
A STUDY OF CONSUMER PROTECTION ISSUES IN E-COMMERCE

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ABSTRACT

The rapid expansion of e-commerce has made a drastic change in the way of consumer shopping, but issues linked to protection of consumers are rapidly increasing. A need for Consumer protection is there and many rights are enhanced regarding Consumers. There are many e-commerce platforms are there for ex., Amazon, Flipkart, BigCommerce, shopify, wix and Zepto. The increasing issues of online fraud, data privacy and dispute resolution are concerns. The mixed method was employed in research. The study contributes to the stronger implementation of regulations and education and awareness to consumers regarding unfair trade practices in e-commerce.

Keywords: Consumer, E-Commerce, Frauds, Regulation, Implementation.

Introduction:

The rapid growth in the online marketing the E-Commerce is growing rapidly and all the online portals and websites are increasing day by day they deliver every basic need and the essentials in span of the time. Society is consuming food by ordering online they are using all the products purchased online whether it may be cosmetics or cleansing. window shopping is the trend due to busy schedules and all the work pressure and the discounts and the home delivery they are purchasing online.

The issue with the E-Commerce is there is no transparency, no diligence and no in time refunds and no proper cancellation notification and laws related to consumer rights along with protection of interests are dealt with under the Consumer laws enforced in the year 2019 and “Consumer Protection (E-Commerce) Rules” enforced in year 2020, there are three redressal commission to enforce and implement the rights of the consumer in the act along with the Information Technology Act (ITA) enacted in 2000 also deals with the E-Commerce and the Online fraud and Data security is main issue arising out of the E-Commerce. Lack of Consumer Education along with awareness is the one of major concerns.

Conceptual analysis of Consumer Protection and the E-Commerce:

There is no definition of consumer protection in the Consumer Laws enacted in the year 2019 but they defined to whom we consider and Consumers and what their rights and what is called E-Commerce, the E-service providers and as punishment for the unfair trade practices and measures to avoid unfair trade practice in the E-Commerce as specified under section 2(7)¹ of the “Consumer Act” enforced in year 2019. A consumer is a person who hires or else utilizes a service for payment, that includes service recipients, or who purchases any items for payment, promise, or partial promise for business purposes.

Protecting customers from a variety of unfair business practices is called consumer protection. The Court in *Raghubir Singh v. Thakurain Sukhraj Kuar*² clarified that the connection behind these protections aims to prevent different commercial malpractices and to prohibit the business sector from abusing customers.³Section 2(9) defines Consumer Rights

¹ The “Consumer Act, 2019 (Act 35 of 2019), s 2(7)

² *Raghubir Singh v. Thakurain Sukhraj Kuar* AIR 1939 Oudh 96 at 99

³ *Rajiv Khare & Gargi Rajvanshi*, “E-Commerce and Consumer Protection: A Critical Analysis of Legal

and comprises 6 rights namely; right to be protected against hazardous goods along with services of any such goods, products and marketing of any goods as well as services that are hazardous in nature; The right to be informed is a fundamental tenet of natural justice, encompassing information about the purity, quantity, potency, standards, quality, as well as pricing of goods, products, or else services, thereby safeguarding consumer rights against “the unfair trade practices; right to be assured, when feasible, ensure accessibility to a diverse array of products, goods, or else services at the competitive prices in accordance with the Competition Law established in the year 2002; right to be heard and to be assured that the customer interests will receive proper attention by the commission specified in Chapter 4; right to seek redressal; as well as right to consumer” awareness.⁴

These “Consumer rights” as engrafted under the old act, 1986 as well as under new act enacted in the year 2019 are borrowed *firstly*, from the speech given by then US President, John F. Kennedy, who on 15 March in the year 1962, while addressing the US Congress, talked about 4 basic rights that comprise; “the right to safety”; “the right to be informed”; “the right to choose”; “the right to be heard”; and *secondly*, from a resolution UN Assembly passed on 16 April 1985, which gave four more rights; “the right to choose”; “the right to be heard”; “right to consumer education”; “right to healthy environment”.⁵

E-Commerce⁶ is defined under the Consumer laws enacted in the year 2019 which implies the purchase or else sale of goods and services, especially digital items, via an electronic or digital network for example, If A, buys an ornament in the platform named Flipkart and the transactions and that busying is called as E-Commerce as well as the Electronic Service Provider⁷ is also defined under act where a person offers the techniques or resources that allow a product seller to advertise or sell goods or else services to a customer, that include online marketplaces and auction sites.

