

Legal Protection for Online Auction Buyers Due to Hidden Defects in Auction Objects Based on Legislation

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ARTICLE INFO	ABSTRACT
Received: 17 May 2026	The rapid growth of online auction transactions in Indonesia has increased efficiency and accessibility for buyers but has also created legal risks arising from hidden defects in auction objects that cannot be directly inspected prior to purchase. This study aims to analyze the forms of legal protection available to online auction buyers and the legal remedies that may be pursued when losses occur due to hidden defects. The research employs a normative legal method using statutory, conceptual, and case approaches through the examination of the Indonesian Civil Code, auction regulations, and relevant legal literature. The analysis focuses on Articles 1491, 1504, 1507, 1508, 1243, and Article 1338 paragraph (3) of the Indonesian Civil Code. The findings show that buyers remain entitled to legal protection when the defect existed before the auction, was hidden in nature, could not reasonably be detected, and caused actual loss. The novelty of this study lies in its integrated analysis of seller liability, hidden defects, and the principle of good faith in online auction transactions, showing that statutory protection remains applicable despite the presence of the " <i>as is where is</i> " clause. Legal protection is provided through preventive measures, such as transparency of information and disclosure of object conditions, as well as through repressive measures, including contract rescission, price reduction, compensation claims, and dispute resolution mechanisms. This study contributes to Indonesian auction law by clarifying the limits of seller liability and provides practical implications for legislators and auction organizers.
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1. Introduction

The rapid development of information technology has significantly transformed various aspects of civil transactions, including the auction system, which is increasingly conducted through electronic platforms. Digitalization has enabled auction activities to be carried out more efficiently by eliminating geographical barriers and facilitating broader public participation. In Indonesia, the implementation of online auctions has been supported by the Directorate General of State Assets Management (DJKN) through the official electronic auction platform. The implementation of electronic auctions is governed by the Regulation of the Minister of Finance Number 122 of 2023 concerning Auction Guidelines, which provides the legal basis for electronic bidding procedures, auction administration, and the responsibilities of auction officials. In addition, various banking institutions and private entities have developed similar digital auction systems to accommodate growing market demand. The integration of electronic systems into auction mechanisms reflects the broader trend of digital transformation in commercial and legal activities.¹ Consequently, online auctions have become an important instrument for facilitating the transfer of ownership of goods in a modern economic environment.²

An auction is generally defined as a method of selling goods to the public through written and/or oral bidding procedures in which prices may increase or decrease until a final transaction value is determined.³ The process is preceded by a formal auction announcement that informs potential participants of the object being offered and the relevant auction requirements. In an online auction system, all stages of bidding are conducted electronically without requiring the physical presence of participants. This mechanism offers practical advantages, including accessibility, efficiency, and reduced transaction costs. Nevertheless, the absence of direct interaction with the auction object creates challenges that are not commonly encountered in conventional auctions. As a result, participants must rely heavily on information provided through electronic media when making purchasing decisions.⁴

One of the most significant legal issues arising in online auctions concerns the inability of prospective buyers to conduct direct physical inspections of auction objects before the auction takes place. Buyers generally assess the condition of goods based solely on photographs, descriptions, administrative documents, and announcements available on electronic platforms. Such information may not always provide a complete representation of the actual condition of the auctioned property. In certain circumstances, important defects may remain undisclosed or may not be adequately visible through digital documentation. Consequently, buyers may unknowingly acquire goods that contain hidden defects that substantially reduce their value or usability.⁵ The risk of information asymmetry between sellers and buyers therefore becomes more pronounced within online auction transactions.⁶

From a legal, the issue of hidden defects is regulated under Article 1504 of the

¹ Burdon, "The Role of Online Marketplaces in Enhancing Consumer Protection."

² Nugraha, "Enhancing Public Participation in Government-Operated Online Auctions: An Empirical Analysis of Purchase Intention Determinants on Lelang.go.id."

