

## Research on Legal Issues of Dishonesty in E-commerce Transactions

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**Abstract.** With the rapid development of information technology, this new model of "Internet +" has penetrated into all walks of life. Under the tide of the Internet, traditional enterprises, which have been in depression and depression for a long time in recent years, have continuously expanded their internal tension and huge potential with the help of the Internet platform, stimulating the vitality and vitality of the real economy. However, there are contradictions in everything. The e-commerce market is also facing a series of problems. Transaction security, information, and privacy security challenge the principle of good faith. In order to create a clean and healthy transaction environment in the e-commerce market, this paper puts forward a series of effective legal measures to regulate dishonesty in the e-commerce transaction process. For example, the first step is that we can strengthen legislation to fill in loopholes in information distortion. Next, it can also solve this problem effectively by strengthening administrative enforcement and raise the cost of breaking faith. In addition, there are many other ways to establish integrity and speed up the establishment of a good faith system in the e-commerce market.

### 1. Introduction

"Internet +" has driven the development of other industrial chains, and e-commerce has begun to lead the national economy. Take the well-known Carnival Shopping Festival Double Eleven as an example. According to relevant data, Tmall's turnover reached 268.4 billion yuan in one day on November 11, 2019, alone, breaking the record of 213.5 billion yuan in 2018 and setting a new record. Due to the concealment of the main body, the isolation of time and space, and the imperfection of the legislative rules, some operators take advantage of loopholes in the law to deceive consumers and make profits in the process of electronic commerce transactions. The phenomenon of dishonesty is getting worse and worse, disrupting the orderly and stable development of the whole e-commerce market. The main forms of dishonesty in the transaction

### 2. The status quo of dishonesty in e-commerce transactions

#### 2.1. Store operators use the advantage of asymmetric information to lure consumers

The third-party platform of e-commerce has a low entry threshold and uneven credit rating. Therefore, store operators have a different reputation. Because e-commerce has a certain degree of isolation and three-dimensional in time and space, there is a certain degree of favorable and unfavorable balance in the flow of information, resulting in consumers lacking the ability to identify the quality of products due to asymmetric information in the purchase process. The biggest difference between online shopping and in-store shopping lies in the discrimination of commodity information. In-store shopping, consumers can touch and observe commodities and identify the properties of commodities such as material and color differences. When purchasing on the e-commerce platform, consumers rely on some commodity information released by the store operators themselves to obtain the required commodity information. The operators are profit-driven. In order to increase the sales volume of the products, they will inevitably exaggerate the various performances of the commodities sold. Even the commodity pictures displayed in the stores have been PS-passed. Therefore, in the e-commerce industry, there are two ironic network words, namely "seller show" and "buyer show". [1] After purchasing goods, consumers find that the purchased

goods are quite different from the descriptions of merchants, thus creating a big gap, thus losing trust in the e-commerce market, weakening consumers' enthusiasm and enthusiasm for online shopping, and not conducive to the rapid development of the e-commerce market.

### 2.2. The disorder of the credit system of the store platform

There is a seemingly complete credit evaluation system in the third-party platform of e-commerce. Consumers can evaluate commodities on the platform after purchasing them. These evaluations become an important factor to measure the reputation of shops and the quality of commodities.[2]Taobao, is a popular e-commerce platform, When a store is opened, there are two credit evaluation columns "Baby Evaluation" and "Ask Everyone" on the store's page. Consumers can express their most intuitive feelings in these two columns. If most consumers say that the product meets all the performance standards, more consumers will be attracted to buy. This way of quantifying consumers' subjective feelings has become an important factor in building a credit evaluation system. However, in order to improve the reputation of the store and expand its influence, some merchants who tend to maximize their profits have maliciously sold orders and scrambled letters, raising the rank and sales volume of the store in a false and spurious way to attract consumers. Another form of unfair competition is malicious censoring. Consumers have different personal feelings about goods and have different evaluations. Therefore, different voices will inevitably appear in the "baby evaluation" column, namely, consumers' bad comments on the goods. Under such circumstances, store merchants, in order to prevent such bad comments from affecting the store's image and reputation, have taken a series of inferior methods such as harassing and intimidating consumers by means of communication tools to force consumers to voluntarily delete the bad comments, seriously affecting the normal life of consumers and destroying the construction of e-commerce integrity system. [3]The essence of the act of selling orders and deleting comments is malicious dissemination of false information, causing misleading commercial advertisements, infringing consumers' right to know and fair rights, disrupting the market order of the e-commerce industry and hindering the healthy development of the e-commerce industry.

