

## Legal Protection for Businesses in Consumers of Electronic Goods

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### Abstract

The objective of this research is to assess how effectively Law No. 8 of 1999 on Consumer Protection is implemented in safeguarding consumers from the misconduct of business operators. Additionally, the study emphasizes the efforts made by consumers to secure their rights from these operators. The research aims to provide insights into how government actions can enhance consumer protection in the future. The research reveals that to protect consumers from deliberate fraud by business operators, the government has established a body for consumer protection and recognized non-governmental consumer protection organizations. Furthermore, to claim their rights, consumers often resort to both the formal court system and alternative dispute resolution methods. Looking ahead, it is suggested that the government should focus more on strengthening mechanisms to protect the rights and obligations of all economic actors (consumers, producers, and distributors).

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

### A. Introduction

Cases of consumer harm involving electronic goods have become increasingly common. For instance, issues with counterfeit products and labels for electronic components have significantly disadvantaged consumers in terms of product durability and deceptive agreements. In recent years, a coordinating body has been established to address these issues, and an agency has been designated to provide halal certification. However, until a clear authority is established, consumers remain uncertain and struggle to assert their rights effectively.

In contrast, the United States has established specialized agencies with significant authority to advocate for consumer interests. One such agency is the Federal Trade Commission (FTC), created in 1914. Today, various sales strategies are employed to achieve sales targets, gain market share, and maximize profits. Businesses often use attractive product presentations and affordable pricing to entice consumers. Techniques such as sales promotions, lotteries, and giveaways are common to attract attention. However, there are deceptive practices, such as sales promotions for products that are overstocked or outdated, often referred to as "garage sales."

Sales promotions are popular among consumers because they offer quality products at reduced prices. However, deceptive practices, such as misleading promotions or unfulfilled promises of free gifts, should be avoided. Another problematic practice is door-to-door sales, where consumers may feel pressured into purchasing products they do not need.

With the advancement of communication technology, electronic products are now widely available across various sales venues, including malls, supermarkets, large stores, and street vendors. While formal sales venues usually provide official documentation and warranties, street

vendors often do not. Electronic purchase agreements frequently include clauses that prevent returns, which can leave consumers feeling that manufacturers or sellers are avoiding responsibility for purchased items. This focus on sales volume and profit often overshadows consumer interests.

According to the Indonesian Penal Code (KUHP), Article 383 penalizes sellers who commit fraud against buyers, and Article 386 addresses the sale of counterfeit goods. Additionally, Article 1365 of the Civil Code (KUH Perdata) mandates compensation for losses caused by wrongful acts, while Article 1491 covers the seller's responsibility for hidden defects in sold goods. Law No. 5 of 1984 on Industry also imposes legal obligations on industrial entrepreneurs (producers) to protect consumer interests, requiring them to ensure the safety and quality of their production processes and products.

## B. Theoretical Framework

Consumer protection law is a segment of consumer law encompassing principles and regulations designed to regulate and safeguard consumer interests. Research and expert opinions reveal that consumers generally occupy a weaker position compared to businesses, in terms of economic power, education level, and bargaining ability.

Law No. 10 of 1960 concerning Goods grants both the government and private entities the authority to oversee and protect consumer interests. Consequently, consumer protection agencies engage in various activities, including:

- Monitoring markets to gather information on circulating goods
- Visiting factories or home industries to observe and discuss production methods
- Testing and comparing products available in the market to assess their quality
- Handling consumer complaints about harmful goods and taking corrective measures by contacting manufacturers or relevant government bodies
- Providing education and information to consumers through mass media and other forums about product quality and proper handling.

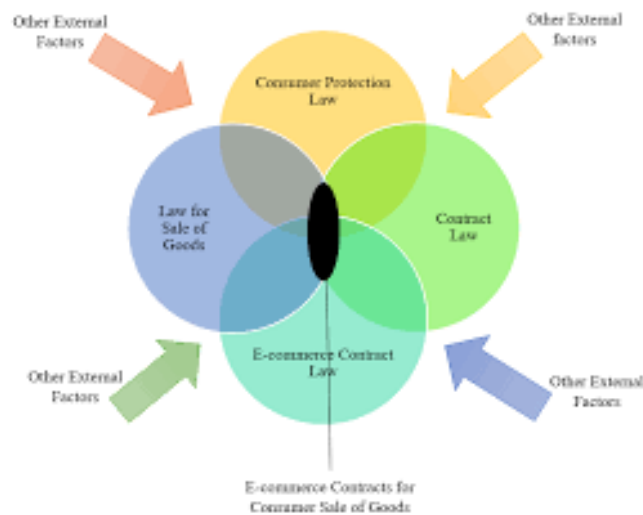


Figure 1 Theoretical Legal Protection For Consumers

(Source: IJICC)

Specific consumer protection laws provide legal remedies for consumers regarding their rights and obligations and resolve disputes. These laws help consumers decide whether to resolve issues directly with the offending party or pursue legal action through the courts. This process not only aids consumers in addressing issues related to goods and services but also alleviates the government's burden in enforcing legal provisions.

