitas Pembangunan Nasional Veteran Jakarta, Jakarta, Indonesia, surahmad@upnvj.ac.id.

Corresponding Author: 2110611020@mahasiswa.ac.id<sup>1</sup>

**Abstract:** The purpose of this paper is to analyze the compensation mechanism as a form of business actor's accountability for overclaim practices in skincare product promotions, focusing on a case study of the Azarine product. Overclaim is an action by business actors in providing excessive information or claims regarding the benefits of a product without adequate scientific evidence. This practice not only violates the principles of transparency and honesty in promotion but also has the potential to mislead and harm consumers. This study uses an empirical legal method with a statutory approach and a case approach. The results of the study show that overclaims carried out by business actors violate the provisions of Law Number 8 of 1999 concerning Consumer Protection and BPOM Regulation Number 3 of 2022 concerning Cosmetic Claims. Business actors who are proven to have committed overclaims are obliged to be responsible for providing compensation to consumers in the form of a refund, product exchange, or other compensation in accordance with the losses experienced. This shows the importance of business actors' responsibility to ensure that consumer rights are fulfilled.

**Keyword:** Overclaim, Skincare, Compensation, Liability.

### INTRODUCTION

Skincare treatment can be carried out through beauty clinic services or by consulting a dermatologist. However, due to the relatively high costs, most people prefer to do self-care at home using a series of skincare products that are considered more practical and affordable (Rahmalia, 2021). Skincare is a type of cosmetic product specifically formulated to maintain skin health, provide nourishment, and support the skin's regeneration process to keep it looking fresh and healthy.

These products can be categorized as cosmeceuticals cosmetics that contain biologically active substances and provide therapeutic effects when used or as medical products that require a doctor's prescription. Various forms of skincare are available on the market, ranging from soaps, creams, and lotions to more invasive methods such as injections, depending on the user's skin condition and needs (Nurfadhilah et al., 2023). Digital commerce or e-commerce offers various conveniences and comforts for both consumers and prospective buyers. One of these

conveniences is the ease of accessing a wide range of brands and the latest products available on e-commerce platforms, allowing consumers to explore and compare options without having to visit physical stores (Marcia, 2023).

The ease of obtaining information and purchasing skincare products in Indonesia is a major factor driving the growing public interest in skincare. The increasing market demand has also stimulated the growth in the number of business actors within this industry.

As more producers and distributors become involved, consumers have grown more accustomed to and confident in using various types of skincare products, creating a mutually reinforcing ecosystem between producers and consumers. According to the Director General of Small, Medium, and Various Industries (IKMA), Reni Yanita, Indonesia's cosmetics sector is undergoing significant expansion.

She stated that the revenue of the national cosmetics industry is projected to increase by 48% from 2021 to 2024, with an average annual growth rate of 5.35% through 2028. This growth is also reflected in the rising number of cosmetic businesses, which increased from 819 in 2021 to 1,039 in 2023, and in the estimated 1,500 cosmetic SMEs (Small and Medium Enterprises) expected by 2024. The trend of natural-based products and the ease of access through e-commerce platforms further accelerate the development of this industry, while also creating major opportunities for the advancement of local and national skincare industries (Administrator, 2024).

To ensure their products gain widespread recognition and attract market interest, business actors are required to implement effective marketing strategies, one of which is advertising. Advertising plays a crucial role in building consumer awareness of a product's existence and in communicating its advantages.

By consistently introducing products to the public, advertising helps businesses reach their target market, maintain their presence, and drive growth and expansion amid increasingly competitive market conditions (Harianto, 2010).

In the context of e-commerce, advertising plays an especially crucial role for business actors due to the limited direct interaction with consumers. Through advertisements, businesses can build indirect connections with their audience while also gaining a better understanding of market preferences and needs. Advertising not only serves as a promotional tool but also functions as a two-way communication channel that helps producers develop relevant and desirable products. Moreover, an effective advertising strategy contributes to increasing consumer brand awareness and strengthens the brand's position amid the increasingly intense competition in the digital marketplace (Harianto, 2010).

According to Article 1 point 6 of Law Number 8 of 1999 concerning Consumer Protection (UUPK), promotion is defined as an activity aimed at introducing and disseminating information about goods and/or services to the public, with the intent to generate interest and influence consumer decisions to purchase the offered products, whether currently marketed or to be traded in the future.

