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## **ЕФЕКТИВНІСТЬ СИСТЕМИ ЗАХИСТУ ПРАВ СПОЖИВАЧІВ ПРИ КУПІВЛІ ТОВАРІВ В ІНТЕРНЕТ-МАГАЗИНАХ**

**Анотація.** Щороку переважна більшість країн переходить в онлайн-середовище. Особливо це стосується інтернет-магазинів. Предметом дослідження у статті є система захисту прав споживачів при купівлі товарів в інтернет-магазинах та її ефективність. Мета – проведення аналізу стану розвитку електронної торгівлі в Україні та системи захисту прав споживачів при купівлі товарів в інтернет-магазинах. Використано такі загальнонаукові методи: класифікації та теоретичного узагальнення – для дослідження теоретичних основ інтернет-торгівлі; статистичного аналізу – для аналізу сучасного стану електронної торгівлі в Україні та системи захисту прав споживачів. Отримано такі результати: на основі аналізу норм чинного законодавства та досвіду зарубіжних країн, що описують розвиток ринку електронної торгівлі в Україні та світі, виявлено основні тенденції, що склалися, визначено позитивні та негативні сторони інтернет-торгівлі, а також ефективність системи захисту прав споживачів при купівлі товарів в інтернет-магазинах. Було зроблено висновок, що індустрія «електронної комерції» розвивається дуже динамічно. Захист прав споживачів під час купівлі товарів через інтернет-магазини здійснюється як і при звичайній купівлі-продажу, але має низку специфічних особливостей. Для залучення потенційних покупців і формування в них довіри інтернет-магазини намагаються на своїх офіційних сайтах розміщувати якнайбільше інформації про свої товари і послуги, зокрема й відгуки покупців. Це свідчить про те, що самі продавці зацікавлені в якнайшвидшому вирішенні спірних ситуацій і збереженні своєї репутації. З огляду на це, саме підвищення споживчої грамотності громадян, вміння повною мірою реалізувати свої права, захищати свої інтереси в разі виникнення тих чи тих суперечностей – один зі шляхів вирішення наявних проблем

**Ключові слова:** електронна торгівля, електронна комерція, інтернет-простір, інтернет-магазин, інтернет-покупці, захист прав споживачів, юридична відповідальність

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## **EFFECTIVENESS OF THE CONSUMER PROTECTION SYSTEM UPON PURCHASING GOODS IN ONLINE STORES**

**Abstract.** *Every year, the vast majority of countries switch to an online environment. This is especially true for online stores. The subject of this study is the system of consumer protection upon buying goods in online stores and its effectiveness. The purpose is to analyse the state of development of e-commerce in Ukraine and the system of consumer protection upon purchasing goods in online stores. The following general scientific methods were used: classification and theoretical generalisation – to study the theoretical foundations of e-commerce; statistical analysis – to analyse the current state of e-commerce in Ukraine and the consumer protection system. The following results were obtained: based on the analysis of the provisions of current legislation and the experience of foreign countries describing the development of the e-commerce market in Ukraine and the world, the main trends that have developed have been identified, the positive and negative aspects of e-commerce have been identified, as well as the effectiveness of the consumer protection system upon purchasing goods in online stores. It was concluded that the “e-commerce” industry is developing very dynamically. Consumer protection upon purchasing goods through online stores is carried out as with a regular purchase and sale, but it has a number of specific features. To attract potential customers and build their trust, online stores try to post as much information about their products and services as possible on their official websites, including customer reviews. This indicates that the sellers themselves are interested in resolving disputes as soon as possible and preserving their reputation. Taking this into account, it is the improvement of the consumer literacy of citizens, the ability to fully exercise their rights, and to protect their interests in case of certain contradictions that is one of the ways to solve the existing problems*

**Keywords:** *electronic trading, e-commerce, internet space, online store, online buyers, consumer protection, legal responsibility*

