

# Consumer Protection and Responsibilities of E-commerce Platforms in Ensuring the Smooth Process of Returning Goods in COD Transactions

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## ARTICLE INFO

### Article history:

Received 5 June 2023

Revised 17 June 2023

Accepted 28 July 2023

### Keywords:

Consumer protection,  
E-commerce,  
Return of goods,  
COD transactions,  
Return policy,  
E-commerce Regulation,  
Consumer surveillance.

## ABSTRACT

The process of returning goods in COD (Cash on Delivery) transactions is one of the main challenges in e-commerce in Indonesia. Clear regulations and effective mechanisms to ensure the protection of consumer rights are essential in enhancing consumer confidence and supporting fair competition in the e-commerce market. This study examines how e-commerce platforms can ensure smooth and consumer protection in returning goods in COD transactions, taking into account applicable regulations and best practices that can be implemented by platform operators. The results show that a transparent system, appropriate regulations, and strict supervision are needed to ensure consumer rights in the return process. In addition, consumer education and improvement of an efficient return system will help minimize potential disputes and increase customer loyalty. This research provides recommendations for e-commerce platforms to strengthen return policies to support smooth transactions and create a fairer market.

## INTRODUCTION

The rapid development of technology has driven significant progress in the trade sector, one of which is through e-commerce platforms. E-commerce platforms have become the main channel for many consumers to purchase goods online (Halizah & Darmawan, 2023). One of the popular payment methods is the pay-on-delivery (COD) system, where consumers pay for the product when the goods are received. One of the advantages of COD is also the certainty that the purchased goods arrive in their hands first before paying (Wirayawan, 2021). This provides convenience and flexibility for consumers, the COD system also brings its own challenges, especially in terms of returning unsuitable or damaged goods. As a result, it is important to set up an effective mechanism for managing returns to protect the rights of consumers, while maintaining their trust in the platform.

Consumer protection in e-commerce transactions becomes very relevant with the potential problems that can arise during the return of goods. In this case, the e-commerce platform is responsible for ensuring a smooth return process,

from the procedure of filing a claim to the fulfillment of consumer rights. A transparent and fair process will improve consumer experience and build the reputation of the e-commerce platform (Khayru, 2021). Therefore, there is a need for regulations that clearly stipulate the rights of consumers in terms of returning goods, as well as the obligations of e-commerce platforms in facilitating the process.

In Indonesia, regulations regarding consumer protection in e-commerce transactions are regulated in several regulations, one of which is Law No. 8 Year 1999 on Consumer Protection. In this law, it is emphasized that consumers have the right to obtain goods that are in accordance with the agreement or product description submitted by the seller. If the goods received are not suitable, then the consumer has the right to return the goods and get a refund. However, the application of this rule in practice still faces various challenges, especially related to the responsibility of e-commerce platforms in facilitating and ensuring the smooth process of returning goods in COD transactions. In accordance with article 4 of Law No. 8 of 1999 concerning consumer protection.

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Along with the growth of the e-commerce industry, competition between platforms has intensified. Therefore, it is important for e-commerce platforms to pay attention and ensure that consumer rights are protected, including in terms of returning goods. An unclear or slow process in handling returns can lead to consumer dissatisfaction, which can further damage the reputation of the e-commerce platform. In this case, clear regulations and good implementation of e-commerce platforms' obligations are necessary to maintain smooth transactions and provide a sense of security for consumers.

One of the main problems in the practice of COD transactions on e-commerce platforms is the inaccuracy of time and procedures in returning goods. In some cases, consumers experience difficulties in submitting claims for returning goods even though they are in accordance with the existing provisions. This is due to the lack of clear standards on how returns should be made. In some platforms, the return process becomes convoluted and takes a long time to process, which can result in consumer dissatisfaction and loss of trust in the e-commerce platform.

E-commerce platforms also often lack strict policies in handling violations of consumer rights related to returning goods. Although there are regulations that require the return of goods under certain conditions, many platforms have not fully implemented this mechanism effectively. There are even times when it is difficult for consumers to get a refund or replacement of goods as desired. This contradicts the purpose of consumer protection, which should be to guarantee consumers' rights to get products that meet their expectations.