One promotional strategy that can be implemented by business actors is product advertising. This advertising process does not occur instantly but goes through structured stages, starting from preparation, strategic planning, execution of advertisement materials, to monitoring how the information is delivered to the public. At each stage, it is crucial to ensure that the advertisements are honest, transparent, and informative. The advertisement content must present accurate and accountable data and must not contain misleading elements that could harm consumers or distort public perception (Hasudungan & Turisno, 2016).

In practice, many business actors still carry out marketing activities without adhering to the applicable regulations, which can potentially cause harm to consumers. Noncompliance with marketing procedures can lead to various issues, such as poor product quality, discrepancies between the actual condition of goods or services and what was advertised, misleading information, and the circulation of counterfeit products or services.

Such violations not only directly harm consumers but can also damage public trust in the related industry (Kristiyanti, 2011). One common violation of marketing procedures committed by business actors is the practice of overclaiming or making exaggerated claims.

Overclaiming refers to the presentation of information about a product's benefits in an exaggerated manner, without valid scientific evidence supported by research or clinical trials. Business actors often claim that their products can prevent, treat, or even cure certain conditions, despite the fact that such effectiveness has not been scientifically verified. This practice is widespread because it is seen as an effective way to quickly attract consumer attention and interest, although it ultimately poses the risk of misleading the public and causing harm to consumers. (Mastrini, 2023).

Cosmetic claims that do not comply with the regulations set by BPOM are clearly in violation of the provisions stated in BPOM Regulation Number 3 of 2022 concerning Technical Requirements for Cosmetic Claims.

As stated in the preamble of the regulation, "to protect the public from vague and misleading cosmetic claims, every cosmetic product must be ensured to be safe, beneficial, and of good quality.

Therefore, cosmetics are required to meet established technical requirements, including those related to claims, so that such claims can be objectively accounted for and do not harm consumers." To guarantee consumers' rights to obtain accurate information about a product's ingredients, the Consumer Protection Law (UUPK) under Article 8 paragraph (1) letter d explicitly prohibits business actors from trading and/or promoting goods that do not match their actual condition, guarantee, benefits, or efficacy as stated on the label, tag, or product description.

This provision aims to prevent the dissemination of misleading information that could harm consumers and to ensure that every claim made by producers accurately reflects the product's actual condition. According to A. Z. Nasution, consumer protection is a specific and detailed branch of law that regulates the principles and rules related to the safeguarding of consumer rights.

It covers various aspects, such as the relationship between consumers and providers of goods and services, as well as issues arising in the provision and use of goods and services within the context of social life. This protection is a vital component of consumer law as a whole (Gugu & Steven, 2022).

Consumers have the right to receive compensation if they suffer losses due to overclaim practices by cosmetic or skincare product manufacturers. This is in accordance with the provisions of Law Number 8 of 1999 concerning Consumer Protection, which affirms that every consumer is entitled to obtain accurate, clear, and honest information regarding the condition, benefits, and guarantees of the goods being offered.

This legal protection aims to prevent consumers from being misled and to ensure that their rights are fairly fulfilled in commercial transactions. Compensation for consumer losses may take various forms, such as refunds, product exchanges, or other forms of restitution depending on the severity of the loss.

To file such a claim, consumers must provide supporting documents, including proof of purchase, relevant product documentation, and a detailed explanation of the loss experienced. If a business actor is proven to have violated their obligations and infringed upon consumer rights as regulated by law, they are obligated to provide compensation. This provision is in line with Article 1365 of the Indonesian Civil Code (KUHPer), which states that any unlawful act that causes harm to another party requires the perpetrator to bear and compensate for the resulting damages.

The overclaim case involving skincare products from the Azarine brand sparked widespread public discussion after a health influencer known as "Dokter Detektif" released the

results of an independent laboratory test. The findings revealed a significant discrepancy between the actual content of the products and the claims stated on their packaging.

Two products that drew particular attention were the Azarine Niacinamide 10% + Dipotassium Glycyrrhizate Glorious Serum and the Azarine Retinol Smooth Glowing Serum. For the niacinamide serum, the label claimed it contained 10% niacinamide, but the lab test found only 0.45%. Meanwhile, the retinol serum, which claimed to have 1% retinol, was found to contain only 0.00096% according to the test results. These findings raised public concern about the accuracy of skincare product information and highlighted the importance of transparency in marketing practices (Salsabila, 2024).

