

# LEGAL PROTECTION FOR CONSUMERS DUE TO BREACH OF CONTRACT BY BUSINESS OPERATORS IN ELECTRONIC TRANSACTIONS (CASE STUDY OF HARIZQI AZRI AND JUNI FAIRNANDO)

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## Abstract

Electronic transactions refer to the process of buying and selling goods and services over the Internet. With the presence of electronic transactions, it has become much easier to engage in various transactions. However, there are still many parties with the intention of committing crimes. Therefore, there is a need for legal protection for consumers in electronic transactions. The legal protection for consumers is regulated by Law Number 8 of 1999 concerning Consumer Protection (UUPK). The common violations committed by business actors involve the infringement of Article 4 of the UUPK, which pertains to consumer rights. Consumers experience losses and breaches of contracts due to the exploitation of situations by business actors. In addition to the UUPK, in electronic transactions, consumer protection is also regulated by Law Number 11 of 2008 concerning Electronic Information and Transactions (ITE). Consumer protection, as explained in Article 1, Number 1 of the UUPK, emphasizes that all efforts are made to ensure legal certainty in order to provide protection for consumers.

**Keywords:** Legal Protection, Consumers, Electronic Transactions

## Abstrak

*Transaksi elektronik adalah proses jual beli barang dan jasa melalui internet. Dengan adanya transaksi elektronik sangat memudahkan untuk melakukan berbagai transaksi, namun masih banyak pihak yang berkeinginan melakukan tindak kejahatan. Maka dari itu, perlu adanya perlindungan hukum bagi konsumen dalam transaksi elektronik. Perlindungan hukum terhadap konsumen diatur dalam Undang-Undang Nomor 8 Tahun 1999 tentang Perlindungan Konsumen (UUPK). Pelanggaran biasa yang dilakukan pelaku usaha adalah melanggar Pasal 4 UUPK tentang hak-hak konsumen. Konsumen mengalami kerugian dan wanprestasi karena penyalahgunaan situasi oleh pelaku usaha. Selain UUPK dalam transaksi elektronik, perihal perlindungan terhadap konsumen juga diatur dalam Undang-Undang Nomor 11 Tahun 2008 tentang Informasi dan Transaksi Elektronik (ITE). Perlindungan konsumen sebagaimana dijelaskan dalam Pasal 1 angka 1 UUPK menyebutkan bahwa segala*

*upaya dilakukan untuk menjamin kepastian hukum guna memberikan perlindungan kepada konsumen.*

**Kata kunci:** *Perlindungan Hukum, Konsumen, Transaksi Elektronik*

## 1. INTRODUCTION

The Covid-19 pandemic has been affecting the world, including Indonesia, for more than two years. It has forced society to adapt to this new virus, as it has impacted many parts of the world. People have been faced with difficult situations, especially in terms of the economy. However, there have been positive impacts on e-commerce, as many people spent their time at home during the pandemic. This has created a great opportunity for businesses to develop their presence in e-commerce and optimize online marketing. The development of the internet has brought about new legal challenges, particularly in consumer protection. Consumer protection is an area where technology can greatly assist society, and with the increasing use of the internet, consumer protection issues have become increasingly important. In electronic commerce or e-commerce transactions, there are many implications resulting from its progress. For consumers, it has changed their behavior to become more critical and selective in determining the products they want to purchase. On the other hand, for producers, this progress has had a positive impact by making product marketing easier, thus saving costs and time. However, since both parties do not physically meet, the possibility of fraud or mistakes becomes a greater concern.

On the other hand, the benchmark for a contract or agreement to be valid under the law is to fulfill the legal requirements stated in Article 1320 of the Civil Code. These are the four essential elements that must be met for a contract to be valid: 1. Mutual consent between the parties entering into the agreement. 2. The capacity of the parties to create legal obligations. 3. The existence of a specific subject matter. 4. The presence of a lawful cause or reason. The law on online transactions is broader than the law on regular transactions. The provisions in civil law are reinforced by the Law Number 11 of 2008 concerning Electronic Information and Transactions (ITE Law). This law covers all aspects of online transactions, from the formation of contracts to dispute resolution. If an agreement between a business operator and a consumer is not followed by an agreement with another party, such action may be considered as a breach of contract. Failure can occur due to various reasons, including when the involved parties fail to follow through with their agreements or when they are forced not to do so. A business operator who breaches the contract must be held accountable for what has been promised and provide compensation to the affected party. Therefore, the Consumer Protection Law provides a strong foundation for the government and non-governmental organizations to empower consumers through education and support. Legal certainty is crucial for consumer protection in online transactions. Consumers have important rights that need to be upheld, and businesses need to be aware of their obligations to protect consumers. This will help create a culture of honest and responsible business practices.