E-commerce was not mentioned in the Consumer Protection Law prior to the 2019 Act, but it was introduced in the 2015 Consumer Protection Bill as a consequence of growing

Regulations”, “1 IJCLP 57(2013).available at <https://org.HOL.License> visited on 15/02/2025

⁴ The Consumer Act, 2019 (Act 35 of 2019), s 2(9)”

⁵ G.B. “Reddy and Baglekar Akash Kumar, Consumer Protection Act: A Commentary 44 (Eastern Book Company, Lucknow, 2nd edn., 2023)

⁶ The Consumer Act, 2019 (Act 35 of 2019), s 2(16)

⁷ The Consumer Act, 2019 (Act 35 of 2019), s 2(17)”

digitization brought about “by the standing committee on food, consumer affairs, along with public distribution. To prevent unfair trading practices in the online industry, action can be taken by the Central Government. Accordingly, The Central Government” framed “Consumer Protection (E-Commerce) Rules” in the year 2020 as per power established under the Section 94 and Section 101 of the “Consumer Protection Laws”.⁸

Issues in E-Commerce:

Non-Transparency: there is no transparency about the quality of the goods and services is not so transparent in the case *Abhi Traders v. Fashnear Technologies pvt.ltd. and ors.*⁹ where the seller misused the plaintiff’s intellectual property by using the same colour and design and selling it by another name.

Due Diligence: there is no proper care many products will come differently many products are of low quality and there will be no product at all.

Lack of Awareness: Absence of awareness is there among the consumers they are unaware of their own rights and their lack of knowledge about the terms and conditions of the contract through online. Customers don’t know where to get remedy and helpline and customer care won’t respond on the time.

Transactional issues: the refund and cancellation won’t arrive on the time and it takes 7 to 8 business hours for the update and refund, online money transactions to the products sometimes transaction will not get reflected immediately even if bank deducted money from respected account.

Legal “Perspective of Consumer Protection in E-Commerce:

Information Technology Act,2000:

Section” 84 of the Act addresses E-Governance and E-Commerce and ensures that the all the electrical equipment is used safely. Section 43A of the Act for Data protection so anyone who uses and sees the data by someone’s name and they are held punished with 1,00,000 rupees and

⁸ Ashok Patil, *Commentary on Consumer Protection Act,2019* 161(Thomson Reuters, Gurgoan,2022)

⁹ *Abhi Traders v. Fashnear Technologies pvt.ltd.* 2024 SCC Online Del 1604

2 years of Imprisonment.¹⁰In *Shreya Singhal V. Union of India*,¹¹where it was held that intermediaries are not liable.

Consumer “Protection Act,2019 and Consumer Protection (E-Commerce) Rules,2020:

In the year 2019, the Consumer Protection Law was enacted which made provision under Section 94 about the measures for preventing unfair trade practices in the e-commerce, direct selling and Section 101¹² of the Act gives the central government the authority to” enact regulations.

On July 23, 2020, the rules, also called as the “Consumer Protection (E-Commerce) Rules”, in year 2020, became operative. They cover 4 models of E-commerce.

