

## Fake Reviews as an Unfair Trade Practice: A Doctrinal Appraisal of Competition and Consumer Law Protections for Small Sellers

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### Abstract

*In today's era of digital market, there is a rapid growth in e-commerce and the online shopping. The growth in online shopping has changed the dimensions of consumers' choice making and decision-making techniques. The proper assessment and personal opinion while buying product is necessary, and earlier people used to buy from physical stores and access the quality of products by their personal touch and judgement, now since people often shop online, it is difficult to physically authenticate product's quality. Now they tend to confirm product's quality by its rating, authentication marks or its pervious customers' reviews on the site they buy from. These online reviews have an extraordinary power to create a bias in the mind of the online buyer and impact consumers' decision. However, this ease of evaluating the product's quality brings with it the probability of being spurious and fabricated. The sellers on e-commerce would go to any extent to sell their products at a good price and with large consumer outreach; they often try to gather the good reviews of their product from their family, friends, colleagues, etc. just for the sake of business and pay a good amount to buy customer reviews; resulting in defrauding consumers. It is very difficult to know whether the feedbacks are genuine or fake many times, consequently deceiving the consumer. Therefore, through this paper, the author would like to address the issues relating to fake reviews on e-commerce sites and mention the regulatory framework to curb this issue in India by exploring whether existing consumer and competition law frameworks adequately protect small and honest sellers, along with comparative intersection between consumer protection and competition policy to determine whether the current legal regime effectively addresses deceptive digital conduct.*

**Keywords:** Fake Reviews, Unfair Trade Practice, E-Commerce, Consumer Protection Law, Competition Law, Small Retailers

### 1. Introduction

The instantaneous growth of digital market in India has significantly modified the consumer's purchasing pattern over a last decade. Fazal in 2025 stated that, with over nine hundred million internet users in 2025, online shopping with E-Commerce became a primary mode of retail, providing convenience, accessibility, and a wider range of product choices to the consumer across the globe. Opposed to physical stores, where buyers verify the products through personal inspection, the digital commerce do not allow so, they somewhere require the consumers to rely on indirect indicators such as reviews, ratings, endorsements,

authentication marks, etc. one of the most popular indicators is previous customers' reviews; these online reviews, have emerged as a powerful tool for shaping the consumer's preferences and influencing their purchasing behaviours (*Chen et al., 2022*).

However, this dependence on online reviews comes with a cost and vulnerability of hike in fake and fabricated reviews, they can be paid, manipulated or endorsed; emerging the challenge for both consumers and sincere retailers. Many sellers often engage in deceptive practices such as soliciting positive reviews from friends, family or even the third-party/agencies by paying them or providing them free products to artificially inflate product's ratings.

These practices mislead consumers and undermine their trust in online marketplace; distorting the competition by giving the dishonest sellers an unfair advantage over the honest and sincere ones. The small-scale retailers, who in particular lack the marketing skills and resources and also are not able to reach a larger consumer base, maintenance of online reputation for them is critical for survival in the market. These fake reviews not only fabricate the quality of the products and services but also aggravate the market inequalities, undervaluing the small business and eroding the core purpose of fair competition in the market. This paper therefore examines the outcome and impact of fake reviews and how it constitutes the unfair trade practice under Indian Law and further evaluates whether existing consumer and competition laws are adequate for protection of small retailers.

## 2. "Fake Reviews" and "Unfair Trade Practices"

In context of e-commerce, fake reviews refer to fabricates, deceptive or misleading testimonies about certain products or services that are intentionally created to deceive and manipulate consumer's perception and their purchasing decision (*Luca & Zervas, 2016*). Such reviews maybe be written by individual who has not even purchased or used the product, or they may be generated through automated means such as chat bots. The main purpose for posting fake and fabricated reviews is typically to inflate the product ratings, enhance the public visibility, and prioritising the product in algorithmic search, leading to mislead the potential buyer about the quality or popularity of the product. In India there is no independent legislation that specifically defines, what is fake review, these practices fall under the ambit of *unfair trade practices* defined under Section 2(47) of Consumer Protection Act, 2019; which prohibits the misleading advertisement and deceptive representation that can mislead consumers regarding the quality, quantity and standard of products and services. According to *Issac in 2025*, The unfair trade practices includes any trade practice that adopt unfair or deceptive ways for promoting sales and services. Fake reviews, in their very nature,

constitutes a form of false misrepresentation intending to create a false belief about the value of product, and thereby distorts the fair competition. Moreover, such practices may be examined through the legislative lens under unfair competition under section 3 and section 4 of Competition act, 2002 too; as there is an interference with market transparency and creation of entry barriers for small and honest retailers.