### **INTRODUCTION**

The modern world is a world of high technologies that cover more and more aspects of our lives every year. E-commerce in Ukraine has currently entered a stage of rapid development. Even 10 years ago, the internet was a luxury for the elite, something unrealistic and hardly achievable. Gone are the days when access to the internet space was an extraordinary occasion, now the connection to the World Wide Web occurs every second, continuously and around the clock. The number of gadgets that have internet access is increasing every day. In general, as O. Synyavska emphasises, with the creation of an increasingly active e-commerce space in Ukraine, the popularity of foreign platforms is declining, and national

entities are increasingly using the experience of business models of other countries, implementing it in their functioning [1]. At present, the online market of Ukraine is dominated by local companies, such as “Rozetka”, “Allo”, “OLX” and many others. The top three most visited *e-commerce* sites in Ukraine include: OLX.ua (40.4% of users), Rozetka.com.ua (32.5%) and Prom.ua (26.5%). According to the Association of retailers of Ukraine, Alibaba Group became the world leaders among players in the field of e-commerce in 2016 with a share of 27%. This is followed by Amazon with 13% of the global market and eBay with 4.5% [2]. Analysis of the growth rate of e-commerce volumes in Ukraine indicates that they

have considerably exceeded the growth rate in Europe in recent years. This is primarily due to a sharp increase in the level of internet penetration in Ukraine, as well as the distribution of internet users by age and income level: for example, for users with an above-average income level, it reaches almost 100%, a similar situation is observed in the age group of 15-45 years, which provides a considerable share of active internet buyers.

Furthermore, in the context of the Europeanisation of the national economy, an important aspect is Ukraine's performance of international obligations. One of the most important areas of sectoral cooperation between the EU and Ukraine, which is stipulated in the Association agreement, is consumer protection (Chapter 20 Section V "Economic and Sectoral Cooperation"). The purpose of such cooperation is to ensure a high level of consumer protection and achieve compatibility between the Ukrainian and European consumer protection systems (Article 415 of the Association agreement). According to Article 417 of the Association agreement, Ukraine gradually harmonises its legislation with the EU *acquis* in the area of protection of consumer's rights, a list of which is provided in Annex XXXIX to the Association agreement, while avoiding the creation of barriers to trade<sup>1</sup>. Annex XXXIX to Chapter 20 of the Association agreement stipulates that the provisions of Directive 2002/65/EC should be implemented in Ukraine within three years from the date of entry into force of the Association agreement<sup>2</sup>. The purpose of the Directive is to harmonise the laws, sub-legislative acts, and administrative regulations of Member States regarding remote marketing of consumer financial services in order to strengthen the protection of the rights of consumers who are offered financial services via the Internet.

The current stage of development of relations between the area of production of goods, services, and the area of consumption indicates the predominant importance of the consumer community. The term *customisation* is firmly established in everyday life and defines the dominant scientific and technological progress in the production and market of consumer goods and services. That is why today all organisations are required to have their official websites with up-to-date information about themselves. Each store must have a variety of online catalogues with its products for everyone to observe. Moreover, recently there have been increasingly more stores emerging, which trade only in the online space (*Wildberries*, *La Moda*, *Ali Express*, and many others). In social networks, more and more people engaged in joint purchases appear, they post information about products and services on their pages, accept orders through online correspondence, and send goods to the specified addresses.

Thus, remote trading is already firmly established in the everyday life of most Ukrainian citizens. Today, remote

purchase of goods is carried out not only by people with disabilities or advanced providers, but also by mothers with small children, ever-busy office workers, even ordinary citizens who do not want to waste their time shopping. A kind of remote purchase and sale agreement is established between the customer and the online store. Therewith, purchasing goods using an online store or through online catalogues on the websites of various organisations has its pros and cons. In general, as scientists note, in the context of global transformations, the subject matter is understudied. And the presence of significant violations of consumer rights on the part of business entities and, accordingly, complaints from the population about low-quality goods and services, as well as unfair competition, indicate that this problem is quite relevant, underdeveloped, and requires further scientific research.

The subject of this study is the system of consumer protection upon buying goods in online stores and its effectiveness. The purpose is to analyse the state of development of e-commerce in Ukraine and the system of consumer protection upon purchasing goods in online stores. Tasks: research of the concept of "e-commerce"; "online store"; analysis of trends in the development of e-commerce in Ukraine, the effectiveness of the consumer protection system when purchasing goods in online stores.

## 1. MATERIALS AND METHODS

In accordance with the tasks of scientific search, the study uses a set of interrelated, complementary research methods. The theoretical and methodological basis includes dialectical, historical, and comparative methods, which are used to study the processes of establishment, development, and functioning of online stores in Ukraine and foreign countries. A comprehensive terminology of the electronic economy and its components has been developed, in particular, the content of such main categories as electronic trade, e-commerce, internet space, online store, online purchases, consumer rights protection.

