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Consumer Protection in Online Marketplace: A Study of Refund and Return Policy

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ABSTRACT

This article describes the progress and development of online marketing in India. The impact of online platforms is repeatedly increasing due its efficient affordable nature and delivery process. But as every coin has two sides e commerce or the online market place has its pros and cons. We will discuss the cons of the online marketplace and will get to know about what are the benefits, protection and the legal framework governing the same. It underscores the traditional consumer protection to the digital consumer protection law as well as the information technology act 2000¹. This article provides the knowledge about the digital misrepresentation, digital fraud and forgery, deficiency in service providing², and reminds us of the need for entrepreneurs to disseminate the salient aspect of absorbing the world of cyber commerce beyond knowledge corrals. This article urges the judiciary to continue playing a vital role in protecting the three pillars of consumer rights in digital arena: to be informed, to choose and to heard³; and to be legislated properly not only to secure the rights but also to control the antisocial criminal activities⁴. This article also studies the legal procedure regarding the refund and return process. There are online platforms such as Flipkart, Amazon and others who provide such rights for return and refund for the online product. But also, there are some online market places which deliver fraud product to the consumer, for which the government had provided legal provisions under consumer protection act 2019⁵, and information technology act 2000.⁶

KEYWORDS

Marketplace, Forgery, Digital fraud, E-commerce, Refund, Consumer Protection, Intermediary Liability.

¹ Information Technology Act, 2000, §§ 43, 66, 66C, 66D.

² consumer Protection Act, 2019, §§ 2(16), 2(47) (deficiency in service and unfair trade practices); see also Indian Penal Code, 1860, §§ 415, 420, 463, 468

³ Consumer Protection Act, 2019 (consumer rights framework under Chapter III)

⁴ Shreya Singhal v. Union of India, (2015) 5 SCC 1; Amazon Seller Services Pvt. Ltd. v. Amway India Enterprises Pvt. Ltd.

⁵ Consumer Protection Act, 2019; Consumer Protection (E-Commerce) Rules, 2020.

⁶ Information Technology Act, 2000 (cyber offences and liability provisions).

INTRODUCTION

With the growth of the digital era e-commerce has also developed its scope, people now favor online products and online marketplace rather than traditional shopping methods. The rapid growth of e-commerce in India has transformed the way of purchase by the consumers. The online platforms like Flipkart, Amazon, and many more have gained the attention of the consumers because of their efficient services. The services like faster delivery; the consumer does not even have to go to any store, many varieties of products to choose from, cost-friendly nature; but along with these services, many online platforms misrepresent the consumers and fraud them by taking their money without providing any good or services⁷. Thus, many issues arise concerning the consumers. As a result, many issues arise with reference to the consumers. The issues that arise with reference to the consumers relate to refunds, returns, and cancellations of products⁸. The evolution of the mode of conducting transactions has resulted in the judicial and legislative evolution of consumer rights.

The shift in the mode of conducting transactions has necessitated a judicial and legislative evolution in consumer rights and rule-making. The national legal area has produced numerous measures through legislative channels to relocate consumer protection regimes to suit the shifting landscape of sales transactions in the digital marketplace⁹. Consumer rights also formed a barricade to detrimental trade practices against consumer and service deficiencies and goods deficiency. The previously in force consumer protection act 1986, repealed by a newer version in 2019¹⁰, made it easy for consumers to file a complaint, make it heard, to choose the right of safety, the right to be informed and more. But the digital market place came with its own set of problems: data privacy, digital fraud, refund issue in fraud cases, unfair cancellation policy¹¹. To establish these rights in digital sphere the state has to amend and build around the consumer protection act 2019 and the information technology act 2000

⁷ Information Technology Act, 2000, §§ 43, 66, 66C, 66D (cyber fraud, identity theft, cheating by personation); see also Indian Penal Code, 1860, §§ 415, 420.

⁸ Consumer Protection (E-Commerce) Rules, 2020, Rules 4–6 (duties of e-commerce entities and grievance redressal for refund/return issues)

⁹ Anirudh Wadhwa, *Law and Practice of E-Commerce in India*

¹⁰ Consumer Protection Act, 2019, Chapters II & III (consumer rights and dispute redressal mechanisms).

