

On the Civil Legal Issues of ‘ Haunted House ’ Sales Contract - Take Peng Qian et al. and Chen Yuanhui et al. House Sales Contract Dispute Case as an Example

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Abstract

As a vital transaction in daily life, house sale is not only related to the property rights and interests of buyers and sellers, but also carries the peace and happiness of the family. However, when the target house of the transaction is labeled as a ‘haunted house’ -that is, there have been incidents such as suicide and homicide in the house, it often causes the buyers and sellers to fall into deep disputes and troubles. ‘Haunted house’ is not a legal concept, but it carries deep folk traditional concepts and psychological shadows, which has a significant impact on the purchaser’s willingness to live and the market value of the house. The research on the civil legal disputes of the sale contract of ‘haunted house’ is inevitable and necessary in practice. Taking Peng Qian et al. and Chen Yuanhui’s housing sales contract dispute as an example, this paper discusses the civil legal issues in the ‘haunted house’ sales contract, and clarifies the definition of ‘haunted house’ and its legal attributes as a defect of the object in combination with the research status at home and abroad, relevant legal provisions and scholars’ views. At the same time, it is of practical significance to analyze the relief ways that victims can take in combination with the information disclosure obligations of sellers and intermediaries.

Keywords

haunted house sales, material defects, information disclosure, relief way

1. Analysis of Peng Qian et al. and Chen Yuanhui’s Housing Sales Contract Dispute Case

Peng Qian et al. and Chen Yuanhui’s housing sales contract dispute case is a typical example in the discussion of the civil legal issues of the ‘haunted house’ sales contract. It not only reflects the legal issues involved in the ‘haunted house’ transaction, but also provides an in-depth analysis perspective on how the court defines the ‘haunted house’, the seller’s disclosure obligations, and the buyer’s rights relief channels.

1.1 Case Combing Diagram and Case Summary

Figure 1: Context of the case



The dispute between Peng Qian and Chen Yuanhui revolved around a house sales contract located in Chengdu High-tech Zone. On November 5, 2014, Peng Qian and Chen Yuanhui signed a real estate sales contract, with 1.193 million yuan to buy all the houses of Chen Yuanhui alone. Both parties have fulfilled their contractual obligations in accordance with the contract, and the Peng Qian couple obtained the property certificate of the house on December 24, 2014. However, the couple then learned that the house had suffered an unnatural death of a minor, so they filed a lawsuit, demanding the cancellation of the contract and claiming compensation.

The core controversy of the case lies in: although there is no direct death in the house, there is a connection between the death and the house, whether this constitutes a substantial impact on the value of the house, and whether the seller should bear the obligation of 'haunted house' related information disclosure.

1.2 Defects in the 'Haunted House' of the Subject Matter of the Sales Contract in the Case

In the folk, 'haunted house' usually refers to the house where unnatural deaths have occurred. This psychological cognitive flaw directly affects the market value of the house and the psychological comfort of living, so it can be regarded as a flaw of the object. Although the 'Civil Code' does not directly define 'haunted house,' according to the principle of good faith and the concept of fair trade, the seller should actively disclose important information that may affect the buyer's purchase intention and house value. In Peng Qian's case, although the death did not occur inside the house, considering the correlation between the house and the event, as well as the possible negative impact on the buyer's psychology and the value of the house, the defects of the house can be identified, which will be discussed in more detail below.

1.3 Chen Huiyuan's Actions Constitute Fraud

According to Article 148 of the Civil Code, if a party fraudulently causes the other party to commit a civil legal act in violation of its true intention, the deceived party has the right to request the people's court or arbitration institution to revoke it. The composition of fraud needs to meet certain legal requirements, that is, deliberately informing false information or concealing the real situation, so that the other party can conclude a contract in violation of the true meaning. The Chen Yuanhui couple did not actively disclose the relationship between the house and the abnormal death event, and this information had a significant impact on whether the Peng Yuanhui couple purchased the house. The Chen Yuanhui couple argued that the incident had been publicly disseminated, and the Peng Yuanhui couple should have known it as residents of the same community. However, the court finally concluded that the Chen Yuanhui couple did not fulfill their obligation to inform actively, and their behavior constituted fraud. This judgment is based on the following points: First of all, Chen Yuanhui, as the seller, is also the guardian of the minors who died in the target house, and he is very aware of the abnormal death cases in the house; secondly, it argues that the death is public, the residents of the same community should know that it is not established, the buyer has no obligation or ability to conduct a comprehensive investigation, and the information disclosure of the subject matter of the sale is the seller's legal obligation; Finally, whether there have been abnormal deaths in the house is closely related to the buyer's purchase decision, which is enough to affect whether it is willing to buy. The defendant intentionally conceals the key information that the target house has experienced an abnormal death, resulting in the plaintiff's violation of his true intention to purchase a 'haunted house', which constitutes fraud under the 'Civil Code'.