## C. Research Methods

Research aims to systematically, methodologically, and consistently uncover truths. This involves analyzing and constructing data collected and processed during the study.

- a. Approach method. The research employs a normative juridical approach. This approach examines how legal principles and discoveries in specific cases align vertically or horizontally with applicable laws, relying on secondary data. The research focuses on concrete events, reflecting real-world conditions experienced by electronic goods users. Besides a juridical review of existing legislation, the study incorporates empirical data from field observations and interviews.
- b. Research specification. The research is descriptive-analytical, aiming to describe and analyze applicable laws in relation to legal theories and relevant positive legal practices concerning the research issues.

## 1. Data Collection Method

Data for the research will be gathered from primary and secondary sources. Primary data is collected through field observations, interviews with relevant respondents and informants (field study). Secondary data is obtained through literature review.

## 2. Literature Study.

The literature study uses documentary analysis to gather secondary data, which includes:

- a. Primary Legal Sources: These provide current scientific knowledge and new insights on facts related to specific ideas or concepts.
- b. Secondary Legal Sources: These support the analysis and understanding of primary legal sources.

## 3. Field Study

Data collection in the field involves interviews guided by a structured interview protocol. Interviews are conducted with respondents at the research target locations.

## 4. Data Analysis Method

After collecting all relevant data, abstraction and reconstruction are performed. To analyze the impact of advertising on consumer interest in electronic products and assess consumer protection agency oversight, quantitative analysis is applied to tabulated data. This analysis integrates secondary data with information gathered from field research.

## D. Results

### 1. The Role of Law No. 8 of 1999 on Consumer Protection in Providing Legal Safeguards for Consumers, Particularly Users of Electronic Goods

While these conditions offer benefits to consumers by fulfilling their needs and providing greater freedom to choose from various types and qualities of goods and services, they also create an imbalance between business actors and consumers. Consumers often find themselves in a weaker position, becoming targets of business activities aimed at maximizing profits through aggressive promotion strategies and the use of standard contracts that disadvantage them.

The primary factor contributing to the weakness of consumers is their low awareness of their rights, largely due to a lack of consumer education. Therefore, the Consumer Protection Law is intended to serve as a strong legal foundation for the government and consumer protection organizations to empower consumers through education and advocacy efforts.

Based on data gathered from research conducted at various new and used electronics sales centers, the findings are as follows:

	Satisfied	Quite Satisfied	Not Satisfied	Number
Use of well-known brands	85 people (85%)	12 people (12%)	3 people (3%)	100 people (100%)
Use of lesser-known brands	35 people (35%)			

Based on the table above, the researcher conducted a study on 100 visitors spread across each electronic goods sales center. The researcher conducted a study with the type of question being how is your level of satisfaction with the use of electronic goods in terms of using well-known brands with less well-known brands.

## **2. Implementation of Law No. 8 of 1999 on Consumer Protection in the Ownership Process of Electronic Products**

When consuming goods or services, it is common to encounter issues with the products we purchase. This is especially true with electronic products. Advertisements and promotions often claim that the products being offered are durable, reliable, and economical. However, these claims do not always align with reality.

In the market, it is not uncommon to find electronic products that are inexpensive but of low quality. Alternatively, the quality might be decent, but customer service can be unresponsive and indifferent to the problems faced by consumers.

Afterward, Mr. Ayik was instructed to bring his mobile phone to the company's headquarters in Jakarta. However, he was once again disappointed, as his rights under Law No. 8 of 1999 on Consumer Protection were not fully upheld. The headquarters in Jakarta unilaterally declared that the necessary spare parts for repairing his mobile phone were no longer in production, leaving them unable to meet Mr. Ayik's request.