³ Damainingrum and Labibah, "The Auction System in Motorcycle Arisan Practices: A Review of Minister of Finance Regulation Number 122 of 2023 on Auction Implementation Guidelines"; Muslim et al., "Appraisal Team: Responsibility and Principle of Fairness in Determining the Value of the Auction Object Limit."

⁴ Mukti and Isa, "The Effect of Digital Marketing, Word of Mouth, Brand Trust and Image on the Purchase Decision."

⁵ Gulati et al., "Adverse Selection for Luxury Goods in Online Auctions."

⁶ Ariyanto, Purwadi, and Latifah, "Tanggung Jawab Mutlak Penjual Akibat Produk Cacat Tersembunyi dalam Transaksi Jual Beli Daring."

Indonesian Civil Code, which stipulates that sellers are responsible for hidden defects existing in the goods sold.⁷ Such responsibility arises when the defect renders the goods unsuitable for their intended use or significantly diminishes their utility to the extent that the buyer would not have purchased them, or would have paid a lower price, had the defect been known beforehand. This provision reflects the fundamental principle that buyers are entitled to receive goods that correspond to reasonable expectations regarding quality and functionality. Furthermore, legal protection against hidden defects serves to promote fairness and balance within contractual relationships.⁸ The existence of this provision demonstrates that seller liability remains an essential component of civil law even when transactions are conducted through electronic means. Therefore, the legal doctrine concerning hidden defects remains highly relevant in addressing disputes arising from online auctions.⁹

In practice, auction announcements frequently contain an “*as is where is*” clause indicating that goods are sold in their existing condition. Such clauses are commonly used to limit the liability of sellers and auction organizers regarding the condition of auctioned objects. However, legal doctrine generally recognizes that contractual clauses cannot completely eliminate statutory obligations imposed by law. Where a defect is genuinely hidden and could not reasonably be discovered by the buyer prior to the transaction, the existence of an “*as is where is*” clause should not automatically absolve the seller from responsibility. The principle of good faith in contractual performance requires parties to disclose material information that may affect the transaction. Consequently, attempts to rely solely on exclusionary clauses may conflict with broader principles of fairness and consumer protection recognized within civil law.

Despite the increasing use of online auction mechanisms, previous studies have primarily examined legal protection for auction buyers in the context of execution auctions, consumer protection, or the general validity of electronic transactions.¹⁰ Fahamsyah (2022) analyzed legal protection for good-faith buyers in execution auctions,¹¹ Sari *et al.* (2023) discussed consumer protection in digital markets,¹² and Darmayasa *et al.* (2026) examined the legal responsibilities of execution auction sellers in delivering auctioned assets.¹³ While these studies provide valuable insights into auction law, they primarily discuss buyer protection from a broader perspective and do not specifically analyze seller liability for hidden defects in online auction objects through an integrated interpretation of the Indonesian Civil Code and auction regulations. In particular, limited attention has been

⁷ Wibowo, “How Consumers in Indonesia Are Protected Fairly? Analysis of Law No. 8 of 1999 Concerning Consumer Protection.”

⁸ Howells and Weatherill, *Consumer Protection*.

⁹ Wibowo, “How Consumers in Indonesia Are Protected Fairly? Analysis of Law No. 8 of 1999 Concerning Consumer Protection.”

¹⁰ Fahamsyah, Prakoso, and Putra, “Legal Protection on Good Intention Buyers Against the Auction Object Due to the Execution of Liability Rights”; Sari, Saidah, and Azizah, “E-Commerce Assurance: Exploring the Legal Fortifications for Consumers in Digital Markets”; Darmayasa *et al.*, “Legal Duties in Delivering Auctioned Assets as Legal Responsibilities of Execution Auction Sellers: Comparative Perspective.”

¹¹ Fahamsyah, Prakoso, and Putra, “Legal Protection on Good Intention Buyers Against the Auction Object Due to the Execution of Liability Rights”

¹² Sari, Saidah, and Azizah, “E-Commerce Assurance: Exploring the Legal Fortifications for Consumers in Digital Markets.”

