

## Research on Consumer Fraud in Live E-Commerce

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**Abstract:** With the rapid development of live-streaming e-commerce, its interactive and real-time features have not only innovated consumption patterns but also given rise to new forms of consumer fraud, such as exaggerated advertising, data falsification, price fraud, "big data-driven price discrimination," and deliberate concealment of key product information. These behaviors seriously infringe upon consumers' rights to information, fair transactions, and property, disrupt market order, and, due to their immediacy, concealment, and multi-party involvement, pose numerous challenges in judicial determination and regulation. This paper systematically analyzes the legal elements of consumer fraud in live-streaming e-commerce, discussing subjective intent, objective conduct, causality, and harmful consequences. In response to current regulatory dilemmas, it proposes governance pathways such as clarifying the responsibilities of all parties in e-commerce, refining the identification standards for fraudulent behaviors, improving relevant legal interpretations, and strengthening cross-departmental collaborative supervision. Furthermore, the study constructs a collaborative governance framework of "legal regulation, platform self-discipline, and social co-governance," aiming to provide theoretical references and practical guidance for standardizing the order of the live-streaming e-commerce market, effectively safeguarding consumer rights, and promoting the healthy and sustainable development of the industry.

**Keywords:** Live-Streaming E-Commerce; Consumer Fraud Behavior; Subjective Elements; Objective Elements; Causality

### 1. Introduction

Live e-commerce has become a significant growth point in the digital economy. While creating new consumption scenarios, it has also

drawn widespread attention due to the frequent occurrence of consumer fraud. The rapid development and expansion of live streaming sales have also introduced new problems and challenges [1]. According to statistics on complaints accepted by consumer associations nationwide, in the first half of 2025, national consumer associations accepted a total of 995,971 consumer complaints, a year-on-year increase of 27.23%, resolved 509,655 cases, recovering economic losses of 452 million RMB for consumers, and received 330,000 consumer visits and consultations. False advertising in live streaming rooms became a "major problem area" in the first half of 2025. With the rise of live e-commerce, consumers face the instantaneous nature of fraud scenes and the complexity of evidence in live streaming sales, increasing their vulnerability to fraud. Simultaneously, e-commerce live streams are highly time-sensitive; content is typically presented as a real-time stream, and replay functions may be limited or disabled after the broadcast ends, making legal evidence preservation very difficult. Therefore, consumer fraud in live e-commerce is more concealed. Furthermore, e-commerce live streams involve multiple parties such as anchors, merchants, and platforms, making the identification of legally liable entities complex. The ultimate goal of legal governance for e-commerce live streaming is to maintain a fair and rule-of-law market order and achieve positive interaction between the government and the market [2]. Therefore, to better promote the development of live e-commerce, it is of great significance to effectively curb consumer fraud, uphold a fair e-commerce trading environment.

### 2. Overview of Consumer Fraud in Live E-Commerce

#### 2.1 Concept of Consumer Fraud in Live E-Commerce

Live streaming refers to activities based on information platforms that continuously deliver real-time information to the public in forms such

as video and audio [3]. In live e-commerce, consumer fraud refers to acts where relevant participants in a live streaming activity—including anchors, merchants, MCN agencies, platforms, etc.—during the process of selling goods or providing services via live stream, intentionally employ false or misleading advertising, conceal key facts, fabricate transaction data, or use other means to induce consumers to make purchasing decisions based on erroneous understanding, thereby infringing upon their legitimate rights and interests such as property rights and the right to information, and disrupting normal market order.

Article 9 of the Supreme People's Court's "Provisions (I) on Several Issues Concerning the Application of Law in the Trial of Online Consumption Dispute Cases" clearly stipulates: Contracts entered into by e-commerce operators with others for false advertising through methods such as fabricating transactions, click counts, or user reviews shall be deemed invalid by the people's court in accordance with the law. This shows that using methods such as fabricating transactions, click counts, or user reviews by live streaming merchants also constitutes a form of consumer fraud in live streaming, and courts invalidate such contracts. Furthermore, Article 11 of the same provisions

states: Where an operator within a platform sells goods by setting up a live streaming room, and its staff cause harm to consumers through false advertising during the live stream, if the consumer claims that the operator within the platform shall bear liability for compensation, the people's court shall support such claim. This indicates that for consumer fraud occurring during live streams by operators within the platform (online stores), the operator within the platform needs to bear legal liability according to law.