1.4 Plaintiff Peng Qian's Rights Protection Path

After learning that the house is a 'murderous house', Peng Qian chose the path of revoking the contract. According to Article 148 of the Civil Code, if a party fraudulently causes the other party to commit a civil legal act in violation of its true intention, the deceived party has the right to request the people's court or arbitration institution to revoke it. Peng Qian's request was finally supported by the court of second instance. The court found that the Chen Yuanhui couple concealed significant information that may affect the transaction and constituted fraud, supported Peng Qian's request to cancel the contract, and sentenced the Chen Yuanhui couple to return the purchase price and compensate for the related losses. In fact, Peng Qian's rights protection path also includes the investigation of liability for breach of contract, that is, requiring the seller to compensate for losses due to breach of contract obligations. However, in view of the fact that the contract cancellation request has been supported, other compensation requests are often dealt with as a consequence of the cancellation of the contract, that is, on the basis of the cancellation of the contract, restitution and compensation for losses.

2. The Definition of Haunted House

2.1 Foreign Research Present Situation

2.1.1 USA

Unlike China, the United States does not use the term 'haunted house', but uses the name 'tainted house'. The American Real Estate Brokers Association interprets 'tainted houses' as events that have occurred in the house or have reason to suspect that they have had a negative impact on the buyer's subjective psychology. These events include man-made factors such as suicide and murder, as well as factors such as serious illness and haunting. It is worth noting that the 'tainted houses' considered by the United States have nothing to do with the physical properties of the house itself (Tomei, 1992).

American law scholars and judicial practice have focused on the seller's information disclosure obligations for 'tainted houses'. According to Article 2314 of the Uniform Commercial Code, the seller has an implied guarantee obligation to ensure that the goods sold are marketable and disclose important information to the buyer. Section 1710.2 of the California Civil Law stipulates that the seller shall bear the obligation to inform the death occurred within 3 years before the date of sale. If the buyer asks, it is not limited by the 3-year period and all must be informed (Zhu, 2018). However, information such as the death

of AIDS patients is exempt from disclosure, which reflects the protection of personal privacy in the United States. In the famous California case *Reed v. King*, the court emphasized the seller's duty of disclosure and pointed out that the negative impact of the murderous house incident on the value of the house could be a reason for compensation; the famous case *Stambovsky v. Ackley* in New York reflects the court's use of the principle of fairness. It is believed that even if the buyer fulfills the obligation of investigation, it is difficult to know the facts of the haunted house. Therefore, the contract can be revoked due to insufficient notice and the buyer's responsibility can be reduced.

2.1.2 France

France's handling of the 'haunted house' issue reflects a more positive attitude of legal intervention, and haunted house sales disputes occur less frequently. In France, the government supervises the transfer of real property rights through the notary system, including reviewing the historical background of real estate. This means that negative information about a property, such as murder, suicide, etc., should in theory be open to buyers as part of a public record. French law also stipulates that the seller has the obligation to inform the buyer of important information that affects the value of the house or the willingness to live, including abnormal deaths in the house. This approach in France seeks to protect the rights and interests of buyers and reduce transaction disputes caused by information asymmetry through legal enforcement and official review mechanisms. France ensures the transparency of transactions through legislation, reduces the potential negative impact of haunted houses on the value of real estate, and guarantees the fairness and efficiency of the market (Cao, 2011).

2.1.3 Japan

Unlike China's 'haunted house', in Japan, this type of property is often referred to as an 'accident object'. Japanese law clearly defines 'accident objects' as psychologically defective objects, that is, incidents involving murder, suicide, fire death, and even the existence of gangs or religious places near homes. In the transaction, the general real estate business and intermediaries will take the initiative to mark the cause of the accident to show transparency, and the price of such houses is generally at least 20 % lower than other houses under the same conditions (Suzuki, 2017). This reflects the emphasis of Japanese law on the buyer's right to know and the intention to reduce transaction disputes through transparency.

2.1.4 United Kingdom

The name of 'haunted house' in Britain is the same as that in the United States, both of which are 'tainted houses.' The scope of 'haunted house' is wider than that in Japan, and even the houses of convicted paedophiles are considered to be 'haunted houses' (England and Wales Court of Appeal, 2004). In Britain, the legal system has a unique attitude towards 'haunted houses', which reflects the principle of 'buyer's prudence'. This means that in general, the seller has no legal obligation to actively disclose abnormal deaths or other negative events in the house, which is reflected in the case of *Sykes v. Taylor-Rose*. The court believes that the seller has no obligation to disclose background information such as murder. However, British law also recognizes that if the buyer has a clear inquiry before the purchase, the seller's concealment of the facts may be misleading, resulting in the contract being revocable.