¹³ Darmayasa *et al.*, “Legal Duties in Delivering Auctioned Assets as Legal Responsibilities of Execution Auction Sellers: Comparative Perspective.”

given to the legal consequences of hidden defects in relation to Articles 1491, 1504, 1507, 1508, 1243, and Article 1338 paragraph (3) of the Indonesian Civil Code, especially regarding the legal effect of the “*as is where is*” clause in online auction transactions. This limitation constitutes the research gap addressed by the present study.

The novelty of this research lies in its integrated normative analysis of hidden defects, seller liability, the principle of good faith, and the legal effect of the “*as is where is*” clause within the specific context of online auctions. Unlike previous studies that discuss these issues separately, this study develops a comprehensive legal framework explaining when online auction buyers remain entitled to legal protection despite contractual limitation clauses. The study also contributes to strengthening the doctrinal interpretation of seller responsibility in Indonesian online auction law.

This issue has become increasingly important due to the rapid expansion of electronic auction practices in Indonesia, which has increased buyers’ dependence on digital information without direct inspection of auction objects. Such conditions heighten the risk of information asymmetry and hidden defects, creating greater potential for legal disputes and uncertainty regarding seller liability. Accordingly, this study addresses two main issues which are first, the forms of legal protection available to buyers harmed by hidden defects in online auction objects; and second, the legal remedies that may be pursued under applicable laws and regulations.

2. Method and Legal Material

This study employed normative legal research focusing on doctrinal legal analysis to examine legal protection for online auction buyers who suffer losses due to hidden defects in auction objects. This approach was selected because the research seeks to analyze legal norms, principles, and statutory provisions governing seller liability and buyer protection rather than examining empirical legal behavior. The study adopted statutory and conceptual approaches. The statutory approach was used to examine the Indonesian Civil Code, particularly Articles 1491, 1504, 1507, 1508, 1243, and Article 1338 paragraph (3), together with auction regulations and consumer protection legislation relevant to online auction transactions. These provisions were selected because they specifically regulate seller liability, hidden defects, compensation, contractual performance, and the principle of good faith, which constitute the central legal issues of this study. The conceptual approach was applied to analyze the legal doctrines of hidden defects (*verborgen gebreken*), seller liability, legal protection, and good faith as the theoretical foundations of the study.¹⁴

Legal materials were collected through documentary research by reviewing legislation, legal literature, scientific journals, and other relevant legal documents systematically. The legal materials used in this study consisted of primary and secondary legal sources.¹⁵ Primary legal materials included the Indonesian Civil Code (*Burgerlijk Wetboek*), particularly Articles 1491, 1504, 1507, 1508, 1243, and Article 1338 paragraph (3), Regulation of the Minister of Finance Number 122 of 2023 concerning Auction Guidelines (Peraturan Menteri Keuangan Nomor 122 Tahun 2023 tentang Petunjuk Pelaksanaan Lelang), Law Number 8 of 1999 concerning Consumer Protection, and other legislation governing electronic

¹⁴ Maharani and Anggriawan, “Business Actors Liability to Consumers of Beverages and Food Containing Liquid Nitrogen”; Muskibah and Hasan, “Seller Liability and Dispute Resolution Concerning Hidden Defects in E-Commerce Transactions.”

¹⁵ O’Neill and Gillespie, *Legal Research: How to Find & Understand the Law*.

transactions and online auction implementation in Indonesia. Secondary legal materials were obtained from legal textbooks, scientific journal articles, previous research findings, and other scholarly publications discussing hidden defects, auction law, and contractual liability. The legal materials were analyzed qualitatively through descriptive-analytical techniques using grammatical, systematic, and teleological legal interpretation. Grammatical interpretation was employed to determine the ordinary meaning of statutory provisions, systematic interpretation was used to examine the relationship among relevant legal norms, and teleological interpretation was applied to identify the legislative purpose underlying legal protection for online auction buyers. The consistency of the legal analysis was ensured through vertical and horizontal synchronization of relevant legislation and by comparing statutory provisions with established legal doctrines and scholarly opinions. The findings were subsequently evaluated within the framework of legal certainty, justice, and the principle of good faith to formulate legal arguments concerning the forms of protection available to online auction buyers and the legal remedies that may be pursued in the event of losses caused by hidden defects. This study is limited to normative analysis of Indonesian legislation governing hidden defects in online auction transactions and does not examine empirical implementation or judicial practice.