- (a) All services and commodities that are bought or else sold via digital or else electronic networks, that include digital products;
- (b) every e-commerce model, encompassing marketplace and inventory models;
- (c) all “e-commerce retail, that includes multi-channel single brand retailers along with single brand retailers in the single or else multiple formats; and
- (d) all types of unfair trade practices throughout every model of” e-commerce¹³

Duties of E-Commerce Entities:

As per Rule 3, E-commerce entities have several types of duties. Before reviewing them, the following is a definition of “E-commerce entities. Anyone who owns, operates, or oversees a digital or electronic facility or platform for electronic commerce is called as an” "e-commerce entity."¹⁴ This doesn't encompass a seller who offers his products or services for sale on an e-commerce marketplace;

¹⁰ Daksha Jha, “E-Commerce and Consumer Protection: Critical Analysis of Legal Regulations”,5 “INDIAN J.L. & LEGAL RSCH. 5 (2023). available at <https://org.HOL.License> visited on 14/2/2025

¹¹ *Shreya Singhal v. Union of India* (2015) 5 SCC 1

¹² *The Consumer Act,2019(Act 35 of 2019), s 101(2”)* (zg)

¹³ *The “Consumer Protection (E-Commerce) Rules, 2020 426(E) Rule (2)*

¹⁴ *Ibid* RULE (3)(b)

1. Incorporation Requirements: In accordance with “section 2 of the Foreign Exchange Management Act of 1999¹⁵, an e-commerce entity must belong to a company that was integrated under the Companies Act of 1956 or the Companies Act” of 2013, or it must be a branch, agency, or else office outside of India that is possessed or under control of an Indian resident, along with the appointment of a nodal officer to investigate compliance with act and regulations.¹⁶

2. Disclosure of Information: the entities must go through every detail they have to disclose information like name, address, website details along with the contact details of the customer care, grievance officer.

3. Unfair trade practice: the platform will do unfair competition during the course of business.

4. Grievance Mechanism: they must have grievance mechanism and call free number and refund and cancellation.

Challenges in Enforcing Consumer Protection in E-Commerce with Case Laws

1. Cross-Border Transactions and Jurisdictional Issues in E-Commerce

The e-commerce world has evolved to represent cross border transactions, where consumers have the privilege of shopping with foreign sellers. This has enlarged the consumer market as well as market access but at the same time, paved the way for serious legal problems. The larger issue relates to choosing what jurisdiction's consumer protection statutes are relied upon and how they are enforced in cases where consumers can't resolve their disputes with foreign sellers. A multitude of global regulations make the procedure of consumer protection difficult and consumers may be exploited. However, the “Consumer Protection Act” (CPA), in year 2019 in India aims to protect the “rights of consumers”, but it is only applicable to intra-border transactions without any further definition in that. This issue has been addressed by courts, but primarily by perceiving consumer laws in favour of the consumers, even in the case of foreign entities.

¹⁵ *Ibid*” RULE (4)(1)(a)

¹⁶ *Ibid* RULE (4)(1)(b)

Indian courts use a policy that supports consumer protection in e-commerce disputes that span international borders: *Google India Pvt. Ltd. V. Visakha Industries & Ors.*¹⁷ Intermediaries operating under Google received a Supreme Court (SC) ruling that stipulated their potential legal responsibility for regulatory compliance violations despite operating from abroad.

M/s. Bright Star Telecommunications v. According to the NCDRC's ruling (2021) foreign ecommerce businesses must follow all Indian consumer protection legislation when they provide services to India.

Consumer protection throughout international transactions requires the following actions to achieve better effectiveness:

1. India should construct bilateral treaties with principal e-commerce exporting nations as a method to protect consumer rights under their laws.
2. Before customers complete their purchase e-commerce platforms need to reveal which legal system controls them as well as their allowable consumer protection remedies.
3. Companies should set up Online Dispute Resolution platforms which provide speedier cross-border dispute resolution services.
4. Data Localization Laws require both national and global entities to keep the personal data of Indian customers physically stored in India for security against misuse.
5. E-Commerce Requirements should harmonize existing laws for consumer protection by following the international standards outlined in “the UN Guidelines on Consumer Protection (1985).