## **3. The Role of Consumer Protection Law in Safeguarding Future Electronic Goods Consumers**

Reflecting on the current issues and the increasingly critical and well-informed society, it is evident that relying solely on the existing laws may not be sufficient. Given these concerns, it is essential to consider updating the existing legislation to address the evolving nature of technology-related crimes. While Law No. 8 of 1999 on Consumer Protection covers consumer and business rights and obligations, dispute resolution, consumer protection institutions, and enforcement and sanctions, there is a need for clearer classifications of criminal acts, particularly in terms of their severity and potential harm.

Such specialization in categorizing violations of consumer rights is crucial, as businesses often struggle to understand the boundaries of acceptable practices. This ambiguity can lead to businesses feeling unfairly blamed for issues arising from their products.

Therefore, it is necessary to establish clearer guidelines on the rights and responsibilities of both consumers and businesses concerning the products they produce and sell. The government must play an active role in regulating these matters, rather than relying solely on the National Consumer Protection Agency, which is directly accountable to the President.



Figure 2. Legal Protection For Consumers  
(Source: SpringerLink)

## E. Discussion

### 1. The Role of Law No. 8 of 1999 Concerning Consumer Protection in Relation to Users of Electronic Goods

Based on further research and interviews, it was found that the public holds the following perceptions:

- Consumers of electronic goods often harbor doubts about the quality of these products.
- Although electronic goods may be cheaper, there is uncertainty about how long they will last and whether they will adequately support the consumer's activities.
- There is a lack of clear guarantees regarding after-sales services for purchased electronic products.
- Repair services for electronic goods often lack precision and reliability.

After conducting research at various sales and after-sales service locations and interviewing respondents within the research area, it can be concluded that Law No. 8 of 1999 on Consumer Protection plays a significant role in protecting consumers, especially in safeguarding the interests of electronic goods users.

According to Law No. 8 of 1999, consumers are users who must be protected in their rights and obligations from business actors who may use various methods to sell their products, sometimes even employing slightly "coercive" tactics. Business actors, including producers and distributors, often engage in aggressive marketing practices, exaggerating the quality and selling points of electronic products through visual, audio, and even verbal means, such as direct selling.

Producers and distributors often introduce their products through television advertisements that overemphasize the quality and appeal of their products, despite the fact that the actual quality and value do not always match what is presented in the advertisements. Similarly, through audio and visual marketing, business actors may claim that their products are superior in quality compared to similar items on the market and offer better after-sales service and spare part availability.

Moreover, in some cases, producers or distributors resort to direct selling, offering significant discounts to persuade potential customers to purchase their products. For instance, Mr. Rusmawardi (40 years old) was offered a 60% discount on an electronic massage therapy product. Additionally, the sellers provided a one-year warranty with an option for spare part replacement.

However, eight months after purchasing the product, Mr. Rusmawardi encountered a malfunction and sought service at the nearest repair center, only to find that the center had closed. When he contacted the main office, he was informed that the product and its spare parts were no

longer in production. This situation led to an imbalance between business actors and consumers, with business actors often shirking responsibility for consumer complaints.

The issues experienced by Mr. Ayik and Mr. Rusmawardi highlight the need for consumer protection. Mr. Ayik requires protection regarding his use of an electronic product (a mobile phone), while Mr. Rusmawardi needs protection for replacing the electronic product he purchased, which malfunctioned before the warranty period expired.

In this context, consumer protection organizations have the opportunity to play an active role in safeguarding consumer rights, particularly through dispute resolution. Consumers who feel aggrieved can file a lawsuit against business actors either through dispute resolution bodies or through the general court system.

In addition to court litigation, consumers may also opt for out-of-court settlements based on mutual agreement. Such alternative dispute resolution does not eliminate the possibility of criminal liability as regulated by the law.

In filing a lawsuit against business actors for violations, the claim can be initiated by an aggrieved consumer, their heirs, a group of consumers with similar interests, or a consumer protection organization that meets specific criteria, such as being a legal entity or foundation that explicitly states in its articles of association that the organization's purpose is consumer protection and has been actively engaging in activities consistent with this objective. The lawsuit may be brought before a general court.

If the dispute is to be resolved outside of court, the parties involved—the plaintiff and the defendant—must seek an agreement on the form and amount of compensation and/or specific actions to prevent or avoid the recurrence of the consumer's loss.

In pursuing dispute resolution, the plaintiff, whether individually, as a group, or through a consumer protection organization, may file a lawsuit against the defendant based on the applicable regulations.

To facilitate consumer dispute resolution, the government has established a body at the district level to handle out-of-court settlements. The members of this consumer dispute resolution body must meet the following criteria:

- a. Indonesian citizens;
- b. In good physical health;
- c. Of good character, with no criminal record;
- d. Knowledgeable and experienced in consumer protection;
- e. At least 30 years old.