Regulations regarding consumer protection in e-commerce transactions have been regulated in Law No. 8 of 1999 concerning Consumer Protection, as well as in Government Regulation No. 80 of 2019 concerning Trading Through Electronic Systems (PMSE). However, the implementation of these regulations in practice still has shortcomings, especially in terms of the mechanism for returning goods related to COD transactions. This weakness in implementation causes injustice in consumer protection, where consumers cannot obtain their full rights if the goods received do not match expectations. Therefore, there needs to be an evaluation and strengthening of regulations to ensure that the process of returning goods can run smoothly and fairly for all parties, both sellers and buyers.

The increasing number of e-commerce transactions, especially those using the COD system, brings new challenges related to consumer protection in the returns process. Given the number

of complaints arising from unclear return procedures, it is important for the authorities to further review and strengthen existing regulations. This not only involves consumers who are entitled to return goods that match the description, but also e-commerce platforms that have the responsibility to ensure a smooth process. With proper oversight and clearer regulations, consumers' rights will be protected, and trust in e-commerce platforms will increase, further improving the online commerce climate.

The purpose of this study is to analyze the mechanism of returning goods in COD transactions on e-commerce platforms and how existing regulations can be effectively applied to protect consumer rights. This study also aims to identify the problems faced by consumers and e-commerce platforms related to the return of goods, and to provide recommendations on how to improve consumer protection in COD transactions. The results of this research are expected to provide a deeper understanding of the existing practices and challenges and offer solutions to improve the existing system.

## RESEARCH METHOD

The research method used in this study is a literature study approach, which relies on the collection and analysis of written sources relevant to the topic discussed. This literature study aims to explore a deeper understanding of the regulations governing consumer protection in COD transactions on e-commerce platforms, as well as to analyze the platform's responsibility in ensuring the smooth return of goods. This approach allows the researcher to identify various applicable laws and regulations, such as Law No. 8/1999 on Consumer Protection, as well as the latest regulations governing trade through electronic systems (PMSE), and how they are implemented in the field. In addition, this approach also allows researchers to review relevant previous research results in the field of consumer protection, as well as to gain insights from various studies that address the same issues in a broader scope (Creswell, 2014).

The literature study approach also helps researchers to analyze existing thoughts and identify gaps that need to be filled by further research. By reviewing various sources, ranging from textbooks, journals, articles, and relevant legal documents, researchers can formulate a solid framework to understand the implementation of existing regulations and the role of e-commerce platforms in guaranteeing consumer rights. Therefore, this approach becomes very effective in obtaining valid and comprehensive data without the need to conduct

more complicated field research. This is in line with the views of Sekaran and Bougie (2016) who emphasize the importance of literature studies in developing theories and research practices based on readily available data.

## **RESULT AND DISCUSSION**

In the development of e-commerce in Indonesia, COD (Cash on Delivery) transactions have become one of the most popular payment methods, but often cause problems related to customer satisfaction. Unlike other payment methods, COD allows consumers to make payments only after the goods are received, which means consumers are at risk of receiving goods that do not match their expectations. Therefore, returns are a very important mechanism in safeguarding consumer rights and ensuring a fair transaction process. With no guarantee of satisfaction before the goods are received, returns become the primary means for consumers to assert their rights.

E-commerce platforms, as the party that facilitates transactions between sellers and consumers, have a huge responsibility to organize and ensure a smooth return mechanism. Without a clear system, the return process can be challenging for consumers who feel aggrieved, which can further reduce the level of trust in the platform. Therefore, regulations governing returns in COD transactions need to be carefully considered and implemented. Not only does it protect consumer rights, a good return mechanism also increases transparency and improves service quality on e-commerce platforms.

Along with the importance of consumer protection, existing regulations in Indonesia have regulated the obligations of e-commerce platforms in this regard, one of which is Law Number 8 Year 1999 on Consumer Protection. The regulation provides a legal basis for the protection of consumer rights, including in terms of returning goods. Government Regulation No. 80/2019 on Trading Through Electronic Systems (PMSE) also emphasizes the obligations of platform operators to ensure transparency, security, and consumer convenience in every transaction, including in the process of returning goods.

One way to ensure a smooth return of goods is to provide an easy-to-use system for consumers to submit return requests. This will help consumers who are dissatisfied or receive goods that do not match their expectations or product descriptions to file a claim immediately. In addition, e-commerce platforms are also required to provide clear information about the return policy, such as the time given for returns, the terms and conditions that apply, and the return procedures that consumers

must follow. This obligation is based on the principle of transparency stated in Article 4 paragraph (2) of the Consumer Protection Law which states that business actors are obliged to provide clear, honest and not misleading information to consumers.