The protection of the consumers in cross-border e-commerce transactions” becomes difficult because different jurisdictions create legal conflicts regarding consumer rights. The judiciary demonstrated support for consumers through its ruling in *Sonic Surgical v. National Insurance Company Ltd.*¹⁸ Strong consumer rights foundation established by National Insurance Company Ltd. makes possible the protection of consumers in their e-transactions.

¹⁷ *Google India Pvt. Ltd. V. Visakha Industries & Ors.*, (2020) SCC Online SC 895

¹⁸ *Sonic “Surgical v. National Insurance Company Ltd.*, (2010) 1 SCC 135

Empowerment of digital marketplace consumers depends on setting up global cooperation methods mandatory notification requirements and effective complaint resolution mechanisms.

E-commerce serves as the vital foundation for worldwide business transactions so we need to advance consumer defense laws to maintain pace with digital market demands.

2. Data Privacy and Security Breaches in E-Commerce

The security problems related to data privacy along with security breaches stand as the biggest obstacle in e-commerce transactions because they destroy consumer faith in online commerce systems. E-commerce platforms currently require consumers to share personal details such as names along with addresses and payment information and browsing activities for their services and goods purchases.

The fundamental role of data privacy protection in e-commerce gained approval through the historic "*Justice K.S. Puttaswamy (Retd.) v. Union of India* case.¹⁹ Established the constitutional right to privacy under Article 21 of the Indian Constitution while ruling on the case called *Justice K.S. Puttaswamy (Retd.) v. Union of India*²⁰. The court declared personal information control rights belong to all people which establishes privacy as a vital protection under the right to life and personal liberty. India's judicial system introduced a new data protection standard that enforced e-commerce websites to protect users' personal information through this historic judgment. Businesses requiring consumer data must practice transparency through proper policies alongside direct consent methods and must establish enough security measures to stop unauthorized information access or misuse.

Despite this significant ruling, data breaches remain rampant in the e-commerce sector. Many online platforms collect excessive consumer information without adequate safeguards, leaving sensitive data vulnerable to cyberattacks. The lack of robust data protection laws further aggravates the issue, as the existing ITA, in the year 2000 only offers limited provisions for data security. Loopholes in data protection regulations create an environment where e-commerce platforms can exploit consumer data for commercial gain without facing significant legal repercussions.

¹⁹ *Justice K.S. Puttaswamy (Retd.) v. Union of India*, (2017) 10 SCC 1

²⁰ *Justice K.S. Puttaswamy (Retd.) v. Union of India*, (2017) 10 SCC" 1

Another important case that underscored the liability of digital platforms in protecting consumer data is *Google India Pvt. Ltd. V. Visakha Industries & Ors*²⁰. In this instance, the SC addressed the accountability of intermediaries like Google for failing to remove defamatory content. The Court ruled that digital intermediaries must proactively remove harmful content when notified, reflecting the growing responsibility of the e-commerce platforms to protect consumer interests. The judgment also pointed out that intermediaries are not to be absolved from the responsibility of being simply passive facilitators of information. The ruling further directed the e-commerce platforms to ensure that they don't misappropriate the personal data of their users nor misuse them to cause any kind of harm to the users.

This is further compounded by the fact that consumer data is not very protected in e-commerce transactions in the absence of an appropriate grievance redressal mechanism. Often, it becomes difficult for consumers to pursue the redressal for the data breaches as most of the platforms lack a dedicated data protection office or do not respond to the complaints in time. To this gap, in 2020, "Consumer Protection (E-Commerce) Rules" tried to fill the gap by mandating that the e-commerce platforms appoint grievance redressal officers and have data protection policies. However, enforcing these rules is poor, giving consumers the small ability to seek compensation or punishment in the instance of a data breach.

In addition to those, cross-border e-commerce transactions come with an extra hurdle to protecting consumers' data. Data about the purchase of products from international platforms is often stored in servers in foreign countries that have different privacy laws. As there are no international data protection agreements this makes it difficult to also guarantee privacy standards in accordance and enforce basic data protection rights in foreign locations.