The duties and authorities of this consumer dispute resolution body include:

- a. Handling and resolving consumer disputes through mediation, arbitration, and conciliation;
- b. Providing consumer protection consultations;
- c. Monitoring the inclusion of standard clauses in contracts;
- d. Reporting violations of consumer protection laws to public investigators;
- e. Receiving written and verbal complaints from consumers about consumer protection violations;
- f. Investigating and examining consumer protection disputes;
- g. Summoning business actors suspected of violating consumer protection laws;
- h. Summoning and presenting witnesses, expert witnesses, or any person deemed knowledgeable about the violation of the law;
- i. Requesting assistance from investigators to present business actors, witnesses, expert witnesses, or any other persons willing to respond to summonses from the consumer dispute resolution body;
- j. Obtaining, examining, and evaluating documents, letters, or other evidence for investigation or examination purposes;
- k. Determining whether there is consumer harm;



- l. Notifying business actors of decisions regarding violations of consumer protection laws;
- m. Imposing administrative sanctions on business actors who violate consumer protection laws.

For the sake of expediency, the consumer dispute resolution body is required to issue a decision no later than 21 working days after the lawsuit is filed.

The administrative sanctions that can be imposed in consumer dispute resolution are categorized into three areas:

- a. The consumer dispute resolution body is authorized to impose administrative sanctions on business actors who violate Articles 19(2) and (3), Article 20, Article 25, and Article 26 of the law.
- b. Administrative sanctions may include compensation orders up to a maximum of IDR 200,000,000 (two hundred million rupiahs);
- c. The procedure for imposing administrative sanctions is further regulated by laws and regulations.

In addition to administrative sanctions, criminal penalties may also be imposed on business actors if they are proven guilty of committing crimes related to consumer product fraud. The criminal penalties include:

- a. Business actors who violate Articles 8, 9, 10, 13(2), 15, 18(1)(a), (b), (c), and 18(2) of the law may be sentenced to a maximum of five years' imprisonment or fined up to IDR 2,000,000,000 (two billion rupiahs);
- b. Business actors who violate Articles 11, 12, 13(1), 14, 16, and 17(1)(d) and (f) may be sentenced to a maximum of two years' imprisonment or fined up to IDR 500,000,000 (five hundred million rupiahs);
- c. In cases where the violation results in serious injury, severe illness, permanent disability, or death, applicable criminal penalties will be enforced.

In addition to the sanctions stipulated by administrative or criminal penalties, additional punishments may also be imposed, such as:

- a. Confiscation of specific goods;
- b. Public announcement of the court's decision;
- c. Payment of compensation;
- d. Orders to cease certain activities that cause consumer harm;
- e. Obligation to recall products from circulation; or
- f. Revocation of business licenses.

Therefore, in efforts to ensure consumer protection, plaintiffs through consumer protection agencies can hold business actors accountable for actions, whether intentional or unintentional, that involve fraudulent practices to maximize profit at the expense of consumers' rights.

To address this, the Government, through Law No. 8 of 1999 on Consumer Protection, regulates the rights and obligations of both business actors and consumers, and provides avenues for both parties to seek resolution in the event of a dispute.

In terms of dispute resolution, the government recognizes two methods: litigation and alternative dispute resolution (ADR) outside of court. Litigation remains infrequently pursued by both business actors and consumers due to its complex procedures, lengthy process, and sometimes unsatisfactory outcomes.

Apart from litigation, the government also acknowledges the use of ADR, which is more prevalent in Indonesia. This method allows business actors and consumers to engage in mediation to resolve disputes related to sales and post-sales activities.

However, this type of dispute resolution is prone to issues such as fraud and power imbalances,

where business actors might leverage their superior position to shift blame onto consumers, making it seem as though the consumer is at fault. For instance, business actors might argue that damage to an electronic product is due to the consumer's own negligence.

To combat this, consumers must pursue legal avenues more effectively to ensure protection and prevent business actors from engaging in public deception related to goods and services.

## **2. Consumer Remedies for Losses in Electronic Goods Ownership**

In disputes between business actors and consumers, a situation may arise where neither party wants to forfeit their rights as mandated by Law No. 8 of 1999 on Consumer Protection.

In a case involving Mr. Ayik, he was forced to travel from Semarang to Jakarta to exchange his electronic goods to obtain his rightful entitlement. The government's response includes establishing the National Consumer Protection Agency and recognizing the role of civil society organizations through the creation of a Self-Reliant Consumer Protection Agency.