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

Digital market place is a term given to the transactions that are carried out between the consumer (the buyer) and the seller online. India's digital marketplace has become an integral part of the Indian economy. The reason behind the digital marketplace becoming so important is its ease of accessibility, easy availability of deliveries of required goods and services and a choice of vast variety. The digital marketplace has become an enabler for shopping to become more democratic.

But those qualities that make digital marketplace compelling also complicate consumer protection. The digital marketplace is the breeding ground for new types of consumer abuse: everything from online scams to sale of fake goods to misuse of consumer data¹².

LITERATURE REVIEW

The way people buy things online in India is changing fast. This means that the laws and rules that protect people who buy things online in India need to change. One of the issues is when people want to return or cancel something they bought online in India. There is a lot of talk about how to make sure people who buy things online in India are protected.

Laws and What Scholars Say

The Consumer Protection Act of 2019 is a deal. It is a law that helps protect people who buy things online in India. Scholars like Avtar Singh¹³ say that this law is a step for people who buy things online in India. It says that online stores in India have to be clear about how people can return or cancel things they buy online in India. The Consumer Protection Rules of 2020¹⁴ are also very important for people who buy things online in India. They say that online stores in India have to be transparent about their refund and return policies for people who buy things online in India. Some scholars say that these rules are not strong enough for people who buy things online in India. They say that online stores in India can still make up their rules, which can be unfair to people who buy things online in India.

The Information Technology Act of 2000 is another law that affects stores in India. It says that online stores in India are not responsible for what people sell on their site in India. This

¹² Amazon Seller Services Pvt. Ltd. v. Amway India Enterprises Pvt. Ltd 2020 SCC OnLine Del 454.

¹³ Avtar Singh, Law of Consumer Protection, Eastern Book Company, Latest Edition.

¹⁴ Consumer Protection (E-Commerce) Rules, 2020.

can make it hard to figure out who is responsible when someone wants to return or cancel something they bought online in India. The Indian Contract Act of 1872 is also very important for people who buy things online in India. It says that contracts between stores in India and people who buy things online in India have to be fair. Sometimes online stores in India have more power than people who buy things online in India, which can be unfair to people who buy things online in India.

What Courts Say

Courts in India have made some decisions about stores in India. In one case Amazon was held responsible for something that a seller did in India. This shows that online stores in India can be held responsible for what happens on their site in India. In another case a seller was held responsible for not letting someone return something they bought online in India. This shows that sellers in India have to follow the rules for people who buy things online in India.

Scholars say that courts in India are starting to care about people who buy things online in India. They want to make sure that online stores in India and sellers in India are fair and responsible to people who buy things online in India. Sometimes courts in India make decisions, which can be confusing for people who buy things online in India. This can make it hard for people to know what their rights are when they buy things online in India.

What Regulatory Authorities Say

Government agencies in India that protect people who buy things online in India say that online stores in India need to do a job. They say that online stores in India need to give people their money faster and make it easier for people to return things they bought online in India. They also say that online stores in India need to be more transparent about their refund and return policies for people who buy things online in India.

International organizations also have something to say about stores in India. They say that online stores in India need to be transparent and that people who buy things online in India need to be aware of their rights when they buy things online in India. They also say that online stores in India need to be able to adapt to technology to help people who buy things online in India.

METHODOLOGY

The research on e-commerce platforms in India uses a method that looks at the law and analyzes it to understand the problems people have with returning things, getting refunds and canceling orders. This study is about looking at the details and finding out where the law and real life do not match up for people who shop online. It looks closely at the laws that govern buying and selling things online and the rights of people who shop, as well as how well the laws work when there are problems with things that are broken refunds that are late return policies that are misleading and businesses that are not fair.