### 2.3. Malicious disclosure of consumer personal information in disregard of the principle of good faith

Consumers need to register and log in when shopping online, and the registration process needs to provide personal identity-related information, such as home address, contact information, bank card account number, etc. After grasping the basic personal information of consumers, e-commerce mobile terminals record the trajectory, location and preferences of consumers, providing accurate marketing and refined services for consumers. However, in today's era when personal information is also of commercial value, some merchants, in order to make small profits, disregard the principle of good faith in the electronic contract signed by both parties, illegally sell and disclose the personal information of consumers and their personal account passwords. In real life, consumers often receive some harassing phone calls and junk information after purchasing goods, which is extremely disturbing. [4]The occurrence of this kind of situation is likely to be that some people who have our personal information or the collective illegally sell our information to illegal elements, allowing illegal elements to sell and cheat to a small number of people through this channel, often causing huge losses to consumers, but also causing chaos in the network order.

## 3. Improving the relevant legal regulation of e-commerce dishonesty

The rapid development of information technology has driven the vigorous development of electronic commerce, which has become an important part of the market economy. The advantages of fast, convenient, easy to operate, good and cheap e-commerce platform has become the primary way for consumers to shop. [6]However, the frequent breaking of "fake goods" and "selling orders and selling letters" have damaged the legitimate rights and interests of consumers and seriously restricted the orderly, stable and sound development of e-commerce. There are always various obstacles in the development process of new things. E-commerce, as a new format nowadays, will inevitably face many challenges. Under such circumstances, the only legal intervention can effectively solve the problem of dishonesty faced by e-commerce and build a set of integrity

systems with perfect and standardized systems.[7]

### 3.1. To strengthen legislation to fill the loopholes in information distortion

The unclear legislation makes the obligations and responsibilities of e-commerce operators unclear, resulting in many operators taking advantage of this legal loophole to arbitrarily publish false advertisements and information on the network. At the same time, the unclear legislation also blurs the nature of the main body of the network service provider. Which main body does the network service provider specifically include? Does the derivative belong to the network service provider? If the micro-business is within the scope of the network service provider, should the micro-business also undertake the management obligation of the e-commerce platform stipulated by law? Legislation has not yet provided clear provisions for the above contents. Due to the failure to clarify and define the main nature of network service providers, the phenomenon of selling fake goods and shoddy goods is prevalent in the e-commerce field. These dishonest acts have seriously violated consumers' right to know and the relevant provisions of Article 42 of the Contract Law.[8]

In order to effectively curb the brutal growth of dishonesty in the e-commerce market and build a complete and effective e-commerce integrity system, China promulgated the "e-commerce law" on January 1, 2019. article 3 of the law stipulates: "promote the construction of e-commerce integrity system and create a market environment conducive to the innovative development of e-commerce." The promulgation of this law has promoted the process of credit construction in the e-commerce industry to a certain extent. However, due to the lack of matching application of corresponding laws and regulations in China's legislation in the e-commerce field, the efficiency generated is still not up to effectively curb dishonest behaviors in the transaction process. Our country's e-commerce transaction legislation is still in the initial exploration stage, and has not yet formed a set of mature theories and systems. We can fully draw lessons from the relevant legislative experience of developed e-commerce countries, take its essence, and formulate relevant legislation in line with our country's actual national conditions and the development status of e-commerce.