The study uses methods of analysis, synthesis, logical generalisation and scientific abstraction, statistical and Aristotelian methods, with the help of which the analysis of social processes, their interrelation, the mechanism of functioning of electronic commerce in Ukraine and other states is carried out; special legal methods of interpretation of legal provisions, which are used to define the conceptual foundations of the functioning and development of electronic commerce in Ukraine, as well as lines of work for improving the national legislation and practical implementation of international standards in this area. The analysis of the provisions of the current legislation regulating the rights of customers in online stores is also carried out, in particular, the Civil Code of Ukraine<sup>3</sup>, the Law of Ukraine "On Consumer Rights Protection"<sup>4</sup>,

1. Association agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part. (2014, September). Retrieved from [https://zakon.rada.gov.ua/laws/show/984\\_011#Text](https://zakon.rada.gov.ua/laws/show/984_011#Text).

2. Directive 2002/65/EC of the European Parliament and of the Council on the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC. (2002, September). Retrieved from [https://minjust.gov.ua/m/str\\_45878](https://minjust.gov.ua/m/str_45878).

3. Civil Code of Ukraine. (2003). Retrieved from <https://zakon.rada.gov.ua/laws/show/435-15#Text>.

4. Law of Ukraine No. 1023-XII "On consumer protection". (1991, May). Retrieved from <https://zakon.rada.gov.ua/laws/show/1023-12#Text>.

the Law of Ukraine “On Electronic Commerce”<sup>1</sup>, etc. In the course of study, it is the methods of classification and theoretical generalisation that have gained particular weight. They were applied, in particular, to investigate the theoretical foundations of e-commerce and the legal nature of online stores. Using these methods, it was found out that it is the interests of the consumer that should be the main priority of regulating the relations of market forces within the social and consumer complex. The Ukrainian legislation governing this area is rather confusing, being represented by various legislative acts that do not fully track the changes taking place in the era of the development of the digital economic model of society. That is why it is concluded that only the adoption of the consumer protection code would bring the legislation into much-needed compliance.

The method of statistical analysis allowed analysing the current state of electronic commerce in Ukraine and the consumer protection system in foreign countries. Thus, mechanisms for activating e-commerce in Ukraine in the context of the development of a deep and comprehensive Europeanisation of the economy in the context of a free trade area with the EU are defined, based on such areas of development of national e-commerce as improving electronic information systems, ensuring the exchange of information between the state and consumers of these services. In view of this, the emphasis is placed on the positive foreign experience of consumer protection upon purchasing goods in online stores in France, Germany, USA, Italy, England, Belgium, Switzerland, etc. Using this method, the study considered some aspects of international legislative regulation, which establishes the rights of buyers and has a direct impact on the rights of consumers and the behaviour of other stakeholders in the consumer market.

## 2. RESULTS AND DISCUSSION

### 2.1. *Ukrainian legislation and consumer rights protection system for purchasing goods in online stores*

In the Law of Ukraine “On Electronic Commerce”, electronic trade is defined as a part of e-commerce, namely, economic activity in the field of electronic purchase and sale, sale of goods remotely to the buyer by making electronic transactions using information and telecommunications systems. Purchase of goods via the internet is a contract concluded at a distance by the seller (contractor) with the consumer using remote communication means (Clause 8 Article 1 of the Law of Ukraine “On Consumer Rights Protection”<sup>2</sup>), which include telecommunications networks, postal communications, television and information networks, in particular the internet. Article 698 of the Civil Code of Ukraine stipulates that under a retail purchase and sale agreement, a seller engaged in business activities for the sale of goods undertakes to transfer to the buyer the goods that are usually intended for personal, home, or

other use not related to business activities, and the buyer undertakes to accept the goods and pay for them<sup>3</sup>. Relations arising between the buyer and seller of goods, works, and services on the internet do not differ from the conventional rules of purchase and sale and are governed, in particular, by the provisions of the Civil Code of Ukraine and the Law of Ukraine “On Consumer Rights Protection”. Taking this into account, remote purchase and sale is nothing else than a type of retail purchase and sale.

However, in an online store, one can often encounter a dishonest seller. The issue of unfair commercial practices against consumers in Ukraine is primarily governed by the Laws of Ukraine “On Consumer Rights Protection” and “On Protection Against Unfair Competition”<sup>4</sup>.