However, the outreach efforts of the BPKN and LPKSM are perceived as inadequate. This is primarily because these agencies are mostly located in major cities across Indonesia, while the consumers who feel wronged often belong to the lower-middle class. This perception is reasonable since these consumers typically rely on locally available products to meet their needs. For example, Mr. Ayik, in an effort to fulfill his needs, purchased a mobile phone advertised by a distributor on television.

Unfortunately, the product did not meet the expectations set by the advertisements on television. Moreover, in obtaining service for the product, Mr. Ayik had to make considerable sacrifices, both in terms of time and money. To claim his rights, Mr. Ayik visited the mobile phone service center specified in the warranty card. However, the service center was unable to address his complaint, essentially "washing their hands" of the issue. The manufacturer, distributor, and direct seller involved in the transaction neglected their responsibilities, leaving Mr. Rusmawardi to bear the consequences.

In light of the provisions of Law No. 8 of 1999 on Consumer Protection, the issues faced by Mr. Ayik should ideally receive support from the BPKN or LPKSM. However, Mr. Ayik was unaware of the existence of these agencies, which could have assisted him in defending his rights against the deceptive practices of the mobile phone distributor.

To date, Mr. Ayik has attempted to contact the distributor's headquarters in Jakarta to seek clarification on the status of his mobile phone. Unfortunately, he has yet to receive a definitive response or find a resolution to his problem.

## **3. The Role of the Consumer Protection Law for Electronic Goods Users in the Future**

In addressing the issues faced by Mr. Rusmawardi and Mr. Ayik, it is essential to enhance the effectiveness of Law No. 8 of 1999 on Consumer Protection by further promoting the Consumer Protection Law. This effort will ensure that the public is aware of the rights and obligations that business actors must fulfill. Additionally, consumers should also be educated about their own rights and obligations to prevent overlapping responsibilities in business transactions.

To further strengthen consumer protection efforts, the government should increase public awareness of the National Consumer Protection Agency (BPKN) and the Self-Reliant Consumer Protection Agency (LPKSM). This would ensure that these agencies are well-known to the public, so that in the future, consumers who feel wronged by business actors know where to seek help.

The LPKSM, in particular, should be more proactive in raising awareness within the community. By doing so, their role in protecting consumers who have suffered losses due to the actions of business actors can be more effectively and efficiently targeted. Moreover, the LPKSM must be more attentive and responsive in assisting consumers in resolving disputes with business actors who have caused them harm. To better socialize Law No. 8 of 1999 on Consumer Protection, the law should not only highlight the responsibilities of business actors but also provide



comprehensive protection for them against unjust demands from consumers.

Therefore, the government should establish an agency or body that clearly defines the limits of consumer rights, as well as the boundaries within which business actors can exercise their rights in conducting business activities. This is crucial for ensuring that the goals of business actors in achieving profits are met in a fair and balanced manner.

## **F. Conclusion and Suggestion**

### **1. Conclusion**

Based on the results and discussion on business protection, several conclusions can be drawn, namely:

- a. Consumer protection efforts are crucial to ensure that the goods used by consumers to meet their needs or satisfy human desires are free from any deceptive practices or criminal activities by business actors.
- b. According to Article 1, point 3 of Law No. 8 of 1999 on Consumer Protection, a business actor is defined as any individual or entity, whether a legal entity or not, that is established and operates within the legal jurisdiction of the Republic of Indonesia, either independently or jointly through agreements, engaging in business activities in various economic sectors.
- c. While Law No. 8 of 1999 on Consumer Protection primarily addresses the rights and obligations of consumers and business actors, consumer dispute resolution bodies, consumer protection agencies, supervision, and sanctions, there is a need for clearer classification of offenses, particularly in determining whether they pose a threat or not. Due to the lack of specialization in categorizing actions that violate consumer rights, business actors often feel uncertain about what is permissible and what is not. This ambiguity can lead to business actors feeling unjustly blamed for issues related to their products.

### **2. Suggestion**

From the discussion and conclusions above regarding legal and business protection, recommendations can be made in the form of suggestions, namely:

- a. In efforts to protect consumers, it is important to focus on safeguarding the rights and obligations upheld by the government to protect human rights.
- b. To protect consumers, there must be binding regulations that establish a clear understanding between business actors and consumers. The government should clearly define the boundaries of what business actors and consumers are expected to do to ensure mutual respect for each other's rights.

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