## 2. METHOD

The type of research used by the researcher is "Yuridis Normatif" according to the opinion of Soerjono Soekanto, which is legal research using techniques to study library materials or secondary data sources as a basis for conducting research through the procurement of rules and literature related to the issue being studied. Normative legal research is also referred to as doctrinal legal research, which involves conceptualizing law as written in legislation or conceptualizing law as norms. The data used in this research consists of secondary data sources obtained through studying and analyzing existing legal materials. The legal materials in this research are categorized into three categories:

### a. Primary Legal Materials

Primary legal materials refer to authoritative materials that include laws, official records or documents related to laws, and court decisions. Consisting of:

1. Civil Code (KUH Perdata)
2. Law Number 8 of 1999 concerning Consumer Protection (UUPK)
3. Law Number 19 of 2016 concerning Amendments to Law Number 11 of 2008 regarding Electronic Information and Transactions

### b. Secondary Legal Materials

Secondary legal materials include materials that support primary legal materials, such as books, articles or legal journals, papers, doctrines, and lecture notes.

### c. Tertiary Legal Materials

Tertiary legal materials provide guidance and commentary on primary and secondary legal materials, such as general dictionaries, legal encyclopedias, and others. The data collection technique used in this research is literature research, which involves reading and studying books, legislation, and other relevant data sources related to writing, and serves as the basis for producing scholarly work with the utmost quality and substance. This data was obtained through literature research. This research uses a qualitative method, which focuses on in-depth observation. It provides an overview and analysis of the issues to be studied in the form of sentences and numbers.

## 3. FINDINGS AND DISCUSSION

### A. Legal Protection for Consumers in Cases of Breach of Contract by Businesses in Electronic Transactions according to Law No. 8 of 1999 on Consumer Protection (UUPK)

#### 1. Consumer Protection Regulations in Indonesia

##### a. Consumer Protection in Civil Law

Consumer protection in civil law is important to understand the aspects of consumer protection related to the principles of civil law. This allows consumers to obtain adequate legal protection and businesses to understand their obligations in fulfilling consumer rights. In 1963, the Supreme Court "considered" the Civil Code (BW) not as a law but as a document that only describes an unwritten legal group.

b. Consumer Protection in Public Law

Consumer protection in public law refers to laws that govern the relationship between the state and its institutions or the relationship between the state and individuals. This includes public law frameworks specifically referring to consumer law and consumer protection, such as civil procedural law, criminal law, criminal procedural law, and international law.

## 2. Consumer Protection under Law No. 8 of 1999 on Consumer Protection (UUPK)

a. Understanding consumer protection

Consumer protection is a principle and action necessary to maintain fairness and trust in the relationship between consumers and businesses.

b. Definition of consumers and businesses

(1) Definition of consumers

Consumers are individuals or entities who fulfill their needs and desires through the purchase or use of products or services available in the market.

(2) Definition of businesses

Businesses are individuals or entities involved in economic activities with the aim of producing goods or services, offering them to consumers or the market to meet consumer needs and desires.

c. Review of consumer rights and obligations and business rights and obligations

As known, there are 4 fundamental consumer rights: the right to safety, the right to be informed, the right to choose, and the right to be heard. Consumers not only have rights but also have obligations. Consumer obligations are stipulated in Article 5 of the UUPK. Business operators also have rights and obligations similar to consumers. The rights of business operators are regulated in Article 6 of the UUPK, and their obligations are stated in Article 7 of the UUPK.

d. Review of prohibited actions by businesses

Business operators have several obligations and various limitations that restrict their business activities. Prohibited actions by business operators are regulated in Chapter IV of the UUPK, consisting of 10 articles, ranging from Article 8 to Article 17. Article 8 of the UUPK is the only general provision for the business activities of manufacturing and distribution businesses in Indonesia.

e. Review of standard clause inclusion

In Article 1 Paragraph (10) of the UUPK, it states that a "standard clause" is any rule or condition made and established unilaterally in advance by a business entity, as regulated in documents and/or service contracts that are binding and must be fulfilled by consumers. Generally, the UUPK does not prohibit business operators from making standard agreements that include standard clauses, as long as they are not prohibited under Article 18(1) and do not take a specific form as prohibited under Article 18(2) of this law.