According to Part 1 Article 19 of the Law of Ukraine “On Consumer Rights Protection”, dishonest business practices are prohibited. This refers to committing actions or inaction that mislead the consumer, are aggressive, or constitute a manifestation of unfair competition. For each type of dishonest practice, the Law provides relevant examples, the list of which is not exhaustive. An important provision is also Paragraph 1 Part 1 of Article 21 of the same law, according to which the consumer’s rights are considered violated if the consumer’s right to freedom of choice of products is violated in any way during the sale of products. Article 22 of the law regulates the issue of judicial protection.

Currently, dishonest sellers tend to mislead buyers by spreading false or incomplete information about the product offered due to the fact that the buyer does not have a real opportunity to inspect the product at the time of its purchase. Most often, disputes arise due to poor-quality goods (defects), inconsistency of the site image and the real thing, etc., in this regard, the provisions of Article 9 of the Law of Ukraine “On Consumer Rights Protection” regarding the availability of the buyer’s opportunity to refuse the goods at any time before their transfer and the right to exchange goods of proper quality within fourteen days, not counting the day of purchase, unless a longer period is announced by the seller.

Depending on whether the purchased product has defects, two possible situations can be highlighted, where the process of returning the product would differ significantly. Thus, the first option is when the buyer returns a product that has no defects, that is, a product of proper quality. The consumer has the right to exchange a non-food product of proper quality for a similar one from the seller from whom it was purchased, if the product does not satisfy him in shape, dimensions, style, colour, size, or cannot be used for its intended purpose for other reasons. The consumer has the right to exchange goods of proper quality within fourteen days, not counting the day of purchase, unless a longer period is announced by the seller<sup>5</sup>.

1. Law of Ukraine No. 675-VIII “On e-commerce”. (2015, September). Retrieved from <https://zakon.rada.gov.ua/laws/show/675-19#Text>.

2. Law of Ukraine No. 1023-XII “On consumer protection”. (1991, May). Retrieved from <https://zakon.rada.gov.ua/laws/show/1023-12#Text>.

3. Civil Code of Ukraine. (2003). Retrieved from <https://zakon.rada.gov.ua/laws/show/435-15#Text>.

4. Law of Ukraine No. 236/96-VR “On protection from unfair competition”. (1996, June). Retrieved from <https://zakon.rada.gov.ua/laws/show/236/96-%D0%B2%D1%80#Text>.

5. Order of the Ministry of Economy of Ukraine No. 104 “On approval of the rules of retail trade in non-food products”. (2007, April). Retrieved from <https://zakon.rada.gov.ua/laws/show/z1257-07#Text>.

In this case, the only exception may be certain non-food items that are not subject to return and exchange for the above reasons. For example, in accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 172 “On the Implementation of Certain Provisions of the Law of Ukraine “On Consumer Rights Protection” dated March 19, 1994, the list of proper quality goods that are not subject to exchange (return) was approved. Medicines and supplies, health and hygiene products, perfume and cosmetic products, etc. cannot be returned<sup>1</sup>. In accordance with the Law of Ukraine “On Consumer Rights Protection”, it is impossible to refuse goods that were made to an individual order (for example, bespoke shoes or clothes, furniture made to measures, etc.)<sup>2</sup>.

At the same time, the exchange of goods of proper quality is carried out if it has not been used and if its marketable condition, consumer properties, seals, labels are preserved, as well as a settlement document issued to the consumer together with the sold goods, or a reproduced QR code on the display of the software registrar of settlement operations (the display of the device on which the software registrar of settlement operations is installed), which allows the consumer to read and identify it with the settlement document according to the data structure that it contains, or an electronic settlement document sent to the subscriber number or email address provided by the consumer. Thus, regarding the settlement document, the legislator provides the consumer with several options for presenting it to the buyer. In this case, one can resort to other evidence, for example, for a remote method of purchasing goods via the Internet, a printout from the website of a particular store is sufficient. Such goods are also not returned due to the fact that they cannot be sold to other persons or can only be sold with substantial financial losses for the seller (contractor).