### 3. Economic and Reputational Impact on Small Retailers

Fake reviews inflict severe economic and reputational harm on small retailers who operate in digital marketplaces. Reputation/goodwill in any business is the most valuable asset, especially for a small seller when competing with large corporations having great brand recognition. The engagement of dishonest competitors in manipulating the reviews, the genuine retailers faces a negligible visibility in algorithm-driven platforms, hence disrupting the consumer trust in the market (*Lappas et al., 2016*). Economically, this can lead to diminished sales, higher customer acquisition costs, and an erosion of market share. Reputational, small businesses suffer from the dilution of credibility when consumers begin to perceive online reviews as unreliable.

According to *Mehta in 2023*, fake negative reviews- generally posted to suppress competitors- can rigorously damage the reputation of sellers; might even lead to suspension or blacklisting on major digital platforms like Amazon or Flipkart. This critical issue shows the imbalance in digital domain: while large businesses can invest in brand repair and visibility strategies, small retailers recurrently lack the financial and technological resources to resist the harm caused by such malpractice. Henceforth, fake reviews not only mislead the consumer but also distort the competitive neutrality on online market, infringing the laws and rights regarding both consumers and competitors.

### 4. Comparative Insights: Global Treatment of Fake Reviews

Across the globe, concerned authorities have begun to tackle the danger of fake reviews more expressly. In European Union (EU), the *Omnibus Directive (EU) 2019/2161* introduced specific obligations for online platforms to ensure accountability and transparency in customer reviews. It prohibits the vendors from furnishing or assigning the fake reviews and even mandates that the platforms shall disclose whether and how they verify reviews. The *Federal Trade Commission (FTC)* in United States has taken an active role in penalizing the companies/ vendors who engages in or facilitates the publication or furnishing of fake endorsements of reviews under unfair and deceptive trade practices under section 5 of FTC Act, 1914. Likewise, in United Kingdom, the *Competition and Markets Authority (CMA)* has issued guidelines alarming the manipulative reviews are violative of *Consumer Protection*

from *Unfair Trading Regulations, 2008*; and has implemented the enforcement mechanism against the businesses that publishes the fake and fabricated reviews. Highlighting of these global approaches grows recognition that the fake and fabricated reviews not only hampers the consumers but also threaten the fairness and transparency of digital commerce. Therefore, drawing the lessons from such regulation, India need to enforce a stronger mechanism under existing laws.

#### 5. Legal Framework in India

From the cornerstone of India's legislative framework against the Unfair Trade Practices in digital market The Consumer Protection Act, 2019 (CPA 2019) have replaced the earlier act of 1986 to confront emerging challenges in E-Commerce ecosystem, providing a comprehensive definition of "consumer" under section 2(7) of the 2019 act; which also includes the buyers and seller on online platforms.

Section 2(47) of the act defines *Unfair trade practice* as any deceptive or misleading representation of goods or services, misleading the consumers regarding their quality, standard or grade. The act also empowers Central Consumer Protection Authority (CCPA) to take suo moto cognisance of such issue, order the recall of goods, impose penalties or issue any such direction to prevent unfair practices as per section 18 of CPA, 2019.

The 2023 guidelines on the "Prevention and Regulation of Dark Patterns" by CCPA, also addresses the manipulative digital practices such as "misleading reviews" as a type of a consumer deception. (Press Information Bureau, 2023). Further CPA, 2019 has been enhanced by Consumer Protection (E-Commerce) Rules, 2020; by laying down the obligations on E-Commerce enterprises to ensure transparency and credibility of platform. The platforms are required to publish and display the information relating to sellers, including ratings and reviews in fair and transparent manner under Rule 5(3) of the Rules. Further Rule 6(2) specifically mandates that the seller must not furnish any misleading information about the goods or services.