### 3.2. To increase the intensity of administrative law enforcement, improve the cost of dishonesty

For those who break their promise, China's "Administrative Punishment Law" provides relevant punishment provisions, depriving them of the qualification to engage in relevant activities within a certain limit. The existing legislation in our country mainly restricts the dishonest subjects, including lowering the qualification rating, revoking the business license, ordering to suspend production or business, banning entry into the industry, etc. Due to the insufficient crackdown of administrative punishment, many operators are still inclined to obtain personal benefits even though they know that their dishonest behavior will face administrative punishment. This performance can be explained according to game theory in economics. [5]The choice of good faith or dishonesty by shop operators depends not only on whether customers buy goods, but also on whether they will be punished by laws and regulations after dishonesty. The greater the punishment for dishonesty by operators, the operators will choose good faith because they pursue long-term interests. In order to create an honest trading environment for e-commerce, crack down on dishonest behaviors, and force operators to abandon dishonest behaviors for longer-term benefits, all relevant departments should strengthen the construction of perfect laws and regulations, and strictly supervise e-commerce trading behaviors. Shopkeepers who repeatedly cheat and entice consumers shall be subject to severe judicial sanctions, be included in the "blacklist" and be widely publicized to those who break their promise, thus making it difficult for those who break their promise to continue to have a foothold in the e-commerce field.

### 3.3. To build credit rights, firmly establish the important position of the imperial clause

Credit plays an important role in the market economy and can bring market and profit to the trading subject. Commercial credit is the foundation and premise of electronic transactions and the core content of electronic commerce. In civil law countries, such as Germany and Japan, credit right is directly stipulated as an independent personality right in their civil codes or separate laws and is directly protected. At present, our country has not protected the credit right as an independent right, but other relevant laws and regulations involve the content of the principle of good faith. For example, Article 7 of the General Provisions of the Civil Law stipulates that civil subjects engaged

in civil activities should follow the principle of good faith, uphold honesty and abide by commitments. Another example is Article 6 of the Contract Law, which stipulates that the parties shall abide by the principle of honesty and trustworthiness in exercising their rights and performing their obligations.[9]However, with the development of economy and society, this indirect protection method has obviously failed to effectively protect the rights and interests of the parties concerned. Therefore, the establishment of credit rights is particularly important and crucial in promoting the construction of the e-commerce credit system.

At present, disputes over dishonesty in e-commerce transactions often fall into the category of reputation infringement, and the content of credit right cannot be covered by reputation right. Credit right focuses on the evaluation of the economic capacity of the main body, while reputation right focuses on the evaluation of the general society, excluding the content of economic indicators. Therefore, separating credit right from reputation right as an independent civil right has become an inevitable trend in the development of credit legal system. [10]In the legislation of the concrete implementation of credit right, the concept of credit right should be clarified, the subject and object of credit right should be clarified, the cognition of civil subjects to the principle of good faith should be strengthened, and its important position as an imperial clause in civil law should be firmly established.

#### 4. Conclusion

The rapid development of "internet plus" has spawned an e-commerce shopping platform. E-commerce is gradually replacing traditional business methods. While it is efficient, convenient and fast, it also hides many potential credit risks. Dishonesty acts have become the bottleneck of the rapid development of e-commerce. Due to the characteristics of e-commerce, such as virtuality, concealment and rapid information flow, it is difficult to build an e-commerce integrity system. Relevant legal departments should strengthen legislation and issue-specific legal mechanisms to implement and support it. For example, an "Electronic Commerce Transaction Law" can be issued to ensure the safety of electronic commerce transactions and the interests of the parties. In the process of law enforcement, the punishment should be strengthened so that operators can choose honest management from the perspective of long-term interests. Administrative supervision and market self-discipline should be combined to optimize the dispute resolution mechanism to provide a strong guarantee for the sustained and healthy development of e-commerce.

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