

# Legal Analysis of Consumer Protection in E-Commerce Transactions Based on Contract Law and Law Number 8 of 1999 on Consumer Protection

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## ABSTRACT

*Legal protection for consumers in electronic transactions, as regulated in Article 1 paragraph 1 of Law No. 8 of 1999 concerning Consumer Protection which states that "Consumer protection is all efforts that guarantee legal certainty to provide protection to consumers", in transactions that usually use paper-based economy, but in E-Commerce transactions changing into digital electronic economy, special handling is needed from a legal perspective. Review of E-Commerce transactions viewed from a legal perspective, especially those regulated in Article 1320 of the Civil Code, is based on the legal power possessed by consumers in making transactions. This thesis analyzes the legal protection obtained by consumers in making transactions on electronic media. The research method used in this study is a normative legal library research method, namely research that refers to legal norms contained in laws and regulations, literature, expert opinions, and scientific journals. This research is expected to provide benefits both scientifically, namely in the study of legal science, and practically and academically, namely as input for authors and parties who wish to analyze the legal protection that arises in electronic transactions and regarding the validity of electronic contracts.*

**Keywords:** E-Commerce Transactions, Consumer Protection, Contract Law.

## 1. INTRODUCTION

The rapid growth of digital technology has significantly transformed global trade practices, particularly through the expansion of e-commerce platforms (Ahmedov, 2020; Otarinia, 2024). The convenience and efficiency of online transactions have made e-commerce a preferred choice for consumers worldwide, including in Indonesia. However, alongside this rapid development, various legal issues related to consumer protection have emerged. Cases of fraud, misleading advertisements, delivery failures, defective products, and misuse of consumer data

have increased, raising concerns about legal accountability in online transactions. The absence of direct interaction between buyers and sellers in e-commerce creates a gap in legal certainty, leaving consumers vulnerable to exploitation. This phenomenon necessitates a robust legal framework to ensure that consumer rights are adequately protected within the realm of digital commerce.

Consumer protection laws play a crucial role in regulating e-commerce transactions and safeguarding consumer rights. In Indonesia, consumer protection is primarily governed by Law Number 8 of 1999 on Consumer Protection, which outlines the rights and obligations of both consumers and business actors. Additionally, e-commerce transactions fall under the purview of contract law, which establishes the legal principles governing online agreements and digital transactions. Several studies have emphasized that traditional contract law faces challenges in adapting to the digital marketplace due to the lack of clear regulations regarding electronic evidence, dispute resolution mechanisms, and jurisdictional complexities in cross-border transactions (Wang, 2014; AllahRakha, 2024). Scholars have also noted that while the Consumer Protection Law provides a foundational legal framework, it requires further refinement to address evolving e-commerce challenges effectively (Bradley, 2019; Farhad, 2024).

This study aims to analyze the legal framework for consumer protection in e-commerce transactions within the context of Indonesian contract law and Law Number 8 of 1999 on Consumer Protection. Specifically, this research will examine (1) the effectiveness of existing legal provisions in safeguarding consumer rights in online transactions, (2) the challenges faced by consumers in seeking legal remedies in e-commerce disputes, and (3) the potential improvements needed in Indonesian consumer protection regulations to align with the digital economy. By evaluating existing laws and regulations, this study seeks to provide insights into how the legal system can enhance consumer confidence in e-commerce while promoting fair business practices in the digital market.

This research hypothesizes that while Law Number 8 of 1999 on Consumer Protection and contract law provide a fundamental legal basis for consumer protection, their application in e-commerce transactions remains inadequate due to regulatory gaps and enforcement challenges. The dynamic nature of digital transactions requires legal adaptations that account for technological advancements, jurisdictional limitations, and the growing risks of online fraud. Strengthening regulatory mechanisms, enhancing digital consumer rights awareness, and improving dispute resolution procedures are essential to ensuring effective legal protection in the e-commerce sector. This study concludes that comprehensive legal reform is necessary to harmonize consumer protection laws with the complexities of digital commerce, ensuring a more secure and equitable online marketplace.