The main way this research was done is by studying the laws, court decisions and rules that govern e-commerce. Important laws like the Consumer Protection Act of 2019, the rules for e-commerce from 2020, the Indian Contract Act from 1872 and the Information Technology Act from 2000 were all examined to understand what rights people who shop online have and what responsibilities the companies that sell things online have. The research also looks at what courts and consumer groups have decided in cases about online shopping to see how the law is applied in real life.

These case studies help figure out if the laws that protect people who shop are actually working and what problems people have when they try to get help. The research also looks at what other countries like those in the European Union¹⁵ do to protect people who shop online and compare it to what India does. This helps find out what is missing in India's laws and how they could be improved to make online shopping fairer and more transparent.

The research uses a lot of information from sources like articles and reports from experts and government groups but it does not include new interviews or surveys. These sources provide a lot of information about the problems people have when they shop online like refunds that are late and policies that are misleading.

The study also looks at the picture, including how technology, economics and the way online businesses work affects the rights of people who shop online. It examines issues like when people do not have all the information they need, how computers make decisions, how online companies make money and when people who shop online are not treated fairly. This approach helps the researcher figure out if the current laws are good enough to protect people who shop online in a world that is changing quickly and makes the study more useful and relevant to the problems that exist today with online shopping.

¹⁵ European Union, Directive 2011/83/EU on Consumer Rights.

CRITICAL ANALYSIS

Evolution of E-Commerce and Need for Legal Regulation

The e-commerce industry in India has grown fast. It has changed how people shop and do business. Online marketplaces like Amazon and Flipkart help buyers and sellers connect. This makes shopping easier and more convenient for customers. It also makes shopping cheaper. It creates some legal problems, especially with refunds, returns and cancellations. When people shop online, they rely on product descriptions and images. This makes them vulnerable to descriptions, faulty products or non-delivery. So being able to return products or get refunds is very important for customers. The problem is that uniform policies are not always in place. Standard form contracts often favor e-commerce platforms. This creates an imbalance of power between customers and e-commerce platforms like Amazon and Flipkart.

The Consumer Protection Act 2019 was passed to address these issues. The goal of this act is to regulate e-commerce and protect customers. The fast-paced nature of digital commerce keeps challenging the effectiveness of existing laws, like the Consumer protection act 2019¹⁶.

Statutory Framework Governing Refunds, Returns and Cancellations

Consumer Protection Act, 2019

The Consumer Protection Act, 2019 is the law that protects customer rights in India. It covers issues in both offline transactions. Key provisions address deficiency in service and unfair trade practices. These are relevant in disputes over refunds and returns¹⁷.

A significant change is the concept of product liability. This holds manufacturers and service providers accountable¹⁸. In marketplaces this ensures customers have a remedy if a product is faulty. For example, if a customer gets a damaged product and the platform refuses to process a return it may be considered deficiency in service¹⁹.

The Central Consumer Protection Authority (CCPA) was established to oversee regulations. It investigates practices and issues directions to e-commerce entities²⁰. However practical

¹⁶ Consumer Protection Act, 2019.

¹⁷ Ibid., §§ 2(11), 2(47).

¹⁸ Ibid., §§ 82–87 (Product Liability)

¹⁹ Ibid., deficiency in service provisions

²⁰ Ibid., §§ 17–18 (CCPA powers)

enforcement remains a concern. Many customers are unaware of their rights or reluctant to engage in dispute resolution.

Consumer Protection (E-Commerce) Rules, 2020

The Consumer Protection (E-Commerce) Rules, 2020 regulate marketplaces. These rules require e-commerce entities to be transparent and fair. They must clearly disclose refund, return and cancellation policies. Platforms must also establish a grievance redressal mechanism²¹.

The rules prohibit cancellation charges. Platforms cannot impose financial penalties on customers. However, many platforms continue to impose conditions. This raises questions about the effectiveness of enforcement.

Contractual Framework under the Indian Contract Act 1872²²

Online transactions are contractual in nature. They are governed by the Indian Contract Act, 1872. When a customer agrees to a platform's terms and conditions a legally binding contract is formed. These contracts often include provisions on refunds, returns and cancellations.