In response to the controversy arising from discrepancies in laboratory test results of their products, Azarine officially issued a public apology. They explained that the inconsistencies were most likely caused by various external factors, such as packaging type and storage temperature conditions, which could affect the stability of active ingredients.

As a form of accountability, Azarine expressed its commitment to retesting the products in an accredited laboratory to ensure the accuracy of the product content and quality. Additionally, they announced plans to update the serum packaging design using sturdier, opaque materials to better protect the active ingredients from external exposure that could compromise product quality (Handayani, 2024).

The emergence of this information has raised public concern regarding the validity of claims made by producers and highlighted the ongoing lack of consumer understanding of product label information. This situation underscores the importance of transparency from manufacturers in delivering accurate information, as well as the need to improve consumer literacy so that individuals can critically assess the reliability of a product based on its advertised claims.

The increasing public interest in skincare products in Indonesia is driven by easy access through e-commerce, which has also led to a rise in the number of businesses in this sector. While e-commerce facilitates consumer access to new products, it also opens opportunities for producers to make overclaims in product promotions, including those made by the brand Azarine.

Such claims, which are often not supported by scientific evidence, violate the regulations of the Indonesian Food and Drug Authority (BPOM) and Law Number 8 of 1999 on Consumer Protection, which require businesses to provide honest, accurate, and non-misleading information to consumers.

Based on this, the study raises two main issues. First, it examines the legal responsibility of businesses for engaging in overclaiming practices in the promotion of Azarine skincare products. The focus is on analyzing how Indonesian law regulates the obligations and liabilities of business actors in cases of misleading advertising that may deceive consumers.

Second, it explores the compensation mechanism available to consumers who suffer losses as a result of such overclaiming. This includes an examination of the procedures, effectiveness, and challenges faced by consumers in seeking compensation for damages caused by exaggerated claims in the marketing of Azarine skincare products.

## **METHOD**

This research employs an empirical juridical method, which examines the law not only as written norms but also in its practical implementation in society. The approach used includes a statutory approach and a case approach. The statutory approach involves reviewing Law Number 8 of 1999 on Consumer Protection, the Indonesian Civil Code (Kitab Undang-Undang Hukum Perdata), and BPOM Regulation Number 3 of 2022.

Meanwhile, the case approach is used to analyze the Azarine case as a concrete example of overclaim incidents in skincare products, including the responsibility of business actors and the compensation mechanism. The data sources used are secondary data, consisting of primary

legal materials (legislation), secondary materials (literature, journals, scientific works), and tertiary materials (online media). Data collection techniques are carried out through library research, while data analysis is done qualitatively using a descriptive-analytical method to address the research problems and draw systematic conclusions (Taufani, 2018).

## RESULTS AND DISCUSSION

### **Legal Liability of Business Actors for Overclaims in the Promotion of Azarine Skincare Products.**

The growing trend of online skincare sales has also led to negative consequences, such as an increased risk of overclaim and fraud. Many products are marketed with promises that lack scientific evidence, such as instant skin whitening or rapid acne healing.

These misleading claims not only have the potential to disappoint consumers but also pose serious health risks and harm those who trust unverified information (Leonita, 2023). Law plays an important role in protecting consumers from overclaim practices that frequently occur in skincare products, whether sold in physical stores or on e-commerce platforms.

Although Indonesia has established regulations to safeguard against the circulation of harmful skincare products, overclaiming is still commonly used as a popular marketing strategy. Common characteristics of skincare products that engage in overclaim include excessive promotion without clear justification, lack of transparency regarding product distribution permits, and the emergence of skin problems in consumers due to the use of products that do not match their claims (CNN, 2024).

In the case involving Azarine skincare products, specifically the Niacinamide 10% Serum and Retinol 1% Serum, BPOM's monitoring and laboratory testing revealed that both products contained active ingredients significantly below their labeled claims—only 0.45% and 0.00096%, respectively.

BPOM stated that Azarine's claims were inconsistent with laboratory evidence and violated the provisions of BPOM Regulation Number 3 of 2022. Although Azarine attempted to clarify that the niacinamide levels may have decreased during storage, such justification does not exempt the company from legal responsibility.