Despite holding such provisions, enforcement of them remains challenging due to cross-border and anonymous nature of digital transactions. The absence of a systematic verification framework for reviews, fake review endorsement is allowed. Therefore, while CPA 2019 AND E-Commerce Rules 2020 provides a strong directive base, their effectiveness depends upon the ability of CCPA to develop more unambiguous procedural guidelines for monitoring, identifying and penalising the fake review publications.

#### 6. Competition Act, 2002 and Market Fairness

The Preamble of Competition Act, 2002; complements the consumer law by confronting anti-competitive practices that distorts the market fairness. The main object of the act is to promote and sustain the competition, protecting the consumer interest, and ensuring the freedom of trade in markets. Even though the act does not explicitly address fake reviews, the ambit of section 4 of the act can be considered, which prohibits the abuse of dominant position, and section 3 that restricts the anti-competitive agreements. The manipulative review system of E-Commerce platform or the dominant sellers somewhere disadvantages the small rivals in the industry and hence effectively distorts the market access and consumer choice- acts that may amount to exclusionary or exploitative conduct (*Balasingham & D'Amico, 2025*).

The Competition Commission of India (CCI) thorough various cases has, recognised that the digital platform exercises a significant control over the visibility, pricing and consumer data, hence influencing competitive outcomes. In *Re: All India Online Vendors Association v. Flipkart India Pvt. Ltd. & Amazon Seller Services Pvt. Ltd. (2018)*, CCI observed that the preferential treatment to selected vendors and discriminatory use of search algorithms could amount to anti-competitive practices. When fake reviews are used with strategies, it can boost the visibility or suppress the competition, interfering with the fairness of the platform-based market. Thus, two-fold arm is created through fake review endorsement- consumer deception and competition distortion. And in order to ensure the protection of both, a holistic approach shall be enforced with the coordinated investigation of CCPA and CCI on digital marketplace.

## 7. Legal and Competitive Analysis of Fake Reviews

### A. Fake Reviews as Market Manipulation and Consumer Deception

Fake reviews operate at the intersection of consumer deception and market manipulation, amounting to misrepresentation under consumer law and information distortion under competition law. In digital marketplaces, consumers rely on indicators such as star ratings and testimonials as proxies for product quality, and falsified reviews distort this trust-based system by creating informational asymmetry (*Fazal, 2025*). The *Consumer Protection Act, 2019* prohibits misleading advertisements and unfair trade practices that harm consumers, a category under which fake reviews clearly fall due to their intent to influence consumer choice through false representation. (*Consumer Protection Act, 2019, §. 2(47)*). It has been noted by the Central Consumer Protection Authority (CCPA) that the fake reviews undermine the consumer trust and fairness in digital trading; surveys show that about 60% of Indian consumers have encountered with fake reviews and their buying decision got influenced.

From legal view point, fake and fabricated reviews involve both actus reus and mens rea. The seller or the intermediary platform often controls and manipulates the reviews to pump up the visibility and exploit algorithmic ranking, thereby unfolding consumer deception into domain of anti-competitive conduct (*Gates & Lysik, 2025*).

#### B. Competitive Harm and Small Retailer Vulnerability

By shifting market visibility and discovery mechanisms undermines the competition through fake and fabricated reviews. In Re: *All India Online Vendors Association v. Flipkart India Pvt. Ltd. & Amazon Seller Services Pvt. Ltd., 2018*, it was observed that Platforms like Amazon, Flipkart and Meesho use algorithmic ranking technique that rewards the higher-rated products, providing dishonest vendor overwhelming visibility while shoving the genuine ones to the margins. This hence, creates a feedback loop that restrains the genuine and honest competitors in the market and weakens the consumer trust. Further it has also been observed by (*Federal Trade Commission, 2023*) that the ‘fake and negative reviews’ are deliberately applied to exclude the rivals from the competition, hence aligning with abuse of dominance under section 4(2) of the Competition Act, 2002.