However, these contracts are usually form contracts. They are drafted by the platform without scope for negotiation. This creates an imbalance in bargaining power²³. Customers must accept the terms to proceed with the purchase

Intermediary Liability under the Information Technology Act 2000

The Information Technology Act, 2000 determines the liability of marketplaces. Section 79 provides safe harbour protection to intermediaries²⁴. E-commerce platforms rely on this provision to argue they are not liable for disputes between buyers and sellers.

However, this defence is not absolute. If a platform fails to comply with obligations, it may lose its intermediary protection. Courts have adopted a customer-centric approach holding platforms accountable²⁵.

²¹ Consumer Protection (E-Commerce) Rules, 2020, Rules 4–6

²² Indian Contract Act, 1872.

²³ Doctrine of unequal bargaining power

²⁴ Information Technology Act, 2000, §79

²⁵ Shreya Singhal v. Union of India, (2015) 5 SCC 1.

Judicial Approach and Case Law Analysis In this case the platform failed to process a return request. The court held that -compliance with statutory obligations removes intermediary protection.

Ajay Kumar v. Sane Retails Pvt. Ltd²⁶

The court ordered a refund and compensation for agony. This judgment reinforces the principle that denial of refund constitutes deficiency in service.

Validity of "No Return" Policies Consumer forums have held that "no return" policies cannot override rights. Even if such policies are mentioned in the contract they may be declared invalid. Flipkart India v. Deepak Kumar²⁷ The court held that both the platform and the seller can be held liable for deficiencies in service.

Practical Challenges in Implementation

Despite the framework several practical challenges exist. One common issue is delay in processing refunds. This may occur due to inefficiencies or deliberate practices by sellers. Another challenge is the lack of clarity in return policies. Many platforms use language or impose conditions that are difficult for customers to understand. Additionally, grievance redressal mechanisms provided by platforms are often inadequate or inefficient. Customers may face difficulties in contacting support services or receiving responses²⁸.

Comparative Analysis with International Standards

A comparison with frameworks reveals significant differences in customer protection standards. EU laws mandate a cooling-off period allowing customers to return products within a time. In contrast, Indian laws do not provide a return period. This creates inconsistencies and potential for abuse²⁹.

Emerging Issues in E-Commerce Regulation

Advancements have introduced new challenges. One issue is the use of patterns, where platforms design interfaces to discourage customers from initiating returns or cancellations.

²⁶ Ajay Kumar v. Sane Retails Pvt. Ltd Consumer Case No. 447 of 2015

²⁷ Flipkart India Pvt. Ltd. v. Deepak Kumar Revision Petition No. 2196 of 2018

²⁸ Consumer Protection (E-Commerce) Rules, 2020 and complaint data analysis

²⁹ European Union Consumer Rights Directive (cooling-off period)

Another issue is the use of automated systems for processing refund requests. These systems may lead to decisions without human oversight

Critical Evaluation and Way Forward

The Indian legal framework governing refunds, returns and cancellations is comprehensive. However, it faces challenges, in practice. Stronger enforcement mechanisms, accountability of e-commerce platforms and increased customer awareness are needed. Regulatory authorities must adapt to changes. They must ensure that laws remain relevant in the evolving landscape.

Refund, return and cancellation rules in marketplaces are very important for protecting consumers in the digital age. Much work still needs to be done to ensure these laws are enforced properly even though some progress has been made through laws and court decisions. A balanced approach that adapts to changes is necessary to safeguard consumer interests and support e-commerce growth. Online marketplaces must prioritize consumer protection through refunds, returns and cancellations to build trust. This will ultimately benefit both consumers and the e-commerce industry³⁰.

DISCUSSION

The analysis shows that the laws governing refunds, returns and cancellations in marketplaces in India are well-designed but not consistently applied. The main question is whether the existing laws protect consumers. While laws like the Consumer Protection Act, 2019³¹ and the Consumer Protection (E-Commerce) Rules, 2020³² provide a structure whose effectiveness is limited by several challenges. A key strength of the framework is its focus on consumers³³.