3. Results and Discussion

3.1 *Legal Position of Buyers in Online Auctions*

Auctions constitute a legally recognized mechanism for the sale of goods through a public bidding process conducted by or before an authorized auction officer. Traditionally, auction activities required the physical presence of participants at a designated venue where bids were submitted directly. However, technological developments have transformed this mechanism into an electronic system that enables participation regardless of geographical location. Online auctions have become increasingly important because they facilitate broader public access to auction opportunities while reducing administrative and operational costs. The implementation of electronic auction systems also reflects the modernization of public services and commercial transactions in response to digital transformation. As a result, online auctions are now widely utilized in various sectors, including the sale of state assets, collateral objects, and privately owned property.¹⁶

The expansion of online auction platforms has created significant advantages for both sellers and buyers. Through electronic systems, prospective buyers can access auction information, submit bids, and complete transactions without attending a physical auction venue. This increased accessibility promotes efficiency and encourages wider participation from individuals located in different regions. Nevertheless, the convenience offered by online auctions is accompanied by several legal and practical challenges. Unlike conventional auctions, buyers are often unable to conduct direct inspections of auction objects before participating in the bidding process. Consequently, purchasing decisions are frequently based on information presented through photographs, descriptions, and supporting documents available within the electronic platform.^{17,18}

¹⁶ Faizah, Zaini, and Huda, "Perlindungan Hukum terhadap Pemenang Lelang Hak Tanggungan dalam Persepektif Peraturan Perundang Undangan Indonesia."

¹⁷ Akbar et al., "Analisis Hukum Cacat Tersembunyi dalam Perjanjian Jual Beli Online Akibat Ketidaksesuaian Barang."

¹⁸ Tu, Tung, and Goes, "Online Auction Segmentation and Effective Selling Strategy: Trust and Information Asymmetry Perspectives."

The reliance on electronically provided information places buyers in a relatively vulnerable position compared to sellers or parties possessing direct knowledge of the auction object. In many cases, prospective buyers have limited opportunities to verify the actual physical condition of the goods being auctioned. Information asymmetry may therefore arise when sellers possess more complete knowledge regarding the object's condition than potential buyers. Such circumstances increase the possibility of misunderstandings regarding the quality, functionality, or legal status of the auctioned property. The risk becomes even greater when the object contains defects that are not apparent from photographs or written descriptions. Therefore, the legal position of buyers in online auctions must be assessed not only from the perspective of contractual obligations but also from the standpoint of fairness and legal certainty within electronic transactions.¹⁹

From a legal, buyers who participate in online auctions in accordance with applicable procedures and fulfill their payment obligations should be regarded as good-faith purchasers.²⁰ The principle of good faith occupies a central position in civil law because it protects parties who honestly engage in legal transactions without knowledge of any hidden problems affecting the object acquired. Recognition of buyers as good-faith purchasers provides an important foundation for the application of legal protection when disputes subsequently arise. Such protection is particularly relevant where losses result from circumstances beyond the buyer's reasonable knowledge or control. In the online auctions, good-faith buyers should not bear disproportionate risks arising from incomplete, inaccurate, or misleading information regarding auction objects. Consequently, their legal status serves as a fundamental basis for claiming protection under civil law principles and the broader objectives of justice embedded within auction regulations.

3.2 Hidden Defects as the Basis of Seller Liability

Hidden defects (*verborgen gebreken*) refer to defects that already exist at the time of the sale but cannot reasonably be discovered by the buyer through ordinary inspection. Such defects may affect the functionality, quality, safety, or economic value of the object being sold. A defect is categorized as hidden when it is not apparent from the physical appearance of the object and cannot be identified without specialized knowledge or further examination. The legal significance of hidden defects lies in their ability to substantially impair the usefulness of the object or reduce its value to a degree that would have influenced the buyer's purchasing decision. In many cases, a buyer would either refuse to proceed with the transaction or negotiate a significantly lower price if the defect had been disclosed prior to the sale. Therefore, the concept of hidden defects serves as an important legal instrument for maintaining fairness and balance in contractual relationships between sellers and buyers.