Given these challenges, what is needed is comprehensive data protection legislation in India. Regulating the gathering, storing or processing of personal data, the Personal Data Protection Bill involves making e-commerce platforms more accountable. If the bill is passed, it will provide a robust framework for data privacy and carry out hefty penalties to businesses that do not protect consumer data. But until such legislation is drafted, consumers would still be at the mercy of data breaches and privacy violations for any e-commerce ecosystem.

²⁰ *Google India Pvt. Ltd. V. Visakha Industries & Ors.*, (2020) SCC Online SC 895

3. Misleading Advertisements and Fake Reviews in E-Commerce

The problems involving misleading advertisements and fake reviews in the e-commerce sector have become pressing issues and significantly influence consumer trust, distorting consumer decision-making. This is often done in the names of e-commerce platforms that exaggerate product descriptions, use manipulated images, and create customer reviews to attract consumers and increase sales.

The legal stance on misleading advertisements was firmly established in the case of *Marico Limited v. Abhijit Bhansali*²¹, when the Bombay High Court (HC) ruled that any false or misleading advertisement, be it on traditional or digital media, constitutes an offence under the consumer protection laws. However, here too the defendant manipulated the product Parachute Coconut Oil of the plaintiff's company Marico, and tweeted that the product was not pure and the claims about the product made were misleading. This sort of false claim could hurt the brand as well as the consumers trusting that information, that's the court's words. Accordingly, advertisements have to be on verifiable facts and not exaggerated and misleading claims, the judgment stated. It applied consumer protection laws both to online content creators and to online platforms, and they were held equally liable for misleading advertisements.

Similarly, in *Reckitt Benckiser (India) Pvt. Ltd. V. Dabur India Ltd.*²², the Delhi HC again reiterated the need for honesty in advertising. The Misleading claims in the case were by Dabur India Ltd. against Reckitt Benckiser's product Dettol. Misleading advertisement amounts to distorting consumers' purchasing decisions as well as unfair competition, the court said. The judgment emphasized that consumer protection rules aim to safeguard customers from false assertions that may affect their buying choices. These instances highlight the value of truthfulness in digital marketing along with the need for stricter regulations to curb misleading advertisements on e-commerce platforms.

4. Non-Delivery and Defective Goods in E-Commerce

Non-delivery and defective goods are among the most common complaints confronted by consumers in e-commerce transactions. The convenience of online shopping often comes with the risk of receiving defective products or, in some cases, not receiving the product at all. These

²¹ *Marico Limited v. Abhijit Bhansali*, 2019 SCC Online Bom 5432

²² *Reckitt Benckiser (India) Pvt. Ltd. V. Dabur India Ltd.*, (2021) SCC Online Del 1099

issues arise because of several reasons, for example, lack of quality checks, fraudulent sellers, or logistical inefficiencies. The absence of physical inspection before purchase makes consumers highly dependent on the information provided by sellers, increasing the risk of receiving substandard or counterfeit products.

In the instance “of *Amazon Seller Services Pvt. Ltd. V. M/s. Suresh Sethi*²³, the NCDRC (National Consumer Disputes Redressal Commission) held that the e-commerce platforms are accountable for the non-delivery” of products when payment is made online. Although the complainant placed an order on Amazon, he never received the product, even after he repeatedly followed up. According to the NCDRC, the e-commerce platform is responsible for the delivery even after the amount is paid to such a third-party seller. The judgment reinforced the core principle that an e-commerce platform lacks any liability when it is merely an intermediary in the sense that it cannot be deemed responsible for the transactions going on in its platform.

5. Refund and Cancellation Delays in E-Commerce

Another common issue with consumers in the e-commerce sector is delayed refunds and cancellations. Frustration and the consequent loss of money characterize both situations when consumers fail to cancel orders or get their money back for defective products because of unnecessary delays. Most platforms are stringent in their refund policies and never take action to process these refunds, leaving the consumers with no other options other than opting for a store credit. Such practices not only hurt consumer rights but also bring about a decrease in the trust of the e-commerce platforms.

