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Juridical Review of Consumer Protection in Guaranteeing Consumer Rights in E-Commerce Transactions

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ABSTRACT

The rapid advancement of information technology has transformed trade, especially with the rise of e-commerce, which accelerates transactions and promotes the global digital economy. However, this shift has also introduced risks for consumers, such as receiving items that do not match advertisements or encountering scams, where businesses fail to deliver purchased goods. In Indonesia, consumer protection laws, particularly Law No. 8/1999 on Consumer Protection and the amended Law No. 11/2008 on Electronic Information and Transactions, aim to safeguard consumers and address these challenges amid the evolving e-commerce landscape. This research aims to examine the juridical aspects of consumer protection in e-commerce transactions in Indonesia, focusing on the legal framework governing consumer rights, challenges in the implementation of the law, as well as proposed solutions to improve the consumer protection system. This research is a normative legal research to address a legal problem by determining legal principles and relevant legal rules as a solution to legal problems that become research objects. The research findings indicated that consumer legal protection, as established by the 1999 Consumer Protection Law, protects consumers against scams, misleading terms, and product discrepancies, especially in e-commerce, to ensure trust, security, and fair practices amid the rise of digital transactions. Furthermore, effective legal protection of consumers is necessary to overcome various unfair practices in transactions, especially in this evolving digital era.

Keywords: *Consumer Protection, Consumer Rights, E-Commerce Transactions*

INTRODUCTION

The development of technology, especially information technology, has led to complexity in trade relationships and transactions, creating a faster transaction process with the emergence of the e-commerce phenomenon (Prasetyo, 2023). Internet technology has a major impact on the global economy, leading the world into the era of the digital economy. The internet is not merely an innovation anymore, but has become an integral part of global economic life, facilitating cross-border trade transactions with unprecedented efficiency.

Technological advancements have changed many aspects of life, including in Indonesia, where social, cultural and business aspects are affected. Globalization and free trade, fueled by advances in telecommunications and information technology, have expanded the scope of goods and services, both domestic and imported. Increasingly sophisticated telecommunications and information technology facilities allow the integration of various media to facilitate daily activities, resulting in the blurring of national borders (Setiawan, 2018).

The rapid growth of e-commerce has also changed the way consumers choose products. For sellers, the internet offers the opportunity to reach a wider market at a lower cost. However, negative impacts such as discrepancies between products advertised and products received are often detrimental to consumers, resulting in breaches of agreements between sellers and buyers. In many cases, consumers are in a weaker position compared to businesses, which can lead to disappointment as well as financial loss.

In addition, another risk that consumers face in e-commerce is scam, where there are businesses that do not deliver the goods that have been ordered or deliver goods that are not suitable. For this reason, caution in choosing products is necessary for consumers to avoid losses and potential scams. Every online trade transaction involves an agreement governed by the Civil Code, and e-commerce transactions, which use the internet as a payment medium, require a clear legal foundation since the recognition of electronic transactions and documents already exists in the regulations.

Consumer-facing issues in electronic transactions encompass various societal strata and require serious attention. E-commerce is a clear example of how business is evolving beyond conventional methods, where transactions no longer have to involve direct interaction between sellers and buyers or the physical use of cash. Consumer protection should be reinforced in anticipation of these advancements (Lukito, 2017). As online shopping continues to grow, consumers face an increased risk of scam and data breaches, making it essential for regulatory frameworks to adapt and strengthen. Additionally, the complexity of digital payment systems can lead to confusion, leaving consumers vulnerable to hidden fees and unclear return policies. Enhanced transparency in these transactions will not only foster trust but also empower consumers to make informed choices.

Furthermore, the rise of artificial intelligence and machine learning in e-commerce raises ethical concerns regarding data privacy and the potential for algorithmic bias. It is crucial that companies implement robust ethical guidelines to ensure fair treatment of all consumers, regardless of their background (Akter et al., 2022). Governments and organizations must collaborate to develop comprehensive policies that protect consumers while still promoting innovation in the e-commerce sector. By prioritizing consumer welfare, a safer and more equitable digital marketplace can be realized for everyone (Ginting et al., 2023).

Legal protection for consumers in e-commerce transactions is crucial to ensure fairness and security for every party involved. In Indonesia, consumer protection in the context of electronic transactions refers to Law No. 8/1999 on Consumer Protection, which was later amended by Law No. 19/2016 on Amendments to Law No. 11/2008 on Electronic Information and Transactions (ITE). In the settlement of trade disputes, the principles in this regulation as well as those stipulated in the Constitution become a reference to regulate the interaction between sellers and buyers, including in the context of e-commerce. It is expected that consumer protection can adapt to technological developments and face challenges in this digital economy era. Therefore, this research purpose is to examine the juridical aspects of consumer protection in e-commerce transactions in Indonesia, focusing on the legal framework governing consumer rights, challenges in the implementation of the law, as well as proposed solutions to improve the consumer protection system.