Business actors are still required to ensure that product labels accurately reflect the actual contents marketed to consumers. From a consumer protection perspective, this constitutes a violation of the principles of transparency and information accuracy as outlined in Article 8 paragraph (1) letter f of the Consumer Protection Act (UUPK), which prohibits businesses from providing misleading information regarding goods and services being traded.

Normatively, the supervision of products circulating in Indonesia whether domestically produced or imported—is fully the responsibility of the National Agency of Drug and Food Control (BPOM).

BPOM holds the authority to establish applicable norms, standards, procedures, and criteria, as well as to oversee the quality, safety, and the accuracy of information presented on product labels and advertisements in the Indonesian market (Nugraha, 2023).

BPOM's role in taking firm action is crucial, especially considering the imbalance of information between consumers and business actors, particularly in advertising. Consumers often rely entirely on the information provided by producers without having the means to verify the truth of such claims.

In the beauty sector, the practice of overclaiming without clear scientific basis remains prevalent and poses significant risks. Such actions are prohibited as they can mislead consumers and cause them financial or health-related harm (Tahaanii, 2023).

Azarine, which stated a niacinamide content of 10% on its serum product label, was found through BPOM testing to contain a significantly lower actual amount. This discrepancy constitutes a violation of labeling regulations and results in harm to consumers.



The Consumer Protection Act (UUPK) along with regulations issued by BPOM provide a strong legal foundation to protect consumers from overclaim practices in product marketing. These regulations require business actors to conduct their operations in good faith, including in the implementation of their promotional strategies.

This aims to ensure that consumers receive accurate information and are not misled by unsubstantiated claims (Darmawan et al., 2021). The Consumer Protection Act (UUPK) clearly regulates the actions that business actors are prohibited from taking in relation to the promotion and distribution of goods and services.

This prohibition is stipulated in Article 8 paragraph (1) letter f of the UUPK, which obliges business actors to ensure that any claims made in advertisements, labels, tags, descriptions, or sales promotions are consistent with the actual goods or services offered. Therefore, business actors, particularly in the beauty industry, should avoid making overclaims about their products if such claims cannot be substantiated.

Furthermore, Article 20 of the UUPK emphasizes that business actors involved in advertising activities are fully responsible for the content of their advertisements and any consequences arising from them (Qothrunnada, 2021). The primary basis for holding business actors accountable to consumers is the element of negligence, which refers to a lack of care or caution that causes harm, based on the standard of conduct established by applicable laws and regulations (Bustomi, 2018).

The responsibility of business actors is a legal obligation that is inherent in their business activities, particularly in relation to the products they produce or distribute. This concept is known as product liability, which refers to the legal accountability of those who produce (producer, manufacturer), process (processor, assembler), or distribute (seller, distributor) a product for the harm caused by that product.

In other words, each actor in the production and distribution chain is responsible for the safety and accuracy of the products they offer to consumers (product liability) (Susanto, 2008). Every business actor is required to be prepared to bear all the consequences that arise as a form of accountability for the actions or decisions they make. This reflects the courage to face the risks inherent in legal and moral obligations in business (Dewi, 2015).

Legal responsibility will be imposed on business actors if it can be proven that their actions caused harm to consumers due to fault. In such cases, the business actor is obligated to account for their actions in accordance with the applicable legal provisions. One form of unlawful act that often occurs is when a business actor markets their product by providing inaccurate, misleading information, or making overclaims. Such actions not only violate the principle of honesty in business but also may cause harm to consumers, requiring the business actor to take responsibility for the mistakes made (Nur & Prabowo, 2011).

Hans Kelsen, through his theory of legal responsibility, explains that an individual is considered legally responsible if they perform an action that contradicts the applicable legal provisions.

In classical legal doctrine, this form of responsibility is divided into two main categories: responsibility based on fault (based on fault) and absolute responsibility or responsibility without fault (absolute responsibility). This distinction shows that legal responsibility can arise both due to the element of fault and solely because of the consequences of an act, regardless of whether there is an element of fault (Asshiddiqie & Safa'at, 2014).