The laws recognize e-commerce transactions. Make platforms transparent which is a big change from the earlier regime. The law provides remedies through consumer commissions and regulatory authorities. The courts have also helped strengthen this framework by prioritizing fairness and equity. They have invalidated return policies and held platforms

³⁰ Pavan Duggal, *Cyber Law in India*, LexisNexis, Latest Edition

³¹ Consumer Protection Act, 2019.

³² Consumer Protection (E-Commerce) Rules, 2020.

³³ *Ibid.*, consumer rights framework.

accountable³⁴. However, there are weaknesses. One major concern is the lack of uniformity in refund and return policies across platforms. The law requires disclosure. Does not set minimum standards allowing platforms to create policies that disadvantage consumers. Another issue is the gap between rights and their enforcement. The current system relies on consumers to initiate proceedings, which can be difficult for those who lack awareness, resources or time. Delays and complexities discourage enforcement. The question of platform liability is also unclear.

Although courts are holding platforms accountable ambiguity remains due to the Information Technology Act, 2000³⁵. Platforms often claim to be facilitators shifting liability to third-party sellers, which creates practical difficulties for consumers. From a policy standpoint, technological manipulation and digital market practices complicate the issue. Practices like patterns and algorithmic bias challenge traditional legal concepts. The current legal framework does not fully address these issues. Several reforms can be proposed. First there is a need for return and refund policies, including a minimum return period.

Second, the enforcement mechanism should be more proactive with authorities monitoring compliance. Third, the law must clearly define platform liability to eliminate ambiguity. Additionally strengthening grievance redressal mechanisms is crucial. This includes simplifying complaint procedures and promoting dispute resolution systems. Equally important is promoting consumer awareness and digital literacy. The existing legal framework provides a foundation but falls short in consistent and effective implementation. Addressing these gaps requires reform, institutional strengthening and technological adaptation. A holistic approach that integrates regulatory and educational measures is essential to ensure consumer protection, in online marketplaces.

CONCLUSION

The current study has taken a look at the laws that govern refunds, returns and cancellations in online marketplaces especially in India. It shows that as online shopping has become more popular the laws to protect consumers have also had to change, which led to the creation of laws like the Consumer Protection Act, 2019 and the Consumer Protection (E-Commerce)

³⁴ Amazon Seller Services Pvt. Ltd. v. Amway India Enterprises Pvt. Ltd 2020 SCC OnLine Del 454.

³⁵ Information Technology Act, 2000, §79

Rules, 2020. These laws show that the government is trying to address the problems that come with buying and selling things online and making sure that consumers are treated fairly.

This research finds that the laws we have now are good on paper, giving consumers a lot of protection such as making sure companies are transparent, holding them responsible for their products and giving consumers a way to complain if something goes wrong. Court decisions have also helped by putting the consumer and holding both the seller and the online platform responsible when necessary³⁶. This has made the law fairer and more balanced for shopping. The study also found that there is a big difference between what the law says and how it is actually enforced. Problems like companies having return policies taking too long to give refunds, consumers not knowing their rights and it not being clear who is responsible when something goes wrong all make it hard for the law to work as it should. The fact that we mostly rely on consumers complaining to enforce the law and that there are no rules for all online platforms makes these problems even worse. So even though the law is strong on paper it does not always protect consumers in practice.

This research is important because it tries to fix this problem by looking at what's good and bad about the current laws. It says that we need a more consistent way of regulating online shopping to make sure that consumers are really protected, not just in theory. The study also says that our laws need to change as technology and the way people shop changes.

In the end even though India has come a way in regulating online marketplaces there is still a lot of work to be done to make sure that consumers are protected. We need to keep changing the laws, make sure they are enforced and hold online shopping companies accountable. We need to find a balance between protecting consumers with laws and making sure those laws are actually enforced and that consumers know their rights so that we can really protect consumers in the future.

³⁶ Ajay Kumar v. Sane Retails Pvt. Ltd Consumer Case No. 447 of 2015.; Flipkart India Pvt. Ltd. v. Deepak Kumar Revision Petition No. 2196 of 2018