LITERATURE REVIEW

Consumer protection law states that a consumer refers to any individual who uses goods or services for the needs of oneself, family, or household, and not to produce other goods or services or to resell them. In other words, the term refers to the transfer of ownership or utilization of goods and services by consumers. Consumer protection law encompasses a set of legal provisions designed to safeguard the rights and interests of consumers in various transactions, ensuring they are treated fairly and justly by businesses. Furthermore, consumer protection laws are crucial in holding producers accountable for negligence or defects in their products, thereby ensuring that consumers receive safe and quality goods (Syahrani & Lubis, 2023). The effective implementation of these laws not only enhances consumer rights but also fosters ethical business practices, ultimately contributing to a fairer marketplace (Widiarty et al., 2024).

On the other hand, e-commerce refers to all forms of buying and selling of goods or services conducted through electronic media. The Internet, as a result of advances in information technology, has had a significant impact on consumers by facilitating transactions electronically. In general, e-commerce can be defined as buying and selling transactions conducted over the internet. However, e-commerce is not only limited to buying and selling transactions, but also includes all business

processes that utilize electronic technology to connect various parties and carry out transactions. The use of the internet in e-commerce has become a popular choice because it offers various conveniences, such as:

1. The internet is a vast public network, high speed, and easily accessible by many people.
2. The Internet enables efficient and practical sending and receiving of information, both in analog and digital formats, because it uses electronic data as a means of communication.

The existence of e-commerce as a fast and convenient transaction platform provides many benefits for various parties, including consumers, producers, and sellers. The internet allows buying and selling transactions to be carried out efficiently, saving time and money. E-commerce is regulated in Law No. 7/2014 on Trade (Trade Law). This law reflects efforts to advance the trade sector by prioritizing national interests. Article 2 letter a states that trade policy is formulated by considering the principle of national interest which includes various strategic aspects (Undang-Undang (UU) Nomor 7 Tahun 2014 Tentang Perdagangan, 2014).

In general, e-commerce sale and purchase agreements have similar principles to conventional sale and purchase agreements, and remain bound by the general concepts stipulated in Article 1313 of the Civil Code. In order to be valid, the agreement must fulfill the conditions specified in Article 1320 of the Civil Code. In order to protect consumers, the right to accurate and honest information about traded goods is regulated in Article 1473 of the Civil Code.

Harmayani et al. (2020) provides a comprehensive overview of the scope of e-commerce which includes several important aspects, such as:

1. Distribution and sales;
2. Marketing and purchasing;
3. Electronic transfers;
4. Automated inventory management systems;
5. Electronic data exchange;
6. Automated data collection systems.

RESEARCH METHODOLOGY

This research is categorized as a normative legal research. Normative legal research is a method focused on identifying, interpreting, and analyzing legal norms to solve specific legal issues (Rahmawati & Sumaryanto, 2022). This approach addresses what the law ought to be rather than investigating empirical data. Its primary goal is to solve legal problems by examining existing legal frameworks, principles, doctrines, and norms, aiming to provide clarity on legal issues and prescribe solutions grounded in legal reasoning (Taekema, 2018). This method proves particularly useful for legal interpretation, application, and coherence within a legal system.

The research typically involves analyzing statutory laws, legal precedents, academic writings, and other formal sources of law, reviewing legal principles found in case law, doctrinal writings, or established interpretations within a legal system (Bartels & Bonneau, 2014). Researchers engage with these sources to construct solutions based on established legal norms. The analytical and conceptual techniques employed in normative legal research allow scholars to evaluate legal principles systematically and apply them to address complex legal issues, making it an essential approach for theoretical and doctrinal legal analysis.

RESULT AND DISCUSSION

Consumer Legal Protection in Guaranteeing Consumer Rights in E-commerce Transactions

The word “consumer” comes from the Dutch “consument.” Consumers refer to individuals who use, purchase, or require goods and services, including both users and buyers. In juridical terms, the definition of consumers is regulated in laws, as in Law No. 8/1999 on Consumer Protection. Article 1 of the law states that consumers are individuals who utilize goods or services available in the community for personal, family, other people, or other living things, not for commercial purposes (Undang-Undang (UU) Nomor 8 Tahun 1999 Tentang Perlindungan Konsumen, 1999).