## 2.2 Modes of Consumer Fraud in Live E-Commerce and Legal Challenges

According to the "Analysis of Complaints Accepted by National Consumer Associations in the First Quarter of 2025": National consumer associations accepted a total of 461,767 consumer complaints, among which, 585 complaints resulted in punitive damages due to fraudulent acts by operators, with punitive damages amounting to 380,000 RMB. To address these challenges, a series of laws and regulations in China impose stricter regulations on consumer fraud in live e-commerce. The new modes of consumer fraud and the legal challenges faced are summarized below (see Table 1).

**Table 1. New Modes of Fraud in Live E-commerce and Legal Challenges**

Fraud Type	Typical Manifestations	Legal Challenges	Regulatory Basis
Data/Traffic Fraud	Brushing orders/faking reputation, fabricating attention, forging interaction data	Difficulty in preserving electronic evidence, difficulty in establishing subjective intent	Anti-Unfair Competition Law, Article 8
Algorithm-Induced Anxiety Marketing	Fabricating low stock, forging rush-buying dynamics	High technical concealment, difficulty proving causation	Live E-commerce Supervision and Management Measures (Draft for Comments)
Redirecting for Off-Platform Transactions	Guiding transfers to third-party accounts, transactions outside the platform	Difficulty identifying liable entities, insufficient platform supervision coverage	E-commerce Law, Article 17
Technical False Advertising	Excessive filters, fake effect comparisons	Exacerbated information asymmetry, difficulty for consumers to provide evidence	Consumer Rights Protection Law, Article 20

## 3. Constitutive Elements of Consumer Fraud in Live E-Commerce

### 3.1 Subjective Element - Intent to Defraud

The subjective element refers to the existence of fraudulent intent on the part of the live marketing entities (including merchants, anchors, MCN agencies, etc.). That is, the operator, for the purpose of obtaining improper benefits, intentionally provides false information to

consumers or intentionally conceals the true situation [4]. In the live e-commerce context, this intent mainly manifests as direct intent and indirect intent (see Table 2).

### 3.2 Objective Element - Objective Fraudulent Act

The objective element refers to the specific acts of fabricating facts or concealing the truth objectively carried out by the live marketing entity. Fraudulent acts in live e-commerce

manifest in diverse forms, mainly including the following categories (see Table 3).

**Table 2. Manifestations of Subjective Intent**

Type of Intent	Manifestation	Examples
Direct Intent	Knowing the statement is false or deceptive, yet desiring the consumer to fall into error and purchase the goods based on that.	For example: Knowing goods are counterfeit trademarks, still claiming they are "genuine" or "officially authorized" in the live stream; knowing goods lack certain efficacy, still exaggerating their therapeutic effects.
Indirect Intent	Knowing one's actions may cause consumers to misunderstand, yet recklessly disregarding the occurrence of such outcome.	For example: Failing to verify a key performance aspect of a product, but for the sake of sales, still using absolute, guaranteed promotional language (e.g., "100% effective," "absolutely no side effects"), adopting a reckless attitude toward potential false advertising.

**Table 3. Typology of Objective Elements of Consumer Fraud in Live E-Commerce**

Fraud Type	Specific Manifestations	Key Points for Legal Determination	Reference Cases/Regulations
Product Information Fraud	Misrepresenting materials, exaggerating efficacy, concealing defects	Falseness in key information affecting product value or use	Case of Hou vs. Zhang (Punitive damages for fakes)
Price Fraud	Fabricating original price, false discounts, fictitious promotions	"Original price" must be a price with transaction records	Anti-Unfair Competition Law provisions on predatory pricing
Identity/Qualification Fraud	Impersonating experts, forging authorizations, operating beyond scope	Falseness in anchor identity or product qualifications	Live E-commerce Supervision and Management Measures identity verification requirements
Data/Traffic Fraud	Brushing orders/faking reputation, fabricating traffic, forging interactions	Artificially creating false market signals	Zhejiang Lishui order brushing case

By summarizing the above five fraud types and conducting comparative analysis, the main manifestations of these five types of consumer fraud are derived and illustrated with examples as shown below (see Table 4).