In civil law, the foundation of liability is divided into two main forms: based on fault and based on risk. Civil law does not make a strict distinction between fault and negligence, as both can result in an obligation to take responsibility. Therefore, an individual can be held legally accountable either for committing a wrongful act or for bearing the risk arising from their actions, as reflected in the principle of strict liability (Muthiah, 2016).

The Consumer Protection Law regulates provisions regarding the liability of business actors for losses suffered by consumers. The regulation emphasizes that business actors are

obliged to provide compensation if the products or services they produce cause harm to consumers. Furthermore, the legal basis for liability is also outlined in the Indonesian Civil Code (KUHPer). Article 1365 of the Civil Code states that any unlawful act that causes harm to another person obliges the offender, if at fault, to provide compensation.

Article 1366 expands the scope of liability by emphasizing that a person is responsible not only for acts committed directly, but also for the consequences of their negligence or lack of caution. Meanwhile, Article 1367 affirms that a person's liability also includes harm caused by those under their supervision and by objects under their responsibility (Manik et al., 2024). Principles of legal liability can be classified as follows (Ruhaeni, 2014):

#### 1. Liability Based on Fault

Under the principle of liability based on fault, the burden of proof lies entirely with the plaintiff. The plaintiff must be able to demonstrate that the defendant committed an unlawful act and prove the existence of fault in that act. In addition, the plaintiff is required to establish a causal relationship between the defendant's fault and the damages suffered. In other words, the defendant's liability can only be imposed if it is clearly proven that their fault was the actual cause of the plaintiff's loss.

#### 2. Presumption of Liability

In the principle of presumption of liability, the defendant—in this context, typically a carrier or service provider is legally presumed to be liable for the damages incurred. However, this liability is not absolute. The defendant still has the opportunity to exempt themselves from this obligation by proving that the damage was not due to their fault, or in other words, by demonstrating an absence of fault. This principle legally assumes the defendant is at fault unless they successfully rebut the presumption with valid evidence.

#### 3. Strict Liability

The principle of strict liability requires business actors to bear responsibility for consumer losses without the need to prove any fault or negligence on their part. In this principle, the liability of the business actor is not contingent on evidence of wrongdoing, but rather on the fact that the product or service they provided caused harm to the consumer. As such, the business actor remains obligated to compensate for the damages regardless of fault.

The overclaim case involving Azarine's skincare products constitutes a violation of the Consumer Protection Law (UUPK), particularly Article 8 paragraph 1 letter f, which obliges producers to ensure that product claims are consistent with actual content.

Azarine's claim regarding the serum's active ingredient, which did not match laboratory test results, misled consumers and thus made the company liable for any resulting harm. Under the principle of product liability, Azarine is obligated to provide compensation if their product causes consumer loss.

Furthermore, the principle of strict liability also applies, meaning Azarine is held responsible for damages regardless of whether negligence can be proven. BPOM, as the regulatory authority, has the mandate to follow up on such cases and ensure that all products comply with applicable standards. Therefore, Azarine must compensate affected consumers for any financial or health-related damages caused.

### **Compensation Mechanism as Business Actor's Liability Related to Overclaim in Azarine Skincare Products.**

Business actors who engage in overclaim practices regarding their products are legally liable as regulated in Articles 19 and 20 of Law Number 8 of 1999 concerning Consumer Protection (UUPK), as well as Articles 1365 to 1367 of the Indonesian Civil Code (KUHPerdata). Specifically, Article 4 letter h of the UUPK provides protection to consumers by stating that every consumer has the right to receive compensation, reimbursement, and/or replacement if the goods and/or services received are not in accordance with the agreement or are not as they should be.

This means that if consumers suffer losses due to products that do not meet standards or contain misleading claims, business actors are obligated to provide a form of liability, whether in the form of a refund, product replacement, or other appropriate compensation. On the other hand, the authority to take action against violations in cosmetic product advertising lies with the National Agency of Drug and Food Control (BPOM).

BPOM has the authority to impose administrative sanctions on business actors who violate regulations, including in cases of overclaim. These sanctions may include written warnings, product recalls, suspension or revocation of distribution permits, and even business license revocation, in accordance with the applicable laws and regulations (Assifa, 2024).

In the case of Azarine, two of its products Niacinamide 10% Serum and Retinol 1% Serum—were found to contain active ingredients far below what was stated on their labels, with actual concentrations of only 0.45% and 0.00096%, respectively.

