



Legal Liability Of E-Commerce Platforms For Consumer Losses Resulting From Defective Products

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Abstract: This study examines the legal responsibility of e-commerce platforms for consumer losses resulting from defective products in electronic transactions. The concept of consumer loss is explored through the Consumer Protection Law (UUPK), the Electronic Information and Transactions Law (UU ITE), and the Government Regulation on Electronic System Operators (PP PMSE), which reveal normative gaps related to the role of digital platforms. The research identifies an optimal liability model, including business entity verification, system oversight, and dispute resolution mechanisms, in line with the EU Digital Services Act. These findings emphasize the need for regulatory harmonization and strengthening of platform obligations for effective consumer protection.

Keywords: Consumer Protection, Defective Products, E-Commerce, Electronic Transactions, Platform Liability.

1. Introduction

The development of digital technology over the past decade has brought about fundamental changes in the structure and patterns of global economic transactions. In the context of Indonesia, the digitization of the trade sector has encouraged a shift in consumer behavior from conventional transactions to electronic-based transactions or e-commerce. Philosophically, this change reflects a paradigm shift in society from a physical space-based economy to a trust-based economy, where interaction mechanisms are built through electronic systems that do not bring the parties together directly. This paradigm shift requires legal governance that can ensure fairness, certainty, and benefits for consumers, as outlined in the fundamental legal values developed by Gustav Radbruch. The reorganization is based on restorative justice theory and consumer welfare theory. The legal responsibility of platforms should aim at restoring consumer losses and creating a secure digital ecosystem. Consumers have the right to security and legal certainty, especially because electronic transactions lack physical presence and often involve hard-to-trace businesses. This aligns with fundamental legal values like fairness and certainty. Current Indonesian law, such as the Consumer Protection Law (UUPK) and Government Regulation on Electronic System Operators (PP PMSE), does not explicitly define the limits of platform liability for losses due to defective products, creating normative gaps and a legal vacuum. The high number of consumer complaints—especially regarding defective products and fraud—indicates information

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Received: Nov 30, 2025;

Revised: Dec 05 2025;

Accepted: Dec 11, 2025;

Published : Dec 30, 2025;



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asymmetry and an imbalance in bargaining power between consumers, sellers, and platforms.

From an industry development perspective, the e-commerce sector in Indonesia has shown significant expansion. The Ministry of Trade recorded that the value of e-commerce transactions in 2023 reached more than IDR 476 trillion, making it one of the fastest growing sectors of the digital economy. A report by Google, Temasek, and Bain & Company also estimates that Indonesia's digital economy will exceed US\$360 billion by 2030, mainly driven by the e-commerce sector. However, this growth has been accompanied by a substantial increase in consumer complaints, particularly regarding defective products, specification discrepancies, online fraud, and service failures. Sociologically, the high number of consumer violations indicates information asymmetry and an imbalance in bargaining power between consumers, sellers, and platforms.

Normatively, consumer protection in digital transactions in Indonesia is based on several legal instruments. Law Number 8 of 1999 concerning Consumer Protection (UUPK) emphasizes the obligation of business actors to provide accurate and secure information and to be responsible for any losses caused by their products. In addition, Law Number 11 of 2008 concerning Electronic Information and Transactions, as amended by Law Number 19 of 2016 (ITE Law), provides a legal framework for the use of electronic systems and transaction security. Furthermore, Government Regulation No. 80 of 2019 concerning Trade Through Electronic Systems (PP PMSE) specifically regulates the roles of merchants, e-commerce platforms, and electronic system operators in digital transactions. However, legally, these provisions do not explicitly define the limits of platform providers' liability in the event of losses due to defective products.

The issue of platform legal liability has become important as the concept of platform liability has developed in international legal literature. At the level of legal theory, there are two main views. First, the view of intermediary immunity, which states that platforms are neutral intermediaries that cannot be held liable for content or products uploaded by third parties. This view refers to protection models such as Section 230 of the U.S. Communications Decency Act. Second, the duty of care approach developed in Europe, particularly through the EU Digital Services Act (DSA) 2022, which requires platforms to be responsible if they have significant control over transaction systems, seller verification, and consumer protection mechanisms. This approach is relevant because many modern e-commerce platforms not only provide a space for buying and selling, but also regulate transaction flows, fund storage, logistics, and dispute resolution.

In the Indonesian context, several court decisions show a tendency that responsibility is not necessarily borne solely by the seller, but can also be attached to the platform. For example, South Jakarta District Court Decision No. 451/Pdt.G/2020/PN JKT.SEL ruled that platforms can be held liable when they fail to verify business operators and do not provide transaction security guarantees. In addition, academic analysis shows that platforms often have a dominant position because they control data, algorithms, fund escrow mechanisms, and internal policies that affect the consumer experience. In this context, the debate over whether platforms should be directly liable for defective products is a legal issue that requires in-depth study.