### 3.3 Causation

Causation refers to the direct causal link between the consumer's erroneous understanding and the operator's fraudulent act. That is, the fraudulent act of the e-commerce operator causes the consumer, unaware of the truth, to trust it, resulting in the consumer being deceived, falling into erroneous judgment, and making the purchasing decision. In the live e-commerce environment, establishing causation needs to consider the following three factors (see Table 5).

### 3.4 Harmful Consequence

Harmful consequence refers to the consumer making a declaration of intent contrary to their true will (i.e., the purchasing act) due to erroneous understanding and consequently suffering property loss. In live e-commerce consumer fraud, specific manifestations of harmful consequences include: First, the consumer performs the purchasing act. Based on trust in the live streaming information, the consumer completes the order and payment. Second, the consumer suffers property loss. The consumer pays but receives goods or services not matching their expectation (formed based on live stream promotion). This includes not only direct monetary loss but also receiving goods with use value far below their advertised value.

**Table 4. Main Manifestation Forms of Consumer Fraud Types**

Fraud Type	Main Manifestation Forms	Example Illustrations
Product Information Fraud	Includes false or misleading descriptions regarding product origin, manufacturer, performance, function, quality, composition, etc.	For example: Marketing ordinary agricultural products as "organic food"; marketing ordinary cosmetics as "medical-grade" or "having therapeutic effects"; replacing electronic parts without informing consumers when selling phones.
Price Fraud	Fabricating original price, falsely claiming promotional discounts,	For example: Live stream labels "Original price 999, today's live stream flash sale 199," but the product

	falsely stating price reduction or imminent price increase to induce purchase.	was never sold at 999; fabricating marketing slogans like "limited-time flash sale," "last item" to create scarcity.
Identity and Qualification Fraud	Fabricating anchor identity/experience (e.g., impersonating experts, doctors, senior industry insiders) for recommendations;	For example: Forging brand authorization letters, patent certificates, inspection reports; selling goods beyond business scope (e.g., selling Class II medical devices without qualification).
Data/Traffic Fraud	Fabricating sales volume, user reviews through "brushing orders/faking reputation";	Hiring "click farms" to generate fake traffic in the live stream, increasing the displayed online viewer count, creating the illusion of a booming, high-selling live stream and product.

**Table 5. Factors for Considering Causation**

Factors for Considering Causation	Definition Points	Examples
Criticality of Fraudulent Information	The facts fabricated or concealed by the operator must be important facts that influence the consumer's purchasing decision.	For example: Core functions, authenticity, safety of the product belong to important facts, while slight differences in color may not constitute decisive factors.
Cognitive Level of the Average Consumer	Judgment of causation should be based on the standard of an average consumer exercising ordinary attention, conforming to common sense.	If the operator's promotional content is sufficient to guide an ordinary, rational consumer to make a purchase decision, then causation can be established.
Special Influence of the Live Streaming Scene	Anchors strengthen consumer trust through verbal skills, atmosphere creation, emotional resonance, etc., making the causal link between fraud and purchase decisions more direct.	For example, anchors create emotional resonance through fabricated personal or family background information to induce emotional shopping; inducing impulsive consumption through "algorithm-induced anxiety marketing" (e.g., forging low stock, rush-buying dynamics).

Besides property loss, non-property damage may also be suffered. Non-property damage refers to harm caused to consumer safety, health rights, etc., aside from property loss [5]. For example, advertising ordinary food as having disease prevention or treatment functions may mislead consumers into using ordinary food as a substitute for medicine, causing delays in treatment; selling electronic products without safety certification may pose safety hazards, etc.

weak sense of quality, prioritizing marketing over quality, transactions over after-sales service, pursuing short-term interests, thereby harming the legitimate rights and interests of consumers and affecting the standardized and healthy development of the live e-commerce industry. Therefore, clarifying liability for consumer fraud in live e-commerce is of great significance.

