

## LEGAL PROTECTION FOR SHOPEE SELLERS IN THE CASH ON DELIVERY PAYMENT SYSTEM

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### Abstract

Business actors in advancing their business, each e-commerce company must be able to compete in improving its services, one of which is in terms of cash on delivery (COD) payment methods. The use of the COD method in e-commerce is increasingly in demand because in addition to being easier, it also offers various benefits for consumers. However, it is also possible to cause problems, such as consumers who do not have good intentions in terms of payments. For this reason, business actors are also entitled to protection if their rights are ignored. So the parties involved must pay attention to what their rights and obligations are so that no party feels aggrieved. The responsibilities that arise in online buying and selling transactions using the COD method on shopee are born based on the legal relationship of the parties.

**Keywords:** Cash on delivery; Legal protection; Seller.

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### Abstrak

Pelaku usaha dalam memajukan usahanya, tiap perusahaan e-commerce harus mampu bersaing dalam meningkatkan layanannya salah satunya dalam hal metode pembayaran cash on delivery (COD). Penggunaan metode COD dalam e-commerce semakin diminati karena selain lebih mudah, namun juga menawarkan beragam keuntungan bagi para konsumen. Akan tetapi tidak menutup kemungkinan juga menimbulkan masalah, seperti konsumen tidak beritikad baik dalam hal pembayaran. Untuk itu pelaku usaha juga berhak mendapatkan perlindungan jika haknya diabaikan. Maka para pihak yang terkait harus memperhatikan apa yang menjadi hak dan kewajiban mereka agar tidak ada pihak yang merasa dirugikan. Tanggung jawab yang muncul dalam transaksi jual beli online dengan metode COD pada shopee lahir berdasarkan hubungan hukum para pihak.

**Kata Kunci:** Cash on delivery; Perlindungan hukum; Seller.

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DOI: 10.24252/aldev.v7i3.24710

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## INTRODUCTION

As an electronic medium of communication and information, the internet is widely utilized in various activities such as searching for news and data, browsing, conducting trade, and sending messages via email and other platforms. (Hilmiah, Marilang, and Erlina 2009) The advancement of technology has made information technology an effective instrument in the realm of modern commerce. (Hanim 2014)

The rapid growth of business activities must be balanced by a fair, healthy, and efficient business climate in order to promote sustainable economic development. Consequently, society will benefit from a business environment built upon principles of fair and healthy competition. (Nurjannah 2017) Trading activities that utilize the internet are referred to as electronic commerce or e-commerce. (Ramli 2004) In conducting transactions through the internet, it is essential to provide legal protection for the involved parties, as such transactions concern legal issues in the field of e-commerce. (Ramli, n.d.)

The regulation of e-commerce is stipulated in Law Number 11 of 2008, as amended by Law Number 19 of 2016 concerning Electronic Information and Transactions (ITE Law). This law serves as a preventive and controlling measure against cybercrime, while also ensuring legal certainty for all actions or transactions conducted in the digital space. Article 1, point 2 of the ITE Law explains that an electronic transaction is a legal act carried out using computers, computer networks, or other electronic media. One manifestation of this provision is the practice of online buying and selling. (Jamal and Natsif 2020)

In an electronic transaction, an agreement between the parties is generally established as the foundation of the contract. The binding nature of such a contract is based on the parties' consent, expressed either in written or oral form, which holds legal consequences for both sides. In today's digital era, people's interest in online shopping continues to increase, prompting business actors to utilize the internet as a medium for selling their products through online marketplaces.

The existence of the Consumer Protection Law (UUPK) is also expected to foster economic democracy based on the 1945 Constitution and the values of Pancasila. The enactment of the UUPK is a responsive step that complements the legal framework designed to protect consumers from potential risks arising from economic development, technological advancement, and global changes that accelerate business activities. As stipulated in Article 45 paragraph (2) of the UUPK, dispute resolution between parties may be conducted amicably outside of the Consumer Dispute Settlement Agency (BPSK) or court proceedings, as long as it does not conflict with the provisions of the law. (Suharnoko 2004)

Currently, various online marketplaces are commonly used by society to meet their needs and by business actors to sell their products, including Shopee, Lazada, Tokopedia, JD.id, and Bukalapak. The presence of these online stores provides convenience for consumers to obtain desired goods without having to visit physical markets. (Natsif, n.d.) The Shopee application, for instance, has become a platform for many sellers to market their products. It also provides several payment methods such as bank transfer, retail store payments (Alfamart, Indomaret), ShopeePay, OneKlik, as well as installment and loan options.