The Indonesian Civil Code explicitly imposes liability upon sellers for hidden defects affecting the goods sold. Article 1504 establishes that sellers are responsible for defects that render the object unsuitable for its intended purpose or substantially diminish its utility. This finding is consistent with Al Islam, Harahap, and Taufiq who argue that business actors remain responsible for hidden defects regardless of whether the defects were intentionally

¹⁹ Akbar et al., "Analisis Hukum Cacat Tersembunyi dalam Perjanjian Jual Beli Online Akibat Ketidaksesuaian Barang."

²⁰ Gumilang, Mayana, and Cahyadi, "Legal Protection for Auction Buyers Who Are Disadvantaged Regarding the Validity of the Auction Deed Attended by Online Auction Officials (E-Auction)"; Rini et al., "Maintaining Legal Certainty in Indonesia: The Role of Legal Instruments in Protecting Auction Buyer."

concealed.²¹ However, unlike ordinary e-commerce transactions examined in previous studies, online auctions involve greater information asymmetry because buyers generally have no opportunity to physically inspect the auction object before submitting bids. This obligation is closely connected to Article 1491 of the Indonesian Civil Code, which requires sellers to guarantee the peaceful possession and proper enjoyment of the goods transferred to buyers.²² These provisions reflect the principle that a seller is not merely obligated to transfer ownership but must also ensure that the object delivered corresponds to reasonable expectations regarding its condition and usability. Consequently, liability for hidden defects arises not because the seller intentionally causes harm, but because the law imposes a duty to ensure the quality and fitness of the object sold. Within the context of online auctions, these legal obligations remain applicable despite the use of electronic platforms as the medium through which transactions are conducted.²³

The issue of seller liability in online auctions must also be examined through the principle of good faith, which constitutes a fundamental principle of contract law. Article 1338 paragraph (3) of the Indonesian Civil Code requires agreements to be performed in good faith, thereby imposing ethical and legal obligations upon contracting parties. In the context of auction transactions, sellers are expected to disclose material information concerning the condition of the auction object, particularly information that may affect the buyer's decision to participate in the auction. Failure to disclose known defects may indicate bad faith and undermine the integrity of the transaction. A seller who intentionally conceals significant deficiencies deprives prospective buyers of the opportunity to make informed decisions and shifts unreasonable risks onto the purchasing party. Accordingly, the principle of good faith functions as an important standard for evaluating whether a seller has fulfilled their legal responsibilities regarding the disclosure of hidden defects.

In practice, auction announcements frequently contain an *"as is where is"* clause stating that goods are sold in their existing condition without additional warranties from the seller or auction organizer. Although such clauses are commonly used to allocate risks between parties, they should not be interpreted as providing absolute immunity from legal responsibility. Civil law recognizes that contractual clauses cannot override mandatory legal obligations established by legislation, particularly those intended to protect fairness in contractual relationships. Where a defect is genuinely hidden and could not reasonably have been detected by the buyer prior to the auction, the existence of an exclusionary clause should not automatically extinguish the seller's liability. The effectiveness of an *"as is where is"* clause must therefore be assessed in light of the circumstances of each case, including the nature of the defect and the conduct of the parties involved. As a result, seller liability for hidden defects continues to exist when the application of such clauses would contradict statutory obligations, the principle of good faith, and the broader objective of achieving justice in contractual transactions.

The seller liability in online auctions cannot be interpreted solely through the provisions of the Indonesian Civil Code but must also be read systematically with auction regulations and the principles governing electronic transactions. While auction regulations

²¹Al Islam, Harahap, and Taufiq, "Legal Protection Efforts and Islamic Business Ethics Analysis of Hidden Defect Products in Online Transactions."