Consumer protection in e-commerce transactions, including the Cash on Delivery (COD) payment system, is supported by the provisions in Law Number 11 of 2008 concerning Electronic Information and Transactions which has been amended by Law Number 19 of 2016. In the regulation, electronic system providers such as e-commerce platforms are required to ensure system reliability and protection of consumer rights, including providing a mechanism for returning goods in the event of product discrepancies, damage, or defects. This fundamental provision is a legal basis that strengthens the responsibility of digital business actors in ensuring convenience and legal certainty for consumers in the era of electronic commerce.

In addition to providing a clear system, e-commerce platforms should also play an active role in bridging communication between consumers and sellers. In COD transactions, there is often a misunderstanding between the two parties regarding the return policy, especially regarding the cost of sending back the goods or whether the returned goods can be processed easily. E-commerce platforms, as a neutral third party, should have policies that ensure that consumer rights are respected, including facilitating dispute resolution that may arise during the return process. With a clear dispute resolution mechanism in place, consumers feel more secure in their transactions, which in turn can strengthen their trust in the platform.

Returning goods in COD transactions is also closely related to the protection of consumers' personal data. In the digital era, the personal data of consumers involved in COD transactions must be strictly protected. E-commerce platforms have a great responsibility in maintaining the confidentiality of consumers' personal data in accordance with Law No. 27 of 2022 on Personal Data Protection. By implementing a secure system in personal data management, e-commerce platforms can avoid information leakage that could harm consumers and increase the risk of fraud. Therefore, the data security aspect is an integral part of the returns process that every e-commerce platform should pay attention to.

The obligation of e-commerce platforms to provide refunds to consumers in the process of returning goods is also regulated in PMSE Article 25 which requires platform operators to provide

consumers with the right to a refund if the goods received do not match the order. This stipulates that if the returned goods meet the specified conditions, consumers are entitled to a refund of the money paid, including shipping costs. With this provision, consumers feel more protected as they do not have to worry about losing the money paid in a non-conforming transaction.

The active role of e-commerce platform operators in facilitating the return process is also related to compliance with operational standards set by the government (Munir et al., 2023). Supervision from relevant agencies, such as the Ministry of Trade and the National Consumer Protection Agency (BPKN), is needed to ensure that each e-commerce platform complies with applicable regulations and guarantees consumer protection in every transaction conducted. With effective supervision, e-commerce platforms will avoid potential abuses that can harm consumers and maintain the image of a healthy and growing e-commerce industry.

Although there are regulations governing the return of goods, in practice there are still obstacles encountered by consumers in exercising their right to return goods, especially in COD transactions. In this case, as explained in Article 7 of GCPL, business actors are obliged to provide correct information and guarantee the quality and after-sales goods, including returned goods. For example, discrepancies between the description of the goods and the condition of the goods received or additional costs that are not explained transparently. This is a challenge for e-commerce platforms in creating a system that fully supports consumers. E-commerce platform providers need to pay more attention to this issue in order to improve service quality and create a return process that is not only effective but also fair to consumers.

Given the complexities involved in COD transactions, e-commerce platforms in Indonesia must also pay attention to the diverse characteristics of consumers and businesses in the digital market. Consumers who transact through e-commerce platforms do not all have the same level of understanding about return policies, both in terms of time and procedures. In addition to this, e-commerce platforms must also educate business owners and consumers regarding the rules and regulations that must be carried out in conducting transactions in e-commerce, especially COD practices (Priowijanto, Haykal, & Munaf, 2020).

The responsibility held by business actors in buying and selling transactions in e-commerce platforms through COD for goods sent if they do not match the order is the contractual responsibility of the business actor. Consequently, business actors are

obliged to compensate for losses suffered by consumers in the form of goods that match the order or compensate for losses in the form of a refund according to the value of the goods sent (Jane, & Anggraini, 2022). Therefore, it is important for e-commerce platforms to educate or socialize consumers and businesses regarding their rights in returning goods, including how to properly submit claims or return unsuitable products. This can be done by providing clear and easy-to-understand guidelines and ensuring responsive and solutive customer service.

Efforts to avoid losses for consumers and business actors in conducting e-commerce transactions, especially COD practices, namely both business actors and consumers must ensure that the goods to be purchased have details or product descriptions and clear product specifications, so that when consumers receive goods losses such as inappropriate goods will not occur. It is also better if business actors make product claims that can be exchanged in the event of damaged or defective products. Business actors also need to reconfirm orders with consumers to ensure the continuation of the transaction (Iskandar, & Rahardja, 2021).