In everyday use, the term consumer is often considered synonymous with buyer. In legal terms, however, the notion of consumer is not limited to buyers. Upon further examination, the definition of a consumer encompasses more than just a buyer (Decker, 2017). In Article 1 point 2 of the Consumer Protection Law (UUPK), the term “buyer” does not have to be interpreted as the result of a sale and purchase transaction only. The definition of consumer in the regulation indicates that the relationship between consumers and business actors is not limited to buying and selling transactions. A person can be called a consumer even if they are not involved in a direct transaction.

In various countries, the definition of a consumer is often specified in their laws. Usually, consumers are defined as “any individual who purchases goods with an agreement on price and mode of payment, except those who purchase goods for resale or other commercial purposes.” Law No. 8/1999 explains that consumer protection involves efforts to ensure legal security that provides comfort to consumers, given the often weak position of consumers. The term “consumer” itself can refer to individuals in various contexts:

1. Users of manufactured goods,
2. Recipients of advertising messages,
3. Users or customers of services (Galang, 2021).

The progress of companies in providing services is closely related to respect for consumer rights, which must be protected in each of their activities. UUPK sets

out several core rights for consumers, including eight rights explicitly outlined in the law, as well as one right regulated by related laws and regulations. These rights include:

1. The right to comfort, security, and safety in relation to goods or services;
2. The right to choose goods and services in accordance with their wishes;
3. The right to obtain accurate, clear and transparent information on goods or services;
4. The right to express opinions, input, and complaints;
5. The right to obtain legal assistance, protection, and dispute resolution;
6. The right to receive education and guidance as a consumer;
7. The right to be treated fairly, honestly, and without discrimination;
8. The right to receive compensation if the goods or services received are not suitable or cause losses;
9. Other rights stipulated in laws and regulations (Undang-Undang (UU) Nomor 8 Tahun 1999 Tentang Perlindungan Konsumen, 1999).

Consumer protection, both material and formal, is increasingly crucial in conjunction with advances in science and technology, which drive productivity and efficiency in the production of goods and services. These efforts, directly or indirectly, have an impact on consumers, especially in terms of protection related to the goods or services consumed. Consumer protection covers two major aspects:

1. Protection to ensure that the products received by consumers are in accordance with the agreement and do not violate the law. This covers raw materials, production processes, distribution, and product design to ensure consumer safety and security standards.
2. Protection against unfair terms applied to consumers, including advertising promotions, contract standards, after-sales service, and prices (Sidabalok, 2014).

In a wider context, consumer protection also relates to the obligation of business actors to fulfill consumer rights regulated by law, ensuring a balance between the community, business actors, and the government. In this regard, UUPK regulates five principles of consumer protection: the principles of benefit, justice, balance, security, consumer safety, and legal certainty (Dewi, 2015).

Implementation of Consumer Protection in E-commerce Transactions According to the Law

The implementation of consumer protection in online buying and selling transactions is regulated in several laws, one of which is Law No. 11/2008 on Electronic Information and Transactions (ITE Law). This law does not only apply to legal actions that occur in Indonesia, but also to legal actions that are carried out abroad but related to Indonesian jurisdiction. This protection aims to provide legal certainty for both consumers and businesses.

According to Government Regulation No. 82/2012 on the Implementation of Electronic Systems and Transactions (PP PSTE), there are several provisions that sellers must comply with. Article 49 of the regulation states that sellers who offer products through electronic systems must provide complete and correct information regarding the terms of the contract, the seller, and the products offered. The seller is also obliged to provide clear information on the contract offer or advertisement, set a time limit for consumers to return the goods in case they are not in accordance with the agreement, and provide information about the goods that have been sent. In addition, the seller may not impose the obligation to pay for the goods on the consumer without prior agreement.

Consumer protection in e-commerce transactions is governed by the ITE Law and the PP PSTE, which recognize electronic transactions as valid and accountable. The agreement to purchase goods online is made through the clicking of an electronic transaction agreement, which is considered a form of electronic contract. This electronic contract is valid if it meets the applicable provisions, such as the agreement of the parties, conducted by competent legal subjects, and the object of the transaction is not contrary to law, decency, and public order.

In the context of consumer protection, Article 49 of PP PSTE emphasizes that sellers are obliged to provide clear, accurate and complete information regarding the terms of the contract and the products offered. Consumer protection is also regulated in Law No. 8/1999 on Consumer Protection (UUPK). Several important aspects regulated in the UUPK include the rights and obligations of consumers and business actors, prohibitions against business actors, the responsibilities of business actors, dispute resolution, and the role of Non-Governmental Consumer Protection Institutions.