This constitutes an overclaim that can mislead consumers and cause material harm, particularly to those who choose products based on specific active ingredients suited to their skin needs. In this context, Azarine, as the business actor, is obligated to provide compensation to consumers who feel harmed due to the discrepancy in product content. Consumers may seek such compensation either individually or collectively through the available legal mechanisms.

If consumers suffer losses caused by the bad faith of skincare business actors such as through fraud or other intentional harmful conduct they have the right to pursue legal action by filing a civil lawsuit in court.

This lawsuit can be based on the unlawful act provision as regulated in Article 1365 of the Indonesian Civil Code (KUH Perdata). In such legal proceedings, consumers are entitled to claim compensation for both material losses, such as physical harm or financial damages, and immaterial losses, such as psychological distress or discomfort resulting from the use of the skincare product in question (Sejahtera, 2024).

Business actors have a legal obligation to provide compensation as a form of responsibility for their negligence. Such compensation is intended to restore the consumer's condition to the state it was in before the loss occurred. This is necessary when the goods and/or services provided do not meet consumer expectations or needs due to the business actor's negligence, resulting in harm or an imbalance in the fulfillment of consumer rights (Surahmad & Krisna, 2022).

Dispute resolution involving consumer losses due to excessive claims on skincare products is regulated under Article 45 of the Consumer Protection Law (UUPK). This article emphasizes that dispute resolution can be pursued through two channels: the court (litigation) or alternative dispute resolution outside the court (non-litigation). The choice of resolution channel is based on a voluntary agreement between the business actor and the consumer. The two forms of dispute resolution mechanisms are as follows:

#### A. Out-of-Court Settlement

Consumer dispute resolution through non-litigation channels can be carried out through mechanisms such as conciliation, mediation, or arbitration. The primary goal of these alternative methods is to reach a resolution between the business actor and the consumer regarding the form and amount of compensation for the loss experienced. Additionally, this process aims to formulate preventive measures to ensure that similar losses do not occur in the future. This process is facilitated by the Consumer Dispute Settlement Body (BPSK) using the Alternative Dispute Resolution (ADR) mechanism based on the Minister of Industry and Trade Decree Number: 350/MPP/Kep/12/2001, which includes the following:

1. Conciliation: In the conciliation process, the disputing parties are brought together to find a joint solution to the issue at hand. The resolution is entirely in the hands of both parties, while the panel only plays a passive role as a facilitator or conciliator to assist the smooth conduct of the process without issuing a binding decision.



2. Mediation: In the mediation mechanism, the Consumer Dispute Settlement Body (BPSK) functions as an advisor that provides guidance in the dispute resolution process. Although the final decision remains with the mutual agreement of the disputing parties, the panel plays an active role as a mediator, facilitating communication, offering advice, and encouraging a fair resolution for both parties.
3. Arbitration: In the arbitration process, both parties fully delegate the authority to BPSK or the panel to examine, evaluate, and resolve the dispute independently. The decision made is binding and must be implemented by the parties involved (Tiara, 2016).

#### B. Settlement Through Court

Consumers who suffer losses or are involved in a dispute have the right to resolve their issues through the general judicial route. This dispute resolution mechanism is carried out in accordance with the applicable general court procedural laws, but must still comply with the special provisions outlined in Article 46 of the Consumer Protection Law (UUPK) (Apsari, 2018), where lawsuits for violations by business actors can be filed by:

1. A consumer who has suffered a loss or their heirs;
2. A group of consumers with a shared interest;
3. A Consumer Protection Non-Governmental Organization (LPKSM);
4. The government and/or related agencies.

The liability of the business actor can be sought through a lawsuit based on an unlawful act (PMH), without needing to be based on a contractual relationship between the consumer and the business actor. In the context of advertising that contains overclaims, such as in the case of Azarine skincare products, consumers can file a lawsuit because the action meets the four elements of unlawful acts as stipulated in Article 1365 of the Civil Code (KUH Perdata), which are:

- a. The business actor is proven to have acted contrary to the law,
- b. The action involves elements of fault or negligence by the business actor,
- c. The consumer suffers real loss as a result of the action, and
- d. There is a clear causal relationship between the unlawful act committed by the business actor and the loss suffered by the consumer (Sunarno & Ikbai 2023).