f. Review of consumer dispute resolution efforts

As a general rule, no one wants to be in conflict with others, especially in business matters between business operators and consumers. When this happens, both conflicting parties have to bear the costs whether they are on the right side or the wrong side. This occurs due to misunderstandings, legal violations, breach of contract, conflicts of interest, and losses suffered by one party. Article 23 of the Consumer Protection Law states that if the producer and/or distributor refuse to compensate consumer claims and/or if there is no response from the consumer and/or non-compliance, the consumer is entitled to settle the dispute by filing a lawsuit with the Consumer Dispute Settlement Body (BPSK) or the court in the consumer's place of residence. According to UUPK, there are 2 ways to resolve consumer disputes:

1. Through an authorized body that handles disputes between consumers and businesses (in this case, BPSK), or
2. Through the court, in a specialized judicial environment.

**g. Consumer Protection in Electronic Transactions Through E-Commerce Applications in Indonesia**

**1. The internet security system as a manifestation of consumer protection in conducting electronic transactions through e-commerce applications.**

Internet security has been a serious concern in the electronic world since the discovery of computer networks. Data transmitted through any media (land, sea, and air) can be easily stolen by unauthorized individuals. Special strategies are needed to protect data from being stolen. One issue is that raw data sent from one computer to another is vulnerable to third-party "interference." To prevent this, special security measures must be taken:

- a. Data being transmitted cannot be physically accessed by unauthorized parties.
- b. Data being transmitted can be physically accessed, but the person involved cannot read it.

Data security is a crucial part of electronic commerce. Acceptable levels of information security in online stores are essential. In the internet era, all needs and desires are fulfilled quickly, easily, and as safely as possible. Therefore, the role of information security technology is highly necessary.

**2. Payment methods in e-commerce as a form of consumer protection in e-commerce transactions.**

a. Understanding Payment Systems

A payment system is a set of instruments and rules that allow institutions to facilitate payment between parties willing to pay and receive payment. Banks play an intermediary role in the payment system by uniting various parties who need to make payments to each

other. This is important from a legal perspective because it enables direct funds transfer between parties. Payment systems have rapidly evolved and are now used globally. Payment is not a standalone process unrelated to other transactions, as each payment represents the realization of an economic transaction. There are two main ways to make payments: traditional methods using banks or more complex processes involving intermediaries. With traditional payments, banks play a critical role in ensuring safe and efficient transactions.

#### b. Understanding E-commerce Payments

E-payment refers to payment systems conducted through the internet. Many startups assist sellers and buyers in securely exchanging goods and services using the internet. To ensure the security of these transactions, these startups collaborate with various banking institutions to create safe, fast, and practical ways to facilitate electronic payments. Electronic payments are a growing trend as more people use the internet for purchases. Often faster and more convenient than traditional methods, they have become a popular choice for many customers. Additionally, electronic payment providers continue to develop new ways to simplify the process for customers. E-payment is a payment method processed through the internet that enables customers to purchase goods and services. It is a popular way to conduct transactions, often faster and more convenient than traditional methods.

E-Payment involves several parties:

- 1) Issuer: companies or institutions selling financial instruments to investors to raise funds.
- 2) Customer: individuals who make online payments for purchased goods or services.
- 3) Merchant: sellers who accept online payments for their products or services.
- 4) Regulator: typically government bodies overseeing and regulating this process.
- 5) Acquirer: an economic institution that establishes merchant accounts and verifies payments received by merchants from buyers.
- 6) Payment gateway: a device operated by the acquirer to process payment messages, including payment instructions from cardholders.

#### c. E-commerce Payment Systems

There are several types of payment systems categorized as E-Payment, such as:

- 1) Micropayment: an electronic payment system that allows small payments and large transaction volumes. Examples include mobile payment, mobile parking, mobile ticketing, and mobile banking.
- 2) E-Wallet: an alternative to traditional payment methods. It allows registered customers to make secure and easy online payments without disclosing personal financial data. Users can also send and receive money using only registered email addresses or phone numbers.