²²Sugianto et al., "A Scoping Review of Contract of Sale: The Case of Indonesia and Japan."

²³Sudiarto and Hayyan Ul Haq, "Perlindungan hukum Bagi Nasabah Atas Lelang Eksekusi Terhadap Barang Jaminan Hak Tanggungan"; Simamora, Setiawan, and Hartana, "Legal Aspects and Legal Implications of Auctioning Goods Via Social Media Platforms."

emphasize procedural certainty in conducting auctions, the Indonesian Civil Code provides substantive protection by imposing liability for hidden defects and requiring contractual performance in good faith. Accordingly, the legal relationship between these regulations shows that procedural compliance with auction requirements does not automatically eliminate the seller's civil liability when hidden defects are subsequently proven.

3.3 Preventive Legal Protection for Online Auction Buyers

Preventive legal protection is intended to prevent disputes and losses before they occur by ensuring that legal relationships are established on the basis of transparency, fairness, and legal certainty.²⁴ In the context of online auctions, preventive protection plays a particularly important role because buyers generally do not have the opportunity to physically inspect the auction object before participating in the bidding process. As a result, the quality and completeness of information provided through electronic platforms become the primary basis upon which buyers make purchasing decisions. Preventive protection is therefore realized through clear auction announcements, comprehensive object descriptions, access to supporting documents, and transparent disclosure of auction terms and conditions. These measures are designed to reduce information asymmetry between sellers and buyers while promoting informed decision-making. From a broader legal perspective, preventive protection reflects the state's commitment to safeguarding the rights of participants in electronic transactions and ensuring that legal disputes can be minimized through adequate disclosure mechanisms.

Within an electronic auction environment, information functions as the most important instrument for protecting buyers from potential losses. Unlike conventional auctions where participants may directly observe the object, online auction participants rely almost entirely on digital representations of the property being offered. Consequently, auction organizers and sellers are required to provide accurate, complete, and up-to-date information concerning the physical condition, legal status, ownership history, and any known deficiencies affecting the object. The obligation to disclose material information is closely related to the principles of transparency and good faith that govern contractual relationships. Misleading descriptions, incomplete documentation, or inaccurate photographs may distort the buyer's understanding of the object and create an unfair bargaining position. Therefore, the effectiveness of preventive legal protection largely depends on the ability of auction organizers to maintain high standards of information disclosure and accountability throughout the auction process.²⁵

The failure to provide adequate information may give rise to legal consequences because it undermines the buyer's ability to evaluate the object accurately before submitting a bid. Where significant information is omitted or presented inaccurately, buyers may unknowingly purchase objects containing legal or physical defects that would otherwise have influenced their participation in the auction. Such circumstances may constitute negligence on the part of the seller or auction organizer in fulfilling their duty of transparency. In addition, inadequate disclosure weakens legal certainty and increases the likelihood of disputes after the completion of the transaction. For this reason, preventive

²⁴ Banaba, Susilowati, and Sejati, "Legal Gap in Legal Protection for Aggrieved Parties at the Precontractual Stage."

²⁵ Maskanah et al., "Comparison of Auction Systems and Procedures Between Indonesia and Japan: A Study of the Principles of Transparency and Legal Certainty."

legal protection should not be viewed merely as a procedural requirement but as a substantive obligation intended to safeguard the interests of buyers. Strengthening transparency standards and ensuring the reliability of auction information are therefore essential elements in creating a fair and trustworthy online auction system.²⁶ From a regulatory perspective, preventive legal protection should not merely be understood as an administrative obligation of auction organizers but also as a legal mechanism for reducing information asymmetry between sellers and buyers. This finding expands previous studies by showing that disclosure obligations function not only to ensure procedural transparency but also to strengthen the implementation of the principle of good faith in electronic auction transactions.