The regulation on compensation for damages can be found in the applicable laws in Indonesia, one of which is outlined in Article 19 of the Consumer Protection Law (UUPK), which explains that:

1. Business actors are responsible for providing compensation for damage, pollution, and/or losses to consumers due to the consumption of goods and/or services produced or traded.
2. Compensation as referred to in paragraph (1) may be in the form of a refund or replacement of goods and/or services that are similar or of equivalent value, or health care and/or appropriate compensation in accordance with applicable legal provisions.
3. The compensation must be provided within 7 (seven) days from the date of the transaction.
4. The provision of compensation as referred to in paragraph (1) and paragraph (2) does not eliminate the possibility of criminal charges based on further evidence of fault.
5. The provisions referred to in paragraph (1) and paragraph (2) do not apply if the business actor can prove that the fault was due to consumer error.

In the case of the Azarine serum, it was found that two Azarine products, Niacinamide 10% Serum and Retinol 1% Serum, contained active ingredients far below their labeled claims only 0.45% and 0.00096%, respectively

This constitutes an overclaim that materially harms consumers. Therefore, consumers can claim compensation through a civil lawsuit based on Article 1365 of the Civil Code (KUH Perdata) if there is an element of intent or negligence from the business actor. The loss may be both material and immaterial, and the compensation aims to restore the consumer to the position they were in before the loss occurred.

Dispute resolution can be pursued through both litigation and non-litigation channels as regulated in Article 45 of the Consumer Protection Law (UUPK). Non-litigation channels can be carried out through conciliation, mediation, and arbitration facilitated by the Consumer Dispute Settlement Agency (BPSK), while litigation can be initiated by individuals, consumer groups, the Consumer Protection Agency (LPKSM), or the government in accordance with Article 46 of the UUPK. If the lawsuit is based on unlawful acts, it must fulfill the elements of unlawful action, fault, loss, and cause-effect relationship.

The UUPK stipulates that compensation must be provided within 7 days from the transaction, in the form of a refund, product replacement, healthcare, or compensation, and does not eliminate the possibility of criminal charges.

## CONCLUSION

Azarine's legal responsibility lies in their obligation to ensure that the information provided to consumers whether through advertisements, labels, or product claims is accurate and not misleading, in compliance with the regulations set forth by BPOM (Indonesian Food and Drug Authority) and the Consumer Protection Law (UUPK).

As a business entity, Azarine is responsible for the claims made on their products, even if they did not intend to harm consumers. In this case, despite the claims made by Azarine regarding the active ingredient content in the products not matching the test results conducted by BPOM, the legal responsibility remains with them.

The principle of strict liability, applied in consumer protection law, requires businesses to be held accountable for any harm suffered by consumers due to claims that cannot be substantiated, even in the absence of negligence or fault on their part. Therefore, Azarine must be held responsible for compensating the harm experienced by consumers who were affected by the misleading claims, both financially and in terms of health.

This highlights that businesses are not only responsible for ensuring the quality and safety of their products but also for maintaining transparency in the information they provide, allowing consumers to make informed decisions and avoid harm. This responsibility reflects strong legal protection for consumers, emphasizing the importance of accountability and caution in every action taken by businesses, particularly in industries that heavily rely on consumer trust, such as the beauty product industry.

The mechanism for compensating consumers who have suffered losses due to overclaims on skincare products is regulated under Article 19 of the Consumer Protection Law (UUPK) and the Indonesian Civil Code (KUHPperdata).

Business actors found to have made misleading claims, such as in the case of Azarine products, are required to provide compensation to consumers, which can include refunds, product replacements, or other forms of compensation.

Dispute resolution can be pursued through litigation or out-of-court mechanisms such as conciliation, mediation, and arbitration. In this case, the Consumer Dispute Settlement Agency (BPSK) has the authority to impose administrative sanctions on business actors who violate regulations, ensuring that compensation is provided within seven days after the transaction.

Consumers who have been harmed also have the right to file a civil lawsuit based on unlawful acts, as outlined in Article 1365 of the Civil Code, without needing a contractual relationship between the consumer and the business actor. In litigation, consumers can file a lawsuit in court, either individually or collectively, based on claims of harm caused by the overclaims made by Azarine as the business actor.

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