## 2. RESEARCH METHOD

The research method used in this study is normative legal research with a library research approach that aims to analyze legal protection for consumers in e-commerce transactions based on contract law and applicable laws and regulations, by reviewing various primary legal sources such as Law Number 11 of 2008 concerning Information and Electronic Transactions (UU ITE), Law Number 8 of 1999 concerning Consumer Protection (UUPK), and the Civil Code (KUHPer) as well as secondary legal materials that include Draft Laws (RUU) related to e-commerce regulations and consumer protection, legal journals, academic books, previous research results, and academic papers related to electronic commerce and consumer protection regulations, where the data obtained is analyzed using qualitative normative analysis with a descriptive-analytical method that examines the provisions in laws and legal theories in order to obtain a comprehensive understanding of the effectiveness of regulations, challenges in implementing consumer protection in e-commerce transactions, and recommendations for legal policies to improve legal protection for consumers (Marzuki, 2017).

## 3. RESULT AND ANALYSIS

### **The Position and Validity of Electronic Contracts in the Perspective of Indonesian Law**

Electronic contracts are a modern legal phenomenon that continues to develop along with advances in information technology and electronic transactions. However, the fundamental principles of contract law remain the basis for regulating electronic contracts in various countries, including Indonesia. Universal principles in contract law, such as the principle of consensualism, the principle of freedom of contract, the principle of good faith, and the conditions for the validity of an agreement still apply to electronic contracts as regulated in Article 1320 and Article 1338 of the Civil Code (KUHPerdota). Electronic contracts themselves are classified as anonymous contracts (*innominaat*), namely agreements that are not specifically regulated in the Civil Code, but are still valid based on the agreement of the parties involved (Daniel & Ariawan, 2022; Budiyan et al., 2024).

In the context of agreements in electronic contracts, the main challenge faced is how to determine when and how the agreement occurs, considering that the contracting parties do not meet in person. Based on civil law doctrine, there are four main theories in determining when an agreement occurs in an electronic contract, namely: (1) Will Theory which states that an agreement occurs when the recipient states his/her agreement; (2) Expedition Theory which states that an agreement occurs when the acceptance is sent; (3) Reception Theory which states that an offer is deemed accepted when the offeror knows that his offer has been accepted; and (4) Trust Theory which states that an agreement occurs when the statement of intent is deemed to have been accepted by the offeror (Pandey, 2022). In the practice of electronic transactions, the Expedition Theory and Knowledge

Theory tend to be more relevant, considering that electronic systems allow for faster and more transparent communication between parties.

In national regulations, Law Number 11 of 2008 concerning Information and Electronic Transactions (UU ITE) has recognized the existence of electronic contracts as valid agreements that bind the parties. Article 18 of the ITE Law expressly states that electronic transactions set out in electronic contracts have the same legal force as conventional contracts (Law Number 11 of 2008). Thus, the validity of an electronic agreement does not only depend on the agreement of the parties, but must also fulfill the elements of the agreement as stipulated in the Civil Code and the ITE Law, including requirements related to the identification of the parties and the validity of electronic documents as legal evidence (Hanafiiah & Apriyani, 2022; Feriansyah, 2023).

However, the main challenges in implementing electronic contracts are still related to aspects of evidence, consumer protection, and dispute resolution mechanisms in electronic transactions. One of the main obstacles is the lack of public awareness of the legality of electronic contracts and the suboptimal dispute resolution mechanism through arbitration or courts in cases of digital contract disputes (Al Masadeh et al., 2024). Therefore, it is necessary to strengthen regulations in the form of derivative regulations from the ITE Law and increase the capacity of legal officers and e-commerce organizers in implementing the principles of legal protection for consumers and business actors in digital transactions.

### **Legal Protection for Consumers in E-Commerce Transactions Based on the Consumer Protection Act**

The development of digital technology has brought significant changes in economic transaction patterns, including the increasing use of e-commerce as a trading platform that offers convenience for consumers. However, digital-based transactions also carry legal risks, especially related to the protection of consumer rights. Law Number 8 of 1999 concerning Consumer Protection (UUPK) regulates the rights and obligations of the parties in a transaction, where consumers have the right to comfort, security, safety, correct and honest information, compensation, and legal protection in every transaction carried out (Article 4 of UUPK) (Fista & Suartini, 2023).

In addition to these rights, UUPK Article 7 also regulates the obligations of business actors—in this case sellers on e-commerce platforms—to run their businesses in good faith, provide accurate and honest product information, guarantee the quality of goods or services traded, and provide compensation or replacement in the event of a violation of the transaction agreement (Consumer Protection Law, 1999). Although this regulation is legally binding, practices in the field still show weaknesses in the implementation of consumer protection,

including minimal law enforcement against violations of digital transactions (Fletcher et al., 2023).