To enhance competitiveness and service quality, e-commerce companies strive to innovate, one of which is the implementation of the cash on delivery (COD) payment method. This method is widely preferred because it is considered more practical and offers several benefits for buyers. For business actors, adopting this payment system aims to attract more consumers and simplify transaction processes. (Aswandi, Marilang, and Nurjannah 2019)

However, the COD payment method also has negative aspects. Despite its perceived convenience, in practice, it often leads to problems that disadvantage sellers. For example, consumers sometimes act in bad faith by refusing to pay for goods that have been delivered according to their orders, thereby causing financial loss to sellers. Such behavior is contrary to the consumer obligations stipulated in Law Number 8 of 1999 concerning Consumer Protection (UUPK).

For instance, the author once observed an Instagram story from an online shop that is also a seller on Shopee. In the story, the seller expressed disappointment toward consumers who returned multiple orders due to non-payment. The seller felt aggrieved, as the goods that could have been sold to other buyers were instead delayed. Based on the aforementioned background, the author is interested in conducting a more in-depth study on the issue of legal protection for Shopee sellers in the practice of cash on delivery (COD) payment transactions.

## METHOD

The type of research used in this writing is normative legal research with a statutory approach. The data sources obtained are directly related to laws and regulations, legal books, research findings, theses, legal journals, and articles or news relevant to the author's topic. The data processing technique is carried out through library research, by collecting various data from books, articles, and legislation related to the issue. The data analysis used is qualitative presentation, which summarizes the data in an easily understandable form, so that the relationships between the research problems can be studied and examined.

## RESULT AND DISCUSSION

### 1. *The Position of The Cash On Delivery (COD) Payment System in The Consumer Protection Law*

In both conventional and online sales transactions, the process always begins with an agreement or mutual consent between the parties. Under contract law, the principle of freedom of contract applies; however, this freedom is not without limits. The parties are free to establish any agreement as long as it does not violate statutory regulations, morality, or public order. A contract is deemed valid once the parties have reached an agreement, including sales agreements made through online media. The validity of such agreements is supported by Article 20 of the Electronic Information and Transactions Law (ITE Law), which stipulates that, unless otherwise agreed by the parties, an electronic transaction occurs when an offer sent by one party has been approved and received by the other. This provision indicates that the agreement is formed through electronic acceptance, not merely upon the physical handover of goods or payment. (Nurjannah 2017)

In practice, electronic transactions begin when a seller offers a product on an e-commerce platform such as Shopee. After viewing the offered product, the buyer selects the desired item, places an order, and chooses a payment method. Once the order is made, the seller ships the goods to the buyer using a delivery service provided by the e-commerce platform.

In e-commerce, several types of payment systems are used. The first is the ATM transfer model, in which payment for purchased goods is made through interbank transfer. The second is the debit-on-delivery system, in which consumers use a debit card that can be swiped directly by the delivery agent upon receipt of the goods. The third is the escrow payment system, where the buyer transfers funds to a third-party electronic agent's account, and the agent then forwards the payment to the seller.

A relatively new payment method in e-commerce is the Cash on Delivery (COD) system, or payment upon delivery. In this method, the buyer pays for the goods only after receiving them from the courier. The regulation governing payment methods in electronic commerce can be found in Government Regulation (PP) No. 80 of 2019 concerning Trading Through Electronic Systems (PMSE), particularly Article 60. This article states that parties involved in electronic commerce may conduct payments through electronic systems, that the currency used must comply with statutory provisions, and that payments may be made using banking systems or other electronic payment methods permitted by law. Moreover, entities providing electronic payment services must obtain authorization from the relevant authorities, and domestic or foreign e-commerce providers may cooperate with payment service providers based on mutual agreement.

However, Article 60 paragraph (5) only mentions cooperation with electronic payment service providers and does not explicitly regulate cash-on-delivery transactions, where the buyer makes payment after receiving the goods from the courier. Therefore, while the regulation recognizes electronic payments, it does not yet specifically address COD as a hybrid method that combines digital ordering with offline payment.

From this perspective, it can be understood that sales transactions are no longer limited to conventional means but can also be carried out through online platforms. Whereas previously online transactions required payment before shipment, modern systems such as COD now allow buyers to pay only after the goods are delivered to their address.