The instance of *Amazon Seller Services Pvt. Ltd. V. B. K. Traders*²⁴, set an important precedent. An order was placed by the complainant on Amazon and they sought a refund, as they did not receive their order. Despite reoccurring follow-ups, the refund was never initiated by the platform within the previous period by stipulated time. Holding Amazon responsible for the mental trauma caused to the complainant due to the delay, the NCDRC directed the sale of the product to be done within 15 days and awarded compensation to the complainant. In this

²³ *Amazon “Seller Services Pvt. Ltd. V. M/s. Suresh Sethi, (2019) SCC Online NCDRC*

²⁴ *Amazon Seller Services Pvt. Ltd. V”. B. K. Traders, (2022) SCC Online NCDRC 37*

judgement, the central idea was that e-commerce platforms need to follow their own refund and cancellation policies and resolve consumer grievances.

Suggestions for Strengthening Consumer Protection in E-Commerce

Mandatory Verification of Sellers

Verification must be mandatory which would facilitate the elimination of fake sellers and also restrict the business to only legitimate businesses on such digital platforms. Amazon and Flipkart have provided basic-level verification mechanisms but these should be made stronger and made uniformly across all e-commerce platforms.

Consumer Helpline Awareness

The absence of consumer rights and grievance redressal methods awareness is a major challenge in the development of a sound e-commerce sector. Also, only a handful of customers are aware of legal remedies available to them as well as the portals they can approach for filing a complaint. Since this curb, both the government and e-commerce platforms should implement customer awareness campaigns to educate the public on their rights and the available methods of redressal of grievances.

Data Protection Regulations

In the e-commerce field, data privacy has become an essential aspect, because this sector collects extremely large data of personal information: contact, payment and browsing history. Privacy violations, identity theft and financial loss may occur if banks allow the unauthorized use or mishandling of consumer data. Despite the importance of data privacy, India does not have comprehensive laws regarding how information from the e-commerce platform is collected, saved and processed by customer information.

For disparity, the Digital Personal Data Protection Act needs to be promised without further delay.

Penalty for False Reviews

In e-commerce, the problem of fake reviews and manipulated ratings has become commonplace

and it leads the consumers to make purchase decisions using a distorted picture of the products. Many e-commerce platforms such as sellers to postpaid or fabricated reviews can improve product ratings to attract more customers. Besides misleading consumers, it allows inequitable competition between the sellers. To address this problem, strict penalties should be levied on sellers as well as on the e-commerce platforms through which this manipulation takes place. In the year 2020, the “Consumer Protection (E-Commerce) Rules” require e-commerce platforms to ensure the authenticity of customer reviews. Nevertheless, these regulations have to be accompanied by stronger enforcement mechanisms as well as higher penalties for noncompliance.

Conclusion

The rise of e-commerce has brought the shopping experience to a new level, resulting in greater convenience, wider arrays of items to choose from, and the opportunity to avail of the best prices. Although this digital transformation has certainly also raised many challenges in the provision of proper consumer protection. This is happening in the light of the increasing number of dealings in the e-commerce sector, satisfactory matches with these degrees are increasingly occurring, and the surge of fraudulent practices, data breaches, misleading advertisements and delivery-related disputes. In particular, the government has in the year 2019 and the year 2020 passed several legislative measures, such as the CPA and the “Consumer Protection (E-Commerce) Rules”; however, the effectiveness of these regulations largely depends on proper implementation and enforcement. Also, when it comes to e-commerce platforms, they have to verify and make sure they are not working with dubious sellers, authentic reviews of customers, and fast processing of refunds. This will particularly act as a deterrent to acts of fraud and will essentially lead to a transparent and consumer-friendly e-commerce ecosystem.

In summary, e-commerce has been an opportunity as well as a challenge to consumer protection. While legal avenue already has a solid base but still has a lot to complete in enforcement and implementation.