The CCI in Re: *All India Online Vendors Association v. Flipkart India Pvt. Ltd. & Amazon Seller Services Pvt. Ltd. (2018)*, noted that discriminatory platform practices can distort the competition- marginalising the small retailers in the market.

#### C. Regulatory Gaps and the Need for Normative Alignment

Despite the fact that both Consumer Protection act, 2019 and Competition act, 2002; have the capacity to confront the issue to review manipulation, the overlapping of jurisdictions and inconsistency of enforcement weakens the hold of both the laws. As per section 18 of CPA, 2019; CCPA’s function to curb the misleading representations remains underutilized and CCI is yet to explicitly address the issue of fake reviews within its jurisprudence. Whereas there has been adoption of more stringent approaches over the globe. The U.S. FTC act, 1914 penalizes the fake review practices under its section 5; while EU Omnibus Directives mandates that only the verified purchasers can post their reviews on the platform and no one else. Although the Indian framework is conceptually comprehensive, however it lacks the coordination in implementation between CCPA and CCI.

Therefore, there is an indispensable need for the normative alignment between the Consumer Protection Act, 2019 and Competition Act, 2002 through CCPA and CCI respectively, to ensure the integrity of the digital market. The former safeguards the consumers from malpractices while the later maintains the fair competition. A unified regulatory approach is essential which need to be supported by inter-agency collaboration and mandatory

authentication standards to strengthen the accountability and protection of small retailers and consumers.

### **8. Conclusion**

In order to bridle the issue of fake reviews and their impact on the market, the Indian legal and regulatory framework must strive for preventive authenticity and derive a model for enforcement. The paramount primacy is to establish the mandatory verification and authentication mechanism to ensure originality of online reviews by the verified consumers. The unambiguous disclosure that the reviewers are authentic or sponsored is the EU Omnibus directive approach. To tackle the fake review issue, integration of AI-based review authenticators could further help the process to detect irregularities, such as repetitive languages and coordinated review patterns as to ensure transparency and accountability. At the same time, institutional coordination between the CCPA and CCI should devise mutual regulatory framework which will enable the organizations to handle the complementary aspects of consumer deception and market distortion. The online platforms should be mandated by the regulatory authorities to create verified seller tags that recognize businesses regularly receiving consumer feedback. Apart from regulatory and policy revamp, spreading public awareness about the issue of fake review is also indispensable which will ensure in strengthening the consumer education. Further, introducing a uniform penalty framework such as modelled based on U.S Federal Trade Commission’s which will discourage violations by scaling fines according to company revenue. Lastly, the legitimacy of online reviews is central to both consumer protection as well to the competition principles. The Consumer Protection Act, 2019 provides deceptive action as an unfair trade practice, whereby the Competition Act, 2002 safeguards against the prohibitive behaviour. A preventive model of governance with verified review system incorporated with algorithm will ensure transparency. Furthermore, and organizational intersection between CCPA and CCI is indispensable to re-establish the market integrity. The preservation of consumer trust is not merely a matter of compliance but of maintaining a fairness, reputation and authentic competition, thereby ensuring authenticity in online review which will complements not only the consumer rights but also the market fundamental for small retailers

### **List of Symbols/Abbreviations**

|              |  |
|--------------|--|
| <b>(EU)</b>  | <b>European Union</b>                    |
| <i>(FTC)</i> | <i>Federal Trade Commission</i>          |
| <i>(CMA)</i> | <i>Competition and Markets Authority</i> |

|                      |  |
|----------------------|--|
| (CPA 2019)           | <b>Consumer Protection Act, 2019</b>         |
| (CCPA)               | <i>Central Consumer Protection Authority</i> |
| ( <i>Pvt. Ltd.</i> ) | Private Limited                              |
| (CCI)                | Competition Commission of India              |
| (§)                  | Section                                      |
| PIB                  | Press Information Bureau                     |
| MCA                  | Ministry of Corporate Affairs                |

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