- 3) Credit cards/Smart cards: Credit cards allow customers to borrow money from credit card companies. Cardholders repay the loan amount plus interest and fees over time. Smart cards are electronic cards that use a computer chip to store more data and information than ordinary credit cards. These cards can be used for making phone calls, electronic cash payments, and various other purposes depending on the capabilities embedded in the microchip.
- 4) Debit cards: Cards that allow users to spend money they have already deposited in a bank. Debit cards are a type of electronic payment card.
- 5) E-Cash/Digital Cash: An electronic form of transaction via the internet. These transactions usually involve the use of computer networks (such as the internet) and digital price storage systems. Electronic money can store value or prepayment and can hold a certain amount on personal electronic media.
- 6) Cash on Delivery (COD): This system allows direct interaction between the customer and seller, including negotiating and checking the condition of goods before completing the transaction. In theory, this type of transaction makes online shopping less convenient. However, it greatly benefits buyers by ensuring the safe delivery of goods to the intended destination.

d. Benefits of E-commerce Payments (E-Payment)

By utilizing electronic payment capabilities, both sellers and buyers gain many benefits, including:

- 1) Universal transactions: an easy and convenient way to conduct transactions globally, without the need for physical presence.
- 2) Faster transactions: electronic payments can be processed instantly, reducing the time required for traditional payment methods such as cash or check.
- 3) Increased security: E-payment systems incorporate various security measures to protect sensitive customer information and prevent fraudulent activities.
- 4) Cost savings: E-commerce payments eliminate the need for manual processing and reduce administrative costs associated with traditional payment methods.
- 5) Improved customer experience: E-payment systems provide convenience and flexibility to customers, allowing them to make purchases from anywhere at any time.
- 6) Enhanced tracking and reporting: Electronic payment systems provide detailed transaction records, making it easier for businesses to track and analyze their sales data.

Legal protection for consumers in electronic transactions through e-commerce applications. To ensure consumer protection in electronic transactions through e-commerce applications, various legal measures have been implemented in Indonesia, including:

- a. **Consumer Protection Act:** The Consumer Protection Act aims to protect consumers from unfair trading practices and ensure their rights are upheld. It covers various aspects of consumer transactions, including electronic commerce.
- b. **Information and Electronic Transactions Act (ITE Law):** The ITE Law regulates electronic transactions, including e-commerce, and provides legal frameworks for consumer protection and privacy in online transactions.
- c. **E-commerce Regulation:** Indonesia has specific regulations governing e-commerce, which include provisions for consumer protection, dispute resolution, and liability of e-commerce platforms.
- d. **Personal Data Protection:** To safeguard consumer privacy, Indonesia has implemented regulations on personal data protection, ensuring that consumers' personal information is securely handled by e-commerce platforms.
- e. **Dispute Resolution Mechanisms:** There are mechanisms in place to resolve disputes arising from electronic transactions, including alternative dispute resolution methods and online complaint handling systems.
- f. **Product Liability:** E-commerce platforms are responsible for ensuring the quality and safety of products sold on their platforms. In case of defective or unsafe products, consumers have the right to seek compensation or refunds.
- g. **Consumer Education and Awareness:** The government, along with various organizations, promotes consumer education and awareness programs to educate consumers about their rights and raise awareness of potential risks in electronic transactions.

These legal protections aim to ensure a safe and fair environment for consumers engaging in electronic transactions through e-commerce applications. It is important for consumers to be aware of their rights and take necessary precautions while conducting online transactions. Note: The information provided is based on the current understanding of consumer protection in electronic transactions through e-commerce applications in Indonesia and may be subject to change. It is always advisable to refer to the latest laws and regulations for accurate and up-to-date information.

#### 4. CONCLUSION

Based on Article 4 and Article 7 of the Consumer Protection Law, consumers are entitled to receive compensation (both material compensation and non-material damages) and/or services in case of breach of contract in electronic transactions. Additionally, consumers, especially those with lower levels of education, must understand their rights and obligations before engaging in electronic transactions. To protect consumers in terms of legal implications resulting from breach of contract in electronic transactions through Shopee application, only product exchange can be done, and Shopee can only provide a refund equivalent to the value of the product through ShopeePay. On the other hand, through



Lazada application, options include refunding the purchase price, assisting in product exchange, or providing vouchers that can only be used on the Lazada platform.

Based on the explanations provided above, the following recommendations can be made, the rapid development of electronic transactions necessitates enhanced protection for all parties involved, particularly consumers, as the monetary value circulating in digital technology increases and influences the growth of e-commerce platforms in Indonesia. The government, as the regulator of electronic transactions, should strengthen its oversight to ensure that every electronic system provider meets the standards for electronic commerce, such as issuing implementing regulations that provide security and convenience for consumers in e-commerce transactions. For businesses operating e-commerce platforms, such as Shopee and Lazada, it is important to strengthen consumer reporting facilities, such as verifying sellers' financial records, providing complete identity information and address details, and including contact information for relevant individuals. This facilitates customers in finding and contacting sellers in case of issues, and ideally, e-commerce platforms should have 24/7 services to facilitate consumer reporting..

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