The consumer can return goods of proper quality and receive money back in the amount of the cost of such goods, if at the time of exchange a similar product is not on sale. Furthermore, according to Part 4 Article 13 of the Law of Ukraine “On Consumer Rights Protection”, the consumer has the right to return the item that indicates the termination of the agreement. Thus, the legislator protects the interests of the consumer who enters into an agreement at a distance, in particular, via the Internet, since it gives him or her the right to “unconditional” withdrawal of the agreement even after receiving the goods [3]. As for the return of goods of improper quality, the rules are somewhat different. As for the return of goods of improper quality, the rules are somewhat different. They are enshrined in Article 708 of the Civil Code of Ukraine<sup>3</sup> and Article 8 of the Law of Ukraine “On Consumer Rights Protection”. Notably, these rules define the rights of the buyer in different ways if goods of improper quality are sold to him or her. Thus,

according to Part 1 of Article 708 of the Civil Code of Ukraine, if during the warranty or other periods established by the rules or contract binding on the parties, the buyer discovers defects that had not been specified by the seller, or falsification of the goods, the buyer shall have the right at their discretion: 1) to demand the seller or manufacturer to perform a free elimination of defects in the goods or reimbursement of expenses incurred by the buyer or a third party for their correction; 2) to demand the seller or manufacturer to replace the goods with a similar product of proper quality or the same product of another model with appropriate recalculation in case of price difference; 3) to demand the seller or manufacturer to reduce the price accordingly; 4) to withdraw from the agreement and demand a refund of the amount of money paid for the goods<sup>4</sup>. As for the latter right of the buyer, withdrawal from the agreement, it most often occurs as a result of violation of the terms and conditions of the agreement by the seller [3].

In contrast to these rules, Article 8 of the Law of Ukraine “On Consumer Rights Protection” narrows the rights of consumers in case of sale of goods of improper quality. Thus, the latter depend on the type of product defect. For example, if it is not substantial, then the consumer shall have the right to demand: 1) a proportional reduction in the price; 2) free elimination of defects in the goods within a reasonable time; 3) reimbursement of expenses for the elimination of defects in the goods. If the defect is substantial, then the consumer can: 1) terminate the agreement and receive the amount of money paid for the goods; 2) demand replacement of the goods with the same product or with a similar product available to the seller (manufacturer)<sup>5</sup>. Consequently, there is a legislative conflict that determines the issue of whether the provision of Article 708 of the Civil Code of Ukraine or Article 8 of the Law of Ukraine “On Consumer Rights Protection” should be applied. The authors of this study believe that the provision contained in the Civil Code of Ukraine is subject to application, since Part 3 Article 698 states that the legislation on consumer rights protection applies to relations under a retail purchase and sale agreement with the participation of an individual buyer that are not regulated by this Code. That is, the legislator favours the provisions of the Civil Code of Ukraine in terms of governing relations arising under a retail purchase and sale agreement, while the legislation on consumer rights protection is of subsidiary importance.

When the consumer finds out about the shortcomings of the product, he or she can present the seller or manufacturer with a request for their free elimination. According to Part 9 Article 8 of the Law of Ukraine “On Consumer Rights Protection”, such shortcomings must be eliminated within fourteen days from the date of its presentation or by agreement of the parties in another

1. Resolution of the Cabinet of Ministers of Ukraine No. 172 “On the implementation of certain provisions of the Law of Ukraine “On Consumer Protection””. (1994, March). Retrieved from <https://zakon.rada.gov.ua/laws/show/172-94-%D0%BF#Text>.

2. Law of Ukraine No. 1023-XII “On consumer protection”. (1991, May). Retrieved from <https://zakon.rada.gov.ua/laws/show/1023-12#Text>.

3. Civil Code of Ukraine. (2003). Retrieved from <https://zakon.rada.gov.ua/laws/show/435-15#Text>.

4. *Ibidem*, 2003.

5. Law of Ukraine No. 236/96-VR “On protection from unfair competition”. (1996, June). Retrieved from <https://zakon.rada.gov.ua/laws/show/236/96-%D0%B2%D1%80#Text>.

period. At the written request of the consumer, goods of the same brand (model, article number, modification) are provided (with delivery) for the duration of the repair, regardless of the model. For this, the seller, manufacturer (an enterprise that meets the requirements of the consumer established by Part 1 Article 8 of the Law) are obliged to create (have) an exchange fund of goods. The list of such goods is determined by the Cabinet of Ministers of Ukraine. For remote purchase and sale, it is allowed submitting an application in the form of an email sent to the internet portal indicating one's data, a description of the current situation, and a personal opinion regarding the way to resolve it.