In general, there are four basic consumer rights: the right to safety, the right to be informed, the right to choose, and the right to be heard. In addition, the International Organization of Consumers Union (IOCIU) added the right to consumer education and the right to a healthy environment. UUPK also regulates consumer rights, such as the right to comfort, security, and safety in consuming goods or services; the right to choose goods or services that are in accordance with the promised guarantee; the right to obtain clear and honest information; and the right to obtain compensation if the goods or services received are not in accordance with the agreement.

Consumers also have obligations that must be carried out, such as reading and following instructions for the use of goods or services, acting in good faith in conducting transactions, paying according to the agreed exchange rate, and following efforts to resolve consumer protection disputes properly. In the event of a violation, consumers are entitled to compensation or compensation in accordance with the provisions of Article 4 letter h of the UUPK, while business actors are obliged to provide compensation if the goods or services provided are not in accordance with the agreement.

Although these rights have been clearly regulated, many consumers are still reluctant to claim their rights, while business actors often do not carry out their obligations according to regulations. Business actors who violate the provisions of the UUPK may be subject to criminal penalties with a maximum fine of IDR 2,000,000,000.00 in accordance with Article 62 of the UUPK (Undang-Undang (UU) Nomor 8 Tahun 1999 Tentang Perlindungan Konsumen, 1999).

Impact of Improper Business Practices in E-Commerce

Scams in e-commerce often lead to various detrimental impacts on consumers. One of the main impacts is financial loss, where consumers lose money without receiving the promised goods or services. This can happen due to scams or a mismatch between the description and the product received. In addition, such bad experiences can also result in a loss of consumer trust in a particular e-commerce platform. Consumers who have been victimized tend to feel disappointed and discouraged to shop online again.

The psychological impact cannot be ignored either. Scams or privacy violations can trigger frustration, anger, and even anxiety that affect consumers' mental well-being. In addition, data security risks are also a serious threat. Phishing attacks and account hijacking can lead to identity theft and misuse of personal data, leading to further potential losses for consumers.

The impact of unethical business practices in e-commerce can extend to changes in consumer behavior. After experiencing a negative experience, consumers tend to become more wary in transacting or even choose to return to traditional shopping which is considered safer. This behavioral change certainly has implications for the e-commerce industry, where its growth and development may be disrupted.

Overall, unethical business practices in e-commerce not only negatively impact individual consumers, but can also disrupt the integrity and trust in the e-commerce ecosystem. Therefore, it is important for relevant authorities to provide effective consumer protection and strictly enforce the law to ensure sustainability and trust in the e-commerce market.

CONCLUSION

Legal protection for consumers is regulated in the Consumer Protection Law (UUPK), which was enacted in 1999. Based on Article 1 point 2 in Law No. 8/1999, consumers are parties who are legally protected through various efforts to ensure legal certainty. The ultimate purpose of this law is to protect consumers, who are often in a weak position, especially in the era of modern technology such as today, for example in online transactions, payments through QRIS, interbank transfers, and various other applications.

Consumer legal protection covers two main aspects. First, protection against the possibility that goods delivered or received by consumers are not in accordance

with what has been agreed, or violate the provisions stipulated in the law. In addition, consumers are also protected from losses that may arise from the use or consumption of unsuitable products. Second, protection against unfair terms imposed on consumers, such as in promotions, advertising, standards of materials used, seller services, prices, or product descriptions that do not conform to the original.

In e-commerce transactions, there are various practices that are not appropriate and can harm consumers. Some of the most common practices include scams, where perpetrators intentionally deceive consumers to obtain unauthorized financial gain, often by misrepresenting or inaccurately representing the goods or services being offered. Other practices include counterfeit products such as cosmetics or electronics, unilateral cancellations by sellers without prior confirmation to consumers, slow delivery exceeding estimates, misleading pricing schemes or fake discounts, account hijacking, and phishing, where consumers are tricked into providing personal information such as credit card numbers or passwords.

The impact of scams on consumers can be devastating. First of all, consumers can suffer financial loss due to losing money without receiving the goods or services promised by the seller. Furthermore, this bad experience can lead to consumers losing trust in online shopping and e-commerce platforms as a whole. In addition, psychological impacts such as anger and disappointment are also often experienced by consumers who are victims of scams. Ultimately, data security risks pose a serious threat as phishing and account hijacking can lead to identity theft and misuse of consumers' personal data. Thus, effective legal protection of consumers is necessary to overcome various unfair practices in transactions, especially in this evolving digital era.

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