#### 4. Legal Regulatory Pathways for Consumer Fraud in Live E-Commerce

In the live e-commerce industry, the implementation of responsibilities by relevant parties is inadequate. Some platforms are lax in reviewing the qualifications of live streaming sales merchants and product quality. Some merchants, anchors, and related agencies have a

#### 4.1 Clarifying the Liability of Live E-commerce Platform Operators

Article 44 of the Consumer Rights Protection Law stipulates that consumers can claim platform liability for online shopping. The E-commerce Law also stipulates the legal liability of e-commerce platform operators, specifically summarized as follows (see Table 6).

**Table 6. Forms of Legal Liability for E-Commerce Platform Operators**

E-commerce Platform Operator	Obligation	Form of Legal Liability	Legal Basis
E-commerce Platform Operator	Knows or should know that the goods or services provided do not meet requirements for protecting personal or property safety, or have other acts infringing	Joint and several liability	E-commerce Law, Article 38(1)

E-commerce Platform Operator	consumer rights, and fails to take necessary measures; Fails to fulfill the obligation to review qualifications for goods or services related to consumer life and health, or fails to fulfill the safety assurance obligation, causing harm to consumers;	Corresponding liability	E-commerce Law, Article 38(2)
E-commerce Platform Operator	Where intellectual property rights are infringed, the e-commerce platform operator fails to take necessary measures such as deletion, shielding, disconnection of links, termination of transaction and service after receiving notice;	Joint and several liability	E-commerce Law, Article 42(1), (2)
E-commerce Platform Operator	Causes harm to the operator within the platform due to erroneous notice; maliciously issues erroneous notice, causing losses to the operator within the platform;	Liable for punitive damages	E-commerce Law, Article 42(3)
E-commerce Platform Operator	Knows or should know that the operator within the platform infringes intellectual property rights, shall take necessary measures (deletion, shielding, disconnection of links, termination of transaction and service, etc.), fails to take such necessary measures.	Joint and several liability	E-commerce Law, Article 45

## 4.2 Legal Liability of Various Parties in Live E-Commerce

### 4.2.1 Multiple and complex roles of liable parties in live e-commerce

A single live stream may involve multiple parties such as the platform, the merchant (live streaming room operator), the anchor (live marketing personnel), and the MCN agency (live marketing personnel service agency). The legal status of anchors differs from traditional advertising subjects and intermediary service providers [6]. Different parties play different roles in the live stream, and their corresponding legal liabilities also differ. For example: platforms need to fulfill obligations like qualification review and violation handling; MCN agencies need to train and manage anchors; anchors need to introduce products truthfully. Meanwhile, the use of AI virtual anchors instead of real people for live sales is gradually gaining favor among brands and consumers. Compared to real anchors, AI virtual anchors have shown unique advantages in multiple fields in recent years [7]. Therefore,

live e-commerce entities involve both actual and virtual parties, increasing their complexity. Based on the above discussion, regardless of the role or status of anchors in e-commerce live streaming, they should maintain bottom-line thinking and red-line awareness when conducting commercial promotion activities, and should move away from "wild growth" and the "law of the jungle" [8].

### 4.2.2 Specific legal liabilities of various parties in live e-commerce

The Live E-commerce Supervision and Management Measures (Draft for Comments) drafted by the State Administration for Market Regulation jointly with the Cyberspace Administration of China establishes a full-chain liability system. It clarifies the responsibilities of four parties: live e-commerce platforms, live streaming room operators, live marketing personnel service agencies, and live marketing personnel, breaking the previous dilemma of vague responsibility definitions. The specific liability forms for various parties in live e-commerce are shown below (see Table 7).