Apart from the product itself, the consumer must also return all related documents for the product (warranty card, instructions, passport, etc.), as well as all components of this product. In some cases, sellers mislead customers by refusing to return money and accepting low-quality goods back, referring to violations of the original packaging of the goods or pointing out the fact that the goods are included in the list of non-refundable ones. Notably, this is a direct violation of the provisions of the Economic Code of Ukraine<sup>1</sup>, the Civil Code of Ukraine, the Law of Ukraine "On Consumer Rights Protection"<sup>2</sup>.

It is also worth noting that in some cases, the seller has the right to send the goods to the service centre to clarify the causes of defects and eliminate them. If the seller is not at fault and the goods were damaged or rendered unusable by the buyer themselves, the consumer reimburses the costs of conducting an expert examination, storing the goods and transporting them. That is, according to the law, the expert examination is always carried out at the expense of the seller, but if the buyer's guilt is proved (careless use, non-compliance with recommendations, etc.), they must reimburse the costs.

In case of return of goods of improper quality, as in a regular store, a written return report is drawn up between the buyer and the seller (online store). The seller can return the money using the same form that was used to purchase the product. Therewith, the return of the goods from remote purchase and sale has special specifics. Since in most cases the consumer pays for online purchases with a bank card, the funds must also be returned to the card balance. In case of invalidity of the card (loss, issuance of a new one, etc.), funds are transferred to another card that was recorded in the transfer certificate or to the bank account specified in the act by the buyer. This fact must also be reflected in writing in the transfer certificate. If there is a requirement to pay a commission fee when transferring funds, it is settled at the seller's expense. In case of purchase of goods by cash payment, it is possible to refund funds from the representative's store's cash desk or in any other way reflected in the transfer certificate.

According to Part 1 Article 55 of the Constitution of Ukraine, human and civil rights and freedoms are protected by the court. Therefore, in case of violation, the rights of consumers are subject to judicial protection.

Therewith, Part 5 Article 28 of the Civil Procedural Code of Ukraine stipulates that claims for consumer protection may also be filed at the registered place of residence or stay of the consumer or at the place of damage or performance of the contract.

Progress does not stand still and competition forces sellers to take legitimate measures to resolve conflicts. For example, Facebook has recently started keeping a list of dishonest sellers and stores [4]. In addition, there are a huge number of independent forums and groups dedicated to protecting internet consumers, where one can read reviews about the products of various stores, learn about the reputation of a particular business entity, and exchange experience in protecting the violated rights. Unfortunately, the statistics are sad: in 2019, Ukrainians were deceived in online stores for a total of 200 million UAH [5]. Therefore, one can draw an intermediate conclusion that it is the interests of the consumer that should be the main priority of regulating the relations of market forces within the social and consumer complex. The Ukrainian legislation governing this area is rather confusing, being represented by various legislative acts that do not fully track the changes taking place in the era of the development of the digital economic model of society. That is why it is considered that only the adoption of the consumer protection code would bring the legislation into much-needed compliance.

## ***2.2. International legislative regulation of consumer rights protection when purchasing goods in online stores***

In this context, the positive foreign experience of protecting consumer rights when buying goods in online stores deserves attention. The study considered some aspects of international legislative regulation, which establishes the rights of buyers and has a direct impact on the rights of consumers and the behaviour of other stakeholders in the consumer market [6]. Many countries have long established various consumer protection institutions. For example, in France there is a Ministry of Consumer Affairs, in the UK – the Office of the Director General for Private Trade, in the United States – the Federal Trade Commission [7]. In some countries, there are special legislation on consumer protection or these functions are performed by articles of civil codes. The relevant codes apply, for example, in Italy and France. In England, Belgium, and Switzerland, there is an extensive network of consumer protection societies whose main goal is to express the opinion of consumers. They provide information to consumers and act on their behalf in various organisations, perform intermediary functions, and file lawsuits in courts on behalf of the customer in case of violation of their rights [8].

In France, the decree of December 1, 1986 established the principle of price freedom, but it stipulates a number of reservations to protect consumer rights [9]. For example, it is prohibited to use discriminatory prices and "avalanche sales", when the buyer is given a discount provided that they find other buyers for an analogous product. This is

1. Economic Code of Ukraine. (2003). Retrieved from <https://zakon.rada.gov.ua/laws/show/436-15#Text>.

2. Law of Ukraine No. 1023-XII "On consumer protection". (1991, May). Retrieved from <https://zakon.rada.gov.ua/laws/show/1023-12#Text>.

considered fraud and is punishable by law. And the sale of goods at a markdown, sell-off and sale from exhibitions require prior permission from the mayor's office.