E-commerce platforms also need to regularly evaluate and update their return system to ensure that the service is always up-to-date and relevant to technological developments and consumer needs. One way is to utilize technology to facilitate the return process, such as by providing an automatic feature for the return process that can be monitored directly by consumers through the platform's application or website. The use of technology in improving the return experience not only makes it easier for consumers, but can also reduce the operational burden for platform organizers (Tyagi & Dhingra, 2021).

Although there are many challenges to be faced, proactive measures taken by e-commerce platforms can provide great benefits, both for consumers, sellers, and the platform organizers themselves. E-commerce platforms that can guarantee consumer protection in returning goods will have a better reputation in the eyes of the public. Consumers who are satisfied with the fast and easy return process will tend to be more loyal and recommend the platform to others, which can further increase transaction volume (Zhang, 2023).

In addition, better protection of consumer rights in the process of returning goods can also minimize potential disputes that may occur between consumers and sellers. With clear and transparent regulations in place, disputes can be resolved in a



fairer and more efficient manner, benefiting all parties involved in e-commerce transactions. Thus, e-commerce platforms that prioritize consumer protection through a smooth return process will contribute to the creation of a healthier and more sustainable e-commerce market in Indonesia (Ginting & Indrayanti, 2023).

However, to achieve this goal, e-commerce platforms need to work closely with institutions that oversee consumer protection regulations, such as the National Consumer Protection Agency (BPKN) and the Ministry of Trade. In addition, platform organizers should also involve independent third parties in the return process, such as trusted logistics companies, to ensure that returned goods reach the seller in good condition and in a timely manner. With all these elements working together, a smooth and fair return process can be achieved (Martínez-López et al., 2022).

Consumer participation is also very important in ensuring a smooth return process. Consumers should have a good understanding of their rights in returning goods and realize that they have an obligation to comply with the procedures set by the e-commerce platform. Educating consumers regarding these rights and obligations is very important to ensure that the return of goods can run smoothly and does not cause conflicts that harm any party.

Returning goods in COD transactions is a fundamental element that not only protects consumers, but also ensures a transparent and fair market. Without adequate regulations and a clear system, the potential for fraud and consumer dissatisfaction will increase, which can further harm the entire e-commerce ecosystem. In addition to consumers, for businesses that carry out COD (Cash On Delivery) transactions, business actors are required to provide complete and correct information regarding the terms of the contract, producers and products offered, with the clarity of information on everything related to COD transactions, this will be able to minimize the occurrence of obstacles in the form of COD, including non-conformity of goods (Pratama, & Sutrisno, 2022). Therefore, collaboration between e-commerce platforms, government, consumers and businesses is crucial to create a safe and secure transaction experience for all parties involved.

With a well-structured return system in place, consumers can feel safer and more protected in their transactions, given that they have the right to return goods if they are not what they want. This also gives consumers more confidence in conducting COD

transactions, which have been considered risky. In addition, an efficient system will also support the creation of a more competitive and healthy market, where e-commerce companies must ensure the quality of their goods and services in order to meet consumer expectations.

The sustainability of the e-commerce industry is highly dependent on consumer trust and satisfaction in transactions. By prioritizing transparency and fairness in the return process, the e-commerce ecosystem in Indonesia can develop more positively and sustainably. If this is carried out consistently by all parties, COD transactions will be increasingly trusted, which in turn will encourage digital economic growth and increase the competitiveness of the national e-commerce sector.

## CONCLUSION

The conclusion of this discussion is that e-commerce platforms in Indonesia have a huge responsibility in ensuring the smoothness and protection of consumer rights in the process of returning goods in COD transactions. Through the implementation of clear systems and transparent procedures, platforms can ensure that consumers are protected and the return process runs smoothly. Strict supervision of return policies, as well as good communication between consumers, sellers, and platform organizers, are key factors in creating a fair and trustworthy e-commerce ecosystem. The regulations underlying these obligations such as the Consumer Protection Law and the Government Regulation on Electronic Commerce further reinforce the importance of protecting consumer rights in COD transactions.

It is suggested that e-commerce platforms continue to improve the existing returns system, both in terms of ease of procedure for consumers and in terms of policy transparency. Educating consumers about their rights in returning goods is very important to reduce potential conflicts. In addition, e-commerce platforms also need to continue collaborating with regulatory agencies and logistics service providers to ensure that the return process can be carried out more efficiently and safely.

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