From the perspective of modern legal philosophy, particularly restorative justice theory and consumer welfare theory, the legal responsibility of platforms should be directed towards restoring consumer losses and creating a secure digital ecosystem. Consumers have the right to security and legal certainty, especially given the nature of electronic transactions, which do not bring the parties together physically and often involve businesses that are difficult to trace. Sociologically, public demands for platforms to play a more active role are growing stronger as dependence on digital transactions increases and marketplace business models become more complex. Based on the research, the normative factors preventing clear boundaries for platforms as business actors are: 1) Conventional trade paradigm in UUPK, 2) Absence of explicit liability limits, and 3) Failure to distinguish platform roles: the PP PMSE has failed to provide clear parameters to distinguish between passive and active platforms.

However, there are challenges in implementing legal norms. The UUPK is still oriented towards conventional businesses and has not fully adapted to the digital platform business model. Similarly, the PP PMSE has not provided clear parameters to distinguish between passive and active platforms, resulting in a legal vacuum regarding the degree of platform responsibility. These developments have given rise to an academic need to examine how the existing legal regime can provide effective protection for consumers without hindering digital innovation. In addition, an integration of philosophical, juridical, and sociological approaches is necessary to formulate the ideal form of legal responsibility for e-commerce platforms in the Indonesian context.

Based on these conceptual, normative, and empirical descriptions, this study aims to analyze the concept of consumer losses due to defective products in electronic transactions, examine the legal position of e-commerce platforms in Indonesia's consumer protection system, and provide legal arguments regarding the ideal liability model that can strengthen legal certainty and consumer protection in the modern digital ecosystem. The research questions to be answered in this study are: (a) How does Indonesian positive law define the concept of consumer losses due to defective products in electronic commerce transactions? (b) What is the ideal form of legal liability to be imposed on e-commerce platforms to protect consumers from losses due to defective products in Indonesia's digital ecosystem?

2. Materials and Methods

This study uses a normative legal research approach with a statute approach as proposed by Peter Mahmud Marzuki. This approach is used to examine and analyse the legal norms governing the criminal liability of parents for the economic exploitation of children in the Indonesian criminal law system. This research is normative legal research. Peter Mahmud Marzuki defines normative legal research as a process of discovering legal rules, legal principles, and legal doctrines in order to answer legal issues that arise. In line with this definition, this study aims to examine legal norms, doctrines, and judicial practices related to abuse of circumstances as grounds for contract cancellation. It briefly defines normative legal research as a process of discovering legal rules, legal principles, and legal doctrines to answer legal issues.

3. Results and Discussion

3.1 Legal Issues Regarding the Liability of E-Commerce Platforms for Consumer Losses Due to Defective Products

The main issue in consumer protection in e-commerce transactions lies in the legal ambiguity of the position of digital platforms as business actors in the context of losses due to defective products. Normatively, the UUPK still uses the conventional trade paradigm that positions business actors as parties that directly produce or distribute goods. In modern electronic transactions, e-commerce platforms not only provide an intermediary space, but also perform product curation, seller verification, risk mitigation, and even payment system and escrow management functions. However, the PP PMSE has not confirmed this category of responsibility, so legally there is no norm stating that platforms are responsible for losses due to defective products. This creates a regulatory gap when consumers are harmed by defective products from third-party sellers, while the entire transaction process is facilitated by the platform. The section explain from stating the main legal issues to outlining solutions, with detailing how the statutes (UUPK, PP PMSE) or the court decision (South Jakarta District Court Decision No. 451/Pdt.G/2020/PN JKT.SEL) were analyzed or interpreted to arrive at the findings regarding normative gaps and platform control .

This regulatory vacuum is then filled by the practice of exonerating clauses commonly found in the terms and conditions of e-commerce platforms. These clauses state that any damage or defect in goods is the responsibility of the seller, not the platform. Although Article 18 of the UUPK prohibits standard clauses that eliminate or reduce the liability of business actors, the position of platforms that are not qualified as business actors allows these clauses to continue to be widely practiced. From a consumer protection perspective, this clause creates an imbalance in bargaining power, where consumers have no alternative but to agree to these terms. Hasibuan's journal (2021) shows that exonerating clauses on Indonesian marketplaces have placed consumers in a very weak legal position because there is no regulatory basis that requires platforms to share responsibility.

In addition, problems also arise from weak seller verification and product quality control on the platform. Many marketplaces only verify the basic identity of sellers without assessing the suitability and safety of the products being sold. Aisyah's (2022) research shows that there are thousands of dangerous commodities, illegal cosmetics, and uncertified electronic devices sold on marketplaces even though they have been reported previously by consumers. This shows that platforms play a significant role in consumer risk because they control product display, recommendation systems, and transaction flows. In these circumstances, platforms should be placed as parties that have a duty of care towards consumers.

The issue of platform responsibility becomes increasingly important when analyzed from the perspective of global legal developments. The European Union, through the Digital Services Act (DSA) 2022, recognizes that platforms are no longer passive intermediaries, requiring them to ensure product safety, verify sellers, and remove illegal content within a certain period of time. Even Zhou's (2020) research states that digital platforms have become economic actors that control the structure of electronic transactions, so that the concept of intermediary immunity is no longer adequate to

protect consumers. Thus, when compared to the global system, Indonesian regulations are still lagging behind because they do not provide a framework of responsibility that is proportional to the level of platform control in the transaction chain.