Within the European Union (hereinafter referred to as the EU), consumer protection is carried out by various consumer associations: the European consumer bureau, the service under the European Commission, and the Consumer Advisory Committee. All disputes on consumer protection issues are usually resolved through out-of-court, conciliation procedures. It is important that European standards in the consumer sphere are aimed at establishing a high level of consumer protection for the free movement of goods in the EU internal market. Since different levels of protection in the Member States of the European Union create barriers to the free movement of goods, a unified minimum set of consumer legislation rules was created for all EU Member States. The introduction of such rules contributes not only to the better functioning of the EU internal market, but also to strengthening consumer confidence<sup>1</sup>.

The European Commission has established a European Consumer Centres Network (ECC-Net), comprising 29 centres (in EU Member States, Norway, and Iceland) that cooperate with each other to provide consumers with information about purchases abroad, as well as to help consumers resolve problematic issues in disputes with foreign merchants in the field of e-commerce [10; 11].

ECC-Net's activities and services cover:

- provision of information about purchases abroad and ensuring that consumers' awareness of their rights. ECC-Net also provides information about the rights of the consumer in the EU and their country;
- consulting and support to any consumer facing problems while shopping abroad;
- assistance to the consumer in reaching an agreement – a positive decision with the merchant in a problematic situation or dispute;
- ECC-Net participants collaborate by organizing joint projects that explore areas that cause or may cause difficulties for consumers. For example, joint projects in the field of air passenger rights and e-commerce are organised, indicating the main problems existing in Europe;
- a form for foreign complaints is available to consumers, upon completion of which on the home page of the ECC-Net participant, the consumer's complaint is automatically submitted to and registered with IT-Tool, the general database of foreign complaints.

ECC-Net also cooperates with other networks established in the EU, for example SOLVIT, which constitutes an alternative mechanism of the European Economic Area to address domestic market problems and often problems related to residence permits, border crossings, recognition of professional qualifications and education, mutual recognition of goods, freedom of business, unfair conditions in public procurement tenders that discriminate against applicants or goods from other EU Member States. ECC-Net also cooperates with FIN-Net,

which is a network for solving financial services problems. The fundamental provisions, regulated at the supranational level, that protect consumers in the EU, can be distinguished as follows:

- according to EU regulations, the consumer has the right to file a complaint within two years from the date of purchase of the product. The seller or manufacturer does not have the right to shorten this period;
- if the seller or manufacturer of the product gives a guarantee, this means that the buyer is given additional opportunities to the fact that within two years they have the legal right to apply to the seller with claims;
- the manufacturer can provide a European-scale guarantee and, if necessary, the goods can be repaired at the dealer of such company in the buyer's country of residence;
- if the seller refuses to respond to the buyer's complaint, please contact the European Consumer Information Centre.

The right to refuse the purchased product is also regulated. Directive 97/7/EC of the European Parliament and of the Council on the protection of consumers in respect of distance contracts of 20 May 1997 stipulates that the consumer of online services within at least seven working days, without any penalties and without specifying any grounds, has the right to refuse the ordered goods. The only thing that can be required from the consumer, if they have enjoyed their right of refusal, is to pay direct costs associated with the return of goods. The Directive ensures a minimum level of legal settlement requirements, and in each particular EU Member State such a settlement may be more but not less favourable for consumer rights than stipulated in the Directive. The right of refusal can be used within seven calendar days, if the parties have not agreed on a longer period of time.

The right of refusal does not apply to: agreements concluded with the help of vending machines or automated trading places; agreements concluded with a telecommunications operator using toll-free public telephones; agreements concluded at the auction; agreements related to the delivery of food, beverages, or other household goods intended for immediate consumption by the consumer at home, at work, or elsewhere, if the goods are constantly supplied by a sales agent; contracts for the provision of housing or transport services, or related to food or entertainment activities, if the seller or service provider, in accordance with the agreement, undertakes to provide services on a specific day or time. The Directive stipulates that when a consumer uses their rights of refusal, the online store shall be obliged to return the amounts paid by the Consumer free of charge within 30 days.