**Table 7. Obligations and Liability of Various Parties in Live E-Commerce**

Liable Party	Core Obligations	Form of Liability	Legal Basis
Live Streaming Room Operator	Information review, disclosure, identity verification	Advance compensation, breach of contract damages	Live E-commerce Supervision and Management Measures (Draft for Comments)
Live Marketing Personnel	Truthful, accurate, comprehensive product introduction	Joint and several liability, administrative liability	Live E-commerce Supervision and Management Measures (Draft for Comments)
Live E-commerce Platform	Qualification verification, tiered management, violation handling	Administrative liability, civil liability	Anti-Unfair Competition Law

Live Marketing Personnel Service Agency	Product selection, personnel training, error correction mechanism	Management liability, joint and several liability	Live E-commerce Supervision and Management Measures (Draft for Comments)
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Therefore, improving laws, regulations, and standard systems to clarify subject identities and responsibility boundaries is crucial. The Live E-commerce Supervision and Management Measures (Draft for Comments) clarifies the legal status and responsibility boundaries of multiple parties such as anchors, MCN agencies, and platforms. It determines the corresponding legal liability of anchors based on their actual role in the transaction (advertising endorser, advertiser, or seller). The imminent issuance of the Live E-commerce Supervision and Management Measures will provide clear basis for live e-commerce supervision.

#### 4.3 Clarifying the Identification Standards for Consumer Fraud in Live E-Commerce

##### 4.3.1 Refining the criteria for identifying fraudulent acts

To better protect the legitimate rights and interests of consumers, preventive measures against consumer fraud should be established [9]. A clear distinction should be made between "false advertising" and "misleading statements," and specific, itemized guidelines for identifying fraudulent behavior in the live e-commerce context should be formulated. For instance, clarifying the legal attributes and liability for traffic manipulation activities such as "false transaction volume," "fabricated popularity," and "forged likes" will help refine the identification standards for consumer fraud in live e-commerce.

##### 4.3.2 Improving the punitive damages system

The Supreme People's Court has confirmed the validity of compensation promises higher than statutory standards through typical cases. This has significant exemplary meaning for sanctioning consumer fraud and creating a good online consumption environment, and is of great importance for fully protecting the legitimate rights and interests of consumers [10].

##### 4.3.3 Improving relevant judicial interpretations for live e-commerce

Improve specialized legislation and judicial interpretations for live streaming scenarios, strengthen platform primary responsibility and credit management systems, and provide legal safeguards for the healthy development of live e-commerce.

#### 4.4 Recommendations for Strengthening Supervision by Relevant Departments

It is recommended that relevant departments increase supervision over false advertising in live streaming rooms, particularly cracking down on false advertising and illegal acts such as impersonating origin, exaggerating value, and forging appraisal certificates. Cases suspected of criminal offenses should be promptly transferred to public security organs for handling according to law, increasing the illegal costs for unscrupulous operators. Platforms should strengthen primary responsibility, enhance monitoring of keywords indicating off-platform transactions like "add WeChat," "private chat transfer" in live streams. If anchors induce off-platform transactions, risk warnings can be sent to consumers or measures like freezing merchant accounts can be taken based on the severity [11]. Consumers should always adhere to the "Three No's Principle"---do not engage in transactions off the platform, do not easily believe oral promises, do not make payments to private accounts.

#### 5. Conclusion

In summary, while live streaming e-commerce is advancing with high-quality development, the industry also faces multiple challenges: its massive scale coexists with slowing growth, frequent occurrences of consumer fraud, and diverse patterns of such fraudulent activities, all of which present significant legal challenges. Therefore, clarifying the constituent elements of consumer fraud in live streaming e-commerce is critical, and refining the identification standards for such fraud is of utmost importance. The rapid development of live streaming e-commerce is inseparable from legal regulation and national oversight of the industry. Improving the relevant legal framework for live streaming e-commerce plays a vital role in promoting its healthy and orderly development in China, guiding the industry to contribute significantly to building a quality-strong nation, supporting rural revitalization, fostering the high-quality inheritance and development of traditional crafts, and driving the high-quality growth of the online tourism market.

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