In business activities, there is an interdependent relationship between business actors and consumers. Business actors seek to gain profit, while consumers aim to achieve satisfaction through the fulfillment of their needs. Therefore, both parties must be aware of and respect their respective rights and obligations. The Consumer Protection Law (UUPK) provides a detailed framework for this relationship.

Consumers are entitled to comfort, security, and safety in consuming goods or services. They have the right to choose and obtain products that match their agreed value, condition, and guarantees. Consumers are also entitled to clear, accurate, and honest information regarding the goods and services they purchase, and to express their opinions and complaints regarding the products used. Furthermore, consumers have the right to advocacy, education, fair treatment, and compensation if the goods or services received are not as promised. In return, consumers are obliged to read and follow the instructions and procedures for safe use, act in good faith during transactions, pay the agreed price, and participate in appropriate dispute resolution processes.

Similarly, business actors also have rights and obligations under the UUPK. They have the right to receive payment in accordance with the agreed value and condition of the goods or services provided, to obtain legal protection from consumers acting in bad faith, and to defend themselves appropriately in dispute resolution. They also have the right to restore their reputation if proven legally innocent of causing consumer losses. On the other hand, business actors are obliged to act in good faith, provide clear and honest information about the goods or services they offer, and treat consumers fairly without discrimination. They must guarantee the quality of their products according to applicable standards, allow consumers to test the goods or services offered, and provide compensation or replacement for losses arising from their use if the products fail to meet the agreement.

The connection between Article 4(c) of the UUPK, which states that consumers must pay according to the agreed exchange value, and Article 6(1), which grants business actors the right to receive payment for their goods or services, implies that the law indirectly regulates payment obligations, though not in detail. Essentially, buyers are required to pay sellers in both conventional and online transactions. In COD systems, this obligation is fulfilled when the buyer receives the goods, pays the courier, and confirms receipt through the e-commerce platform. At this point, the sales contract is considered executed. (Erlina 2016)

Legal protection is inherently linked to the rights and obligations of both parties. To achieve such protection, each party must uphold their respective duties and responsibilities. However, in practice, it is often observed that one party fails to fulfill its obligations. Business actors sometimes neglect their responsibilities, but consumers may also commit breaches, particularly in COD transactions. Therefore, business actors also deserve legal protection. Functionally, the concept of legal protection encompasses both formal and material legal mechanisms that can be utilized by the state and its citizens to resolve disputes arising in social and economic relations. (Natsif, n.d.)

## 2. *Responsibilities of the Parties in Conducting Online Shopping Transactions Using the Cash on Delivery (COD) Payment System on Shopee*

In today's trade practices, people tend to prefer shopping online rather than visiting physical stores. This shift became even more prominent during the COVID-19 pandemic, when the government imposed restrictions on gatherings to break the chain of virus transmission. With the growing public interest in online shopping, many online stores began offering a payment system where the payment is made only when the order arrives, commonly known as the Cash on Delivery (COD) system.

According to the author, advances in technology have brought great benefits to the commercial world, especially during this time. Business actors continue to innovate, including in terms of payment methods. Previously, payment for goods had to be made through bank transfer before shipment, but now consumers can make purchases even before paying, through the COD system.

Generally, sales transactions are governed by the Civil Code, which requires that an agreement precede the sale. Article 1338 of the Civil Code further stipulates that all legally made agreements shall apply as law for those who enter into them. Every contract must be executed in good faith by both parties. Acting in good faith here means providing honest and accountable information so that neither party feels disadvantaged by the agreement. (Marilang 2013)

Article 3 of Government Regulation No. 80 of 2019 concerning Trading Through Electronic Systems (PMSE) outlines several principles that must be upheld by the parties, namely: good faith, caution, transparency, trust, accountability, balance, and fairness. Good faith refers directly to the performance of the contract, and it must be demonstrated during the execution of the agreement. The principle of caution emphasizes the need for both parties to act prudently when conducting electronic transactions since all electronic information related to the seller, buyer, and goods or services being traded must be carefully considered. Transparency requires both business actors and consumers to provide objective, comprehensive, and truthful information to ensure peace and stability within society. (Djumhana 2000)

Trust is essential in business as it underlies the development of any commercial relationship. Accountability requires that electronic transactions be carried out responsibly, adhering to legal and ethical norms. The principle of balance ensures that both business actors and consumers benefit equally from their

legal relationship, while fairness demands equality in all economic activities to foster a conducive business environment and equal opportunities. These seven principles must be applied by all parties in electronic transactions to create a safe and comfortable transaction environment.