3.4 Repressive Legal Protection and Legal Remedies

Repressive legal protection becomes relevant after a buyer has suffered losses resulting from hidden defects in an auction object. Unlike preventive protection, which seeks to avoid disputes, repressive protection focuses on restoring the rights of injured parties and providing legal remedies for losses that have already occurred. The Indonesian Civil Code recognizes several legal mechanisms through which buyers may seek relief when a purchased object contains hidden defects that substantially affect its value or functionality. These remedies are intended to reestablish fairness between contracting parties and ensure that buyers are not unfairly burdened by defects that were undisclosed at the time of sale. The availability of legal remedies also reinforces the principle that sellers must bear responsibility for the quality and condition of the objects they offer for sale. Accordingly, repressive legal protection serves as an important safeguard within the broader framework of civil liability and contractual justice.²⁷

One of the principal remedies available to buyers is *actio redhibitoria*, which allows the cancellation of the sale due to the existence of hidden defects. Through this remedy, the contractual relationship is effectively rescinded, and the parties are restored to their original positions as if the transaction had never occurred. The buyer returns the defective object, while the seller is required to refund the purchase price that has been paid. This remedy is particularly appropriate when the hidden defect substantially destroys the object's intended function or renders it unsuitable for use. In such circumstances, retaining the object would provide little or no benefit to the buyer and would contradict the principle of fairness underlying contractual relations. Consequently, *actio redhibitoria* functions as a corrective mechanism designed to eliminate the consequences of transactions that would not have occurred had the defect been known beforehand.

In addition to cancellation, buyers may pursue *actio quanti minoris*, which allows them to retain the object while requesting a proportional reduction in price. This remedy is generally more suitable when the object remains functional but possesses defects that diminish its value or utility. Furthermore, buyers who suffer measurable financial losses may seek compensation under Article 1243 of the Indonesian Civil Code by proving the existence of actual damages resulting from the hidden defect. Such damages may include repair expenses, depreciation in value, loss of economic benefits, or other direct financial

²⁶ Oroh, Prasetyo, and Kumala, "Perlindungan Hukum terhadap Pembeli Lelang Eksekusi Hak Tanggungan yang Tidak Dapat Menempati Objek Lelang Dikarenakan Adanya Perlawanan Hukum dari Debitur."

²⁷ Maskanah et al., "Comparison of Auction Systems and Procedures Between Indonesia and Japan: A Study of the Principles of Transparency and Legal Certainty."

consequences attributable to the defect. Beyond judicial proceedings, dispute resolution may also be pursued through non-litigation mechanisms such as negotiation, mediation, and settlement agreements. These alternative methods often provide faster, less expensive, and more flexible solutions while preserving relationships between the parties involved.²⁸ These remedies should therefore be interpreted as complementary rather than alternative legal protections. A systematic interpretation of the Indonesian Civil Code together with the regulations governing electronic auction implementation shows that contractual limitation clauses, including the *“as is where is”* clause, cannot override statutory seller liability for proven hidden defects.

3.5 Evidentiary Challenges and Recommendations

One of the most significant obstacles faced by buyers in disputes involving hidden defects is the issue of proof. In civil proceedings, the burden generally rests upon the claimant to demonstrate the existence of facts supporting their legal claim. Consequently, buyers must establish that the defect already existed before the auction took place, that it could not reasonably have been detected during the transaction process, and that it resulted in actual losses. This burden becomes particularly challenging in online auctions because buyers often have limited opportunities to inspect the object directly prior to purchase. Moreover, sellers may argue that the defect arose after the transaction or that the buyer should have been aware of the condition based on the available information. These evidentiary difficulties frequently become the determining factor in whether legal protection can be effectively enforced.²⁹

To support their claims, buyers may rely on various forms of evidence, including screenshots of auction announcements, photographs provided by the auction organizer, auction reports, correspondence between the parties, and expert testimony concerning the condition of the object. Digital evidence plays an especially important role because online auction transactions are largely conducted through electronic systems. However, the effectiveness of such evidence depends on its authenticity, reliability, and relevance to the disputed issues. Expert opinions are often necessary to establish whether a particular defect existed before the auction and whether it could reasonably have been identified by an ordinary buyer. The complexity of proving hidden defects demonstrates the need for more robust documentation standards within online auction systems. Strengthening evidentiary mechanisms would not only assist dispute resolution but also enhance public confidence in electronic auction transactions.³⁰