In the context of the role of consumers in e-commerce transactions, consumers not only function as buyers, but also have a strategic influence on the digital market. Consumers determine product demand, provide reviews and ratings, and provide feedback to sellers regarding service quality (Salim, 2022). Consumers also play an important role in promoting e-commerce platforms through word-of-mouth, which contributes to the reputation and sustainability of the digital ecosystem (Belhadi et al., 2023). Therefore, consumer legal awareness of their rights must continue to be improved, considering that there are still many cases where consumers experience losses due to fraud, defective goods, or services that do not meet expectations without obtaining adequate legal solutions (Budiman et al., 2023).

From the various roles and rights of consumers in e-commerce, it is clear that consumer protection must be strengthened through stricter policies and effective law enforcement mechanisms. The government, relevant authorities, and e-commerce platforms must work together to ensure that every digital transaction is transparent, safe, and fair for all parties. Strict enforcement of regulations against sellers who violate consumer law provisions is also the main key to realizing a fair e-commerce ecosystem.

Barda Nawawi Arief stated that cybercrime is a new form or dimension of modern crime that has received widespread attention in the international world. Cybercrime is one of the negative impacts of technological advances that poses a serious threat to information systems, businesses, and digital finance. In the context of banking, carding crimes involving the manipulation of credit card or ATM data are becoming increasingly common, especially with increasingly sophisticated technological developments. This crime is often committed by individuals who have expertise in the field of information technology, either individually or in organized groups.

Technology-based banking crimes have distinctive characteristics that distinguish them from conventional crimes. The *modus operandi* used in carding cybercrime involves various techniques such as unauthorized access, illegal contents, data forgery, cyber espionage, cyber sabotage and extortion, and infringements of privacy (Sutarman, 2019). The factors causing this crime include the development of information technology, economic motivation, weaknesses in bank security systems, and negligence of internet users in maintaining the security of personal data (Rahardjo, 2021). According to Aman Nursusila's research, the main factors influencing cybercrime in banking are the urge to test internet technology capabilities (66.6%) and economic motives (33.3%).

The main obstacles in overcoming cybercrime, especially carding, are the suboptimal legal instruments, limited capacity of investigators in handling technology-based crimes, and the lack of adequate digital evidence. Several other

obstacles faced in efforts to enforce the law on banking crimes include differences in legal interpretations related to digital evidence, lack of understanding of law enforcement officers regarding banking operations, and the rapid development of modus operandi that are difficult for cybersecurity authorities to track (Pratama, 2021). To overcome these obstacles, it is necessary to increase coordination between law enforcement agencies and modernize regulations related to cybercrime.

In order to overcome cybercrime, the UN Congress VIII/1990 concerning Computer Related Crimes proposed several policies, including modernizing criminal law, strengthening cybersecurity systems, increasing public awareness of cybercrime, and protecting victims of cybercrime (UNODC, 2020). In addition, several steps that can be taken to prevent carding crimes include the use of always updated security software, encryption of digital transaction data, periodic checks on credit card transaction history, and increasing user awareness of digital-based fraud modes.

Normatively, the formulation of cybercrime in the legal system in Indonesia still faces various challenges. Law of the Republic of Indonesia Number 19 of 2016 concerning Information and Electronic Transactions (UU ITE) has so far accommodated several aspects of cybercrime, but has not specifically regulated carding crimes comprehensively (Setiawan, 2021). Therefore, it is necessary to revise existing regulations to be more effective in overcoming digital technology-based crimes. One alternative that can be done is to integrate carding crimes into the Criminal Code as a general crime or stipulate it in special regulations as a cyber crime that has its own characteristics.

### **Legal Protection of Consumers in E-Commerce Transactions Based on the Consumer Protection Act**

Legal protection for consumers in e-commerce transactions is a fundamental aspect of digital trade law as regulated in Law Number 8 of 1999 concerning Consumer Protection (UUPK). This law defines consumer protection law as the entirety of legal principles and rules that regulate and protect consumers in various interactions with providers of goods and/or services (Sunaryo, 2020). The legal relationship between consumers and business actors gives rise to rights and obligations that underlie legal responsibility for the parties involved. This responsibility is closely related to the basic norms that regulate the obligation to follow legal regulations and be accountable for compliance with applicable regulations.