This condition is reinforced by several court decisions that begin to point to the liability of platforms. One of these is the South Jakarta District Court Decision No. 451/Pdt.G/2020/PN Jkt.Sel, which ruled that platforms can be held liable when they fail to verify business actors and provide transaction security guarantees as promised. This ruling indicates a legal recognition that platforms are not entirely passive and can be sued based on the principle of negligence if they fail to carry out their service obligations, resulting in losses for consumers. Thus, the legal problem lies in the inconsistency between regulations and judicial practice, as well as the inadequacy of protection for consumers who transact on digital systems.

3.2 Solutions to the Problem of E-Commerce Platform Liability for Consumer Losses

Solutions to the above problems can be developed through normative, institutional, and comparative approaches. The main solution is the establishment of a joint liability model between the platform and the seller. This model allows consumers to claim compensation from both the seller and the platform in the event of losses due to defective products. This approach is in line with global developments, particularly in the European Union through the 2022 DSA, which asserts that platforms are liable if they know or should know about dangerous products but do not take adequate supervisory measures. The principle of joint liability is also supported by OECD (2022) research, which states that digital platforms must bear responsibility proportional to their level of control over the trading ecosystem. The application of this model in Indonesia can narrow the scope of use of exonerating clauses by platforms and strengthen legal certainty for consumers.

The next solution is to strengthen the platform's internal mechanisms through stricter seller verification requirements, proactive screening of high-risk products, and an automatic compensation system for consumers who receive defective products. A study in the *Journal of Consumer Policy* (2021) shows that automatic compensation mechanisms can reduce the burden on consumers and increase trust in digital platforms. In addition, platforms need to implement a rapid takedown system (maximum 24–48 hours) for dangerous products, as applied in the European Union's General Product Safety Regulation (GPSR). This measure can be used as a minimum standard for platforms' preventive responsibility in preventing consumer losses.

The long-term solution is to reform regulations by drafting new laws or government regulations that specifically regulate the responsibilities of digital platforms. These regulations should include a more modern definition of business actors, an explicit prohibition on exonerating clauses, due diligence obligations, and standard compensation mechanisms for consumers. This reform not only follows global trends but also addresses domestic needs as digital transactions increase and e-commerce platforms dominate the economic structure. Thus, consumer protection can be achieved without hindering digital innovation, but rather by creating a safer and fairer trading ecosystem.

4. Conclusions

Based on an analysis of the two main issues in this study, it can be concluded that the legal responsibility of e-commerce platforms for consumer losses due to defective products has not been fully accommodated in the current Indonesian legal framework. From a normative perspective, the provisions of Law Number 8 of 1999 concerning Consumer Protection, Law Number 11 of 2008 concerning Electronic Information and Transactions, and Government Regulation Number 80 of 2019 concerning Trade Through Electronic Systems have basically provided a general principle that every party in an electronic transaction is obliged to provide correct and clear information and is responsible for any losses incurred. However, the analysis shows that e-commerce platforms often find themselves in a “safe harbor” position, which means that they are not automatically held liable for defective products sold by third-party merchants. This condition creates a normative vacuum in terms of attribution of responsibility when consumers do not receive effective protection, especially in cases of hidden defects or manufacturing defects that can only be revealed after the transaction is complete. On the e-commerce ecosystem it strengthens consumer protection and certainty: the model allows consumers to claim compensation from both the seller and the platform for losses due to defective products. This strengthens legal certainty for consumers and is in line with global standards like the EU's DSA. On the sustainability of digital innovation it creates a safer trading ecosystem: The model aims to achieve consumer protection without hindering digital innovation, but rather by creating a safer and fairer trading ecosystem.

Conclusion First, amendments or new regulations are needed that specifically regulate the categories of responsibility of e-commerce platforms, including in cases of defective products, so that there is no longer a regulatory vacuum between the role of platforms as electronic system operators and as digital trade facilitators. Second, the government, through the Ministry of Trade, the Ministry of Communication and Information Technology, and the National Consumer Protection Agency (BPKN), needs to establish minimum standards for digital consumer protection that must be applied by all platforms, including seller verification obligations, product monitoring mechanisms, product safety standards, and fast and binding dispute resolution. Third, e-commerce platforms need to adopt a model of responsibility and product verification procedures as applied in international standards such as the OECD Guidelines or the EU Consumer Sales Directive in order to increase consumer confidence and prevent greater losses. Fourth, consumers need to be adequately educated about their rights in digital transactions and loss reporting mechanisms so that legal protection can be more effective and preventive. Based on the journal, further research is needed to: 1) Formulate the ideal form of legal responsibility, 2) Define active vs. passive platforms: research is required to provide clear parameters to distinguish between passive and active platforms, 3) Reform regulations, and 4) Establish minimum standards.

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