To improve legal protection for buyers, several regulatory and institutional measures should be considered. First, auction organizers should be required to provide verified condition reports prepared through objective inspections before the auction is conducted. Second, standards concerning disclosure obligations should be strengthened to ensure that all material information relating to the object is communicated clearly and accurately. Third, accessible complaint mechanisms and specialized dispute resolution procedures should be developed to facilitate the efficient settlement of auction-related disputes. In addition, greater integration of digital documentation and verification technologies could improve

²⁸ Nadzir and Wijaya, “Perlindungan Hukum Pembeli Lelang Eksekusi yang Tidak Dapat Menguasai Objek Lelang: Tinjauan Yuridis Perkara Nomor 194/Pdt.G/2021/PN.Bpp.”

²⁹ Onibala, Baftim, and Gerungan, “Perlindungan Hukum Pemenang Lelang Hak Tanggungan Menurut Peraturan Menteri Keuangan Republik Indonesia No. 213/06/2020.”

³⁰ Onibala, Baftim, and Gerungan.

transparency and reduce evidentiary uncertainties. Through these measures, the online auction system can better balance efficiency with legal protection while promoting fairness, legal certainty, and public trust in electronic transactions. The present study therefore argues that strengthening disclosure standards and documentary evidence should be regarded as preventive legal safeguards rather than merely evidentiary requirements. This perspective represents an additional contribution of the study because it links evidentiary standards with broader principles of legal certainty and buyer protection within Indonesia's online auction framework.

4. Conclusion

This study concludes that online auction buyers who suffer losses due to hidden defects are entitled to both preventive and repressive legal protection under Indonesian law. Preventive protection is realized through transparency obligations, adequate disclosure of the condition of auction objects, and the implementation of the principle of good faith by sellers and auction organizers. Repressive protection is available through legal remedies, including contract rescission (*actio redhibitoria*), proportional price reduction (*actio quanti minoris*), compensation claims pursuant to Article 1243 of the Indonesian Civil Code, and dispute resolution through litigation or alternative dispute resolution mechanisms. These protections remain applicable where hidden defects existed before the auction, could not reasonably be detected by the buyer, and resulted in actual loss.

The findings reveal a legal gap in Indonesian online auction practice, where contractual clauses such as "as is where is" are frequently relied upon despite the absence of clear standards governing the disclosure of hidden defects. The novelty of this research lies in demonstrating that seller liability for proven hidden defects remains enforceable through a systematic interpretation of civil law and auction regulations, thereby clarifying the legal relationship between contractual freedom and statutory buyer protection in online auctions. Theoretically, this study contributes to the development of Indonesian contract and auction law by strengthening the doctrinal interpretation of hidden defects and good faith in electronic transactions. Practically, the findings imply the need for clearer disclosure obligations, verified condition reports, and more specific regulatory safeguards for online auction platforms and auction organizers. Future research is recommended to examine judicial decisions concerning hidden defects in auction disputes and to conduct empirical studies on the implementation of buyer protection mechanisms in Indonesian online auction practices.

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Conflict of Interest

The authors declare no conflict of interest related to this research.

Authors' Contribution

Indah Luthfia Ginanjar: Conceptualization, Methodology, Formal analysis, Investigation, Writing-original draft, and Corresponding author. **Ummi Maskanah:** Supervision, Validation, Writing-review & editing, and Project administration. **Cica Susanti:** Data curation, Literature review, Investigation, and Writing-review & editing. **Aliyyah Fitrah Ramadan:** Resources, Validation, Visualization, and Writing-review & editing. All authors

have read and approved the final version of the manuscript.

Statement on the Use of AI

Artificial intelligence (AI) was used solely for grammar checking and language editing. All legal analysis, interpretation, arguments, and the final content of the manuscript were developed, reviewed, and approved by the authors.

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