The terms and conditions of delivery of the product are also regulated. The online store must complete the order no later than within 30 days from the date when the consumer sends the order to the store. If the consumer has made a purchase, but it turns out that this product is no longer on sale, the seller must notify the buyer and return

1. Association agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part. (2014, September). Retrieved from [https://zakon.rada.gov.ua/laws/show/984\\_011#Text](https://zakon.rada.gov.ua/laws/show/984_011#Text).

the money within 30 days. To avoid fraud on the Internet, one should know several key points. Thus, one of the inherent features of credulity (also known as quality marks) is the placement of an electronic label on the home page of an online store. Most often, such tags are placed to inform that the store complies with the code of conduct, so that the site user is sure that a particular online store can be trusted.

Currently, the only sign of trust in the European Union regarding e-commerce is the Euro-Label. This label was created with the financial support of the European Commission. Euro-Label guarantees that the product that the company sells actually exists, the terms and conditions of sale are clearly defined and available on the home site, the seller complies with the laws and ensures data protection, after ordering the goods will be delivered, and in case of any problems, a dispute resolution procedure is developed. Thus, one of the ways to solve a problem that the buyer has when purchasing a product is to file a complaint (provided that a particular country takes part in the project).

There is also an international operational communication network Econsumer.gov, established in 2001 to resolve emerging disputes, counter international fraud, and gain consumer confidence in purchases made through direct communication [12]. At the first stage, 13 countries took part in the project, at present – 24 countries. The project is based on two components: an international internet site and access to the website of a particular institution. The publicly available website allows the consumer to publish their international claim, which is forwarded to the corresponding institution of the country taking part in the project, using the database of consumer complaints of the US Federal Trade Commission. In case of failure to resolve the dispute by alternative methods, the consumer can use the European procedure for satisfying small claims [13; 14].

Another promising area of dispute resolution between buyers and sellers is the Alternative Dispute Resolution system (ADR) – a term used to refer to various dispute resolution mechanisms without directly involving a court or government agency in dispute resolution [15]. The consumer is considered a “weaker” party to the agreement, its financial and other resources for Effective Dispute Resolution are not comparable with the capabilities of the merchant [16; 17]. It also should be taken into account that people often purchase inexpensive goods, and this deters the consumer from resolving the dispute in a general civil procedure. In this case, faced with the fact of non-performance of the agreement, the ability of consumers to protect their rights is very limited [18; 19]. The consumer is both economically and spiritually in a weaker position than the merchant; therefore, when resolving a dispute in courts of general jurisdiction, the consumer is most likely to lose

an action [20; 21]. To compare the capabilities of the parties, the consumer should choose the most acceptable dispute resolution mechanism for him or her. Such a mechanism is alternative types of dispute resolution. Unlike conventional legal proceedings, alternative types of dispute resolution offer the consumer the following substantial advantages:

- the process is easily accessible and often bypasses the bureaucratic forms inherent in legal proceedings;
- the process can be initiated electronically regardless of where the parties are located;
- for most of the available types of ADR, the process is accessible to consumers free of charge or the fee is determined in proportion to the value of the disputed product;
- the consumer has the right to use ADR schemes without resorting to any other legal aid;
- the recommendations issued by the European Commission contain the principle that the ADR decision should be made faster than it would have happened in the court of first instance; therefore, the process ensures relatively fast consideration of the dispute [22; 23].

At the same time, the only organisation established in accordance with the recommendations of the European Commission 98/257 and 2001/310 is the State Service of Ukraine for Food Safety and Consumer Protection.

## CONCLUSIONS

Proceeding from the forgoing, the conclusions can be drawn as follows. Consumer protection upon purchasing goods through online stores is carried out as with a regular purchase and sale, but it has a number of specific features. Thus, the mechanisms for returning items through a regular store and an online store have similar features and practically no differences. To attract potential customers and build their trust, online stores try to post as much information about their products and services as possible on their official websites, including customer reviews. There are also many different online forums with independent customer reviews. Increasingly often, additional functions such as “Start a dispute” or “Return the product” appear on the websites of online stores. This indicates that the sellers themselves are interested in resolving disputes as soon as possible and preserving their reputation.

Currently, the “e-commerce” industry for organising the sale of consumer goods and providing various services in the information and telecommunications network of the Internet is developing very dynamically. The improvement of the consumer literacy of citizens, the ability to fully exercise their rights, and to protect their interests in case of certain contradictions is one of the ways to solve the existing problems.

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