Law No. 7 of 2014 on Trade further regulates electronic commerce in Article 65, requiring business actors to display accurate and complete data or information. Business actors are prohibited from selling goods or services that do not match their original description, and the use of electronic systems must comply with the provisions of the Information and Electronic Transactions Law (ITE Law). Based on this, the author believes that business actors selling online must provide complete and accurate information about their products and be fully responsible for the information they provide to consumers.

In online sales transactions using the COD method, legal responsibility arises from the legal relationships created by these transactions. As previously discussed, responsibility arises from the legal relationship established through an act or legal event. In a COD-based online sales transaction, there are four involved parties: Shopee, the business actor (seller), the buyer, and the delivery service. The legal relationships formed include: the contractual relationship between the buyer and the seller based on a sales agreement; the contractual relationship between the seller and the delivery service based on a shipping agreement; and the relationship between Shopee and the seller, which is based on Shopee's internal terms and conditions.

From this, it can be concluded that there is no direct legal relationship between the consumer and the delivery service. Therefore, the delivery service is not legally responsible to the buyer but only to the seller, based on their delivery agreement. The allocation of responsibility is grounded in the legal relationship and fault-based principles. A consumer's refusal to pay in a COD transaction due to dissatisfaction or product damage cannot be justified and may be considered a breach of contract (default) since the consumer fails to fulfill their payment obligation. This issue often arises due to consumers' limited understanding of digital transactions and a lack of awareness regarding COD rules.

The forms of responsibility in online sales using the COD system on Shopee are as follows. First, the seller's responsibility arises when the goods delivered do not match the order. In practice, sellers may make mistakes such as sending the wrong color, size, quantity, or even product type. In such cases, the seller bears responsibility for the consumer's loss and must provide compensation or replacement. On Shopee, consumers can request a return if the product received does not match the order, as long as the return request is made within Shopee's warranty period. Regarding the cost of returning the goods, if the mistake is on the seller's side (for example, sending a defective or incorrect product), either the buyer or seller will bear the return shipping costs based on mutual agreement. If the two parties disagree, Shopee will decide who bears the shipping cost.

Second, consumers are responsible for paying for the ordered goods as agreed. Making payment as stipulated in the agreement is an essential obligation. In COD transactions, consumers must first hand the payment to the courier before opening the package, demonstrating good faith in the transaction. Refusing to pay can be avoided if consumers adhere to the rule of paying first before inspecting the goods. Before engaging in a COD transaction, buyers should study the terms and conditions carefully, assess whether the offered price matches the product's quality, and request real product photos when necessary. It is also important to note that each marketplace may have slightly different COD policies.

The process of COD transactions on Shopee typically proceeds as follows. The buyer places an order



on Shopee's website, provides the shipping address, and selects COD as the payment method before completing the order. Once the order is placed, the seller prepares an invoice and attaches it to the package. The courier collects the package from the seller and delivers it to the buyer's address. Upon delivery, the buyer pays the courier in cash, and the package must not be opened before payment is made. The courier then deposits the COD payment into the logistics partner's account, which transfers the amount to the seller's account after deducting handling fees. From this explanation, it is also advisable that buyers record a video while unboxing their packages. This serves as proof in case the product received differs from what was advertised by the seller, making it easier for Shopee to process complaints. The author also suggests that buyers choose online stores with good reputations and pay attention to product ratings and reviews from other customers. Doing so will help prevent disappointment with the items purchased.

## CONCLUSION

The position of the cash on delivery (COD) payment system in the Consumer Protection Law (UUPK) can be referred to in Article 4(c), which states that consumers are obligated to make payments according to the agreed exchange value, and in Article 6(a), which grants business actors the right to receive payment. These provisions indirectly regulate payment obligations, although they do not specify them in detail. Essentially, buyers must make payment to sellers as fulfillment of the sales agreement.

The responsibilities arising in online sales transactions using the COD method on Shopee are based on the legal relationships between the parties. The seller is responsible for delivering the goods in accordance with the order, the delivery service is responsible for any damage caused during shipment, and the buyer is responsible for following Shopee's COD payment procedures and making payment as agreed.

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