#### **a) Legal Framework for Consumer Protection in E-Commerce**

In digital transactions, the legal responsibility of business actors towards consumers is increasingly emphasized considering the weaker legal position of consumers compared to business actors. Article 4 of the UUPK stipulates various consumer rights, including the right to comfort, security, honest

information, compensation, and legal protection. On the other hand, Article 7 of the UUPK stipulates obligations for business actors, including the obligation to provide correct and clear information regarding products, maintain the quality of goods/services, and provide compensation in the event of a violation of the transaction agreement.

In the context of e-commerce, consumer protection is increasingly complex because transactions are carried out digitally without direct meetings between the parties. This requires more specific regulations regarding the validity of electronic contracts and digital dispute resolution mechanisms. Article 18 of the Electronic Information and Transactions Law (UU ITE) Number 11 of 2008 also emphasizes that electronic transactions have binding legal force like conventional contracts.

#### **b) Responsibilities of Business Actors in E-Commerce**

The responsibilities of business actors in e-commerce can be categorized into three main aspects:

##### **a. Responsibility for Information**

Information provided to consumers must be clear, accurate, and not misleading. Based on the caveat venditor principle, business actors have an obligation to protect consumers from unsafe products. This is in accordance with Article 3(d) of the Consumer Protection Law, which states that the consumer protection system must contain elements of legal certainty and information transparency.

##### **b. Product Liability**

If there is damage, contamination, or loss due to the product used by the consumer, the business actor is responsible for compensation as stipulated in Article 19 of the Consumer Protection Law. In the case of product liability, the burden of proof is no longer on the consumer, but becomes the responsibility of the business actor as stated in Article 28 of the Consumer Protection Law.

##### **c. Responsibility for Security**

E-commerce transactions must guarantee data security and protection for consumers from the risk of cybercrime, such as identity theft and misuse of personal data. Therefore, e-commerce platforms are required to provide adequate digital security systems, including data encryption and transaction authentication mechanisms.

#### **c) Principles of Business Actors' Responsibility**

In the context of consumer protection law, there are several principles of responsibility that can be applied, including:

##### **a. Principle of Fault Liability**

Business actors can be held legally responsible if they are proven to have made a mistake that is detrimental to consumers. This principle is in line with Article 1365 of the Civil Code, which requires elements of fault, loss, and causality to demand legal responsibility (Rahmawati, 2022).

b. Principle of Strict Liability

In certain cases, such as dangerous products or production defects, business actors are responsible even though there is no element of fault. This principle is applied in consumer protection laws in many countries, including Indonesia.

c. Principle of Absolute Liability

In digital transactions, business actors who do not comply with consumer protection provisions can be subject to absolute liability, where they remain responsible even though they have tried to avoid violating the law.

#### 4. CONCLUSION

Based on the research results, it can be concluded that the validity of electronic contracts is based on the principle of consensualism as regulated in Article 1320 of the Civil Code, reinforced by Article 18 of the Electronic Information and Transactions Law, which states that electronic transactions outlined in electronic contracts bind the parties, and supported by Article 5 paragraphs 1 and 2, which emphasize that electronic information and/or electronic documents and their printouts are valid legal evidence; legal protection for consumers in E-Commerce transactions arises from the rights and obligations regulated in Article 4 paragraph (3) and Article 4 paragraph (6) of Law No. 8 of 1999 concerning Consumer Protection, with the obligations of business actors based on Article 7 of the same law, while dispute resolution can be taken through the courts as regulated in Article 45 and Article 46 of the Consumer Protection Law, or through dispute resolution outside the courts as regulated in Article 47, which aims to reach an agreement on the form and amount of compensation and preventive measures so that the losses experienced by consumers do not recur; Therefore, it is recommended for consumers who make transactions via the internet to be more careful by recognizing the credibility of the website that provides buying and selling services and understanding the standard clauses applied by business actors or sellers, understanding the rights and obligations in electronic transactions, and obtaining early education regarding digital economic transactions to increase awareness of the risks that may be faced in E-Commerce, because even though there is legal protection for consumers, an understanding of information and risks in digital transactions is still needed; in addition, in resolving disputes, consumers can take the court route or out-of-court settlement, but to save time and costs, consumers can utilize alternative dispute resolution (ADR) mechanisms based on



good faith carried out through direct meetings between the parties with the assistance of a third party to facilitate the negotiation process and reach an agreement that does not harm both parties.

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