From this point of view, although the problem of haunted houses is often regarded as a unique phenomenon in China, from an international perspective, many countries have already defined it legally, and its definition scope and discussion depth exceed our traditional cognition. These countries not only clearly define haunted houses at the legislative level, but also show a broader perspective on the delineation of their scope of application. Through legal provisions or judicial precedents, they establish the seller's disclosure responsibility in the transaction process and provide a solid legal basis for transaction transparency and buyer's rights protection. These extraterritorial practices undoubtedly provide us with valuable reference and learning opportunities, prompting us to broaden our horizons and learn from their mature experience when discussing issues related to haunted houses, with a view to building more perfect norms and guidance in the domestic legal system.

2.2 Domestic Research Status

2.2.1 Academic Circles

Up to now, China's academic circles have not yet formed a unified definition of 'haunted house.' Scholars have diversified opinions on the legal interpretation of the concept of 'haunted house.' It can be divided into the following five viewpoints: The mainstream view, represented by Wu Jinfu scholars, believes that 'haunted houses' mainly refer to those houses where there have been abnormal deaths caused by human factors such as suicide and homicide (Wu, 2006). Based on this, scholars represented by Chen Yaodong and others believe that 'haunted houses' include not only houses where human-caused deaths have occurred, but also houses in areas where most people do not want to live due to the surrounding environment (such as proximity to cemeteries, funeral homes) (Chen & Zhang, 2007). In addition, Shang Lianjie and other scholars defined 'haunted house' as the residence where any abnormal death occurred based on the nature of the event (Shang, 2017).

In addition, some scholars did not directly define the exact boundary of the 'haunted house', but put forward a variety of considerations as the criteria for identification: some studies emphasized that the actual situation of the house and the subjective feelings of the occupants should be taken into account when judging the 'haunted house', and the cause of death, the physical space and time dimension of the event should be comprehensively considered (Zhu & Wang, 2018). Xiao Pengfei and other scholars advocate to identify the 'haunted house' from four dimensions: the cause of the event, the particularity of the location, the lack of active living conditions and the general taboo of the public. They emphasize that if the house has an abnormal death event in the near future, and it still causes widespread disgust in the case of few turnovers, it can be regarded as a "haunted house" (Xiao, 2017).

2.2.2 Court

The ultimate purpose of the research on the theory is to apply it to practice. Therefore, only summarizing the academic viewpoints is not enough to give an accurate definition of 'haunted house', nor is it enough to reflect the handling of 'haunted house' trading cases in judicial practice. Therefore, combined with the full-text search with 'haunted house' as the key word, 95 'haunted house' related judgments retrieved in 'no litigation' are summarized and analyzed (Fang, 2020).

In the judicial cognition and practice of the word 'haunted house,' the courts in mainland China generally recognize the existence of the phenomenon of 'haunted house,' and realize that it has a substantial impact on the decision-making process of the parties in the real estate transaction and the realization of the purpose of the contract. Although a very small number of courts consider the concept of 'haunted house' to be feudal superstitious and unacceptable, the vast majority of courts have adopted a more realistic position and conducted practical considerations on the issue of 'haunted house.'

First of all, on the criteria for the identification of 'haunted house' events, the court generally agreed that it must be an abnormal and serious death event in the house, such as murder or suicide, which will be identified as 'haunted house'. Natural death, such as death due to illness, generally does not constitute the basis for the identification of 'haunted house', unless there are special circumstances that show that such death does affect the market value of the house. In specific cases, the court is more inclined to pay attention to the abnormal nature of death events, emphasizing the negative impact of these events on the transaction value and use value of houses, and how they stimulate people's taboo psychology.

Secondly, the court usually does not directly use the folk word 'haunted house' in the judgment, but refers to it by describing 'abnormal death event' or 'unnatural death event,' which reflects the professionalism and rigor of the legal language. Even so, some judgments still give a nearly consistent definition of 'haunted house.' Although there are slight differences in wording, the core is around suicide, homicide and other abnormal deaths. It is worth noting that the court will consider the actual impact of the event on the market situation and public psychology in the judgment of the specific situation, but how to specifically measure these factors, the judgment does not provide detailed operational guidelines, relying more on the judge's free evaluation of evidence.

Finally, the courts in Taiwan region have shown a higher degree of uniformity in the determination of 'haunted house,' usually explicitly adopting the concept of 'haunted house' and using the official definition of suicide and homicide as the basic criteria. For accidental death and natural illness, unless there is a special situation such as the body is stored in the house for a long time after the death, it is generally not considered

to constitute a 'haunted house'. At the same time, the courts in Taiwan region also show a certain degree of flexibility in the case, allowing flexible judgment of 'haunted houses' according to the specific circumstances of the incident and the actual impact on the value of the house and the psychology of living.

In summary, whether in the mainland or Taiwan region, the court's determination of 'haunted house' revolves around the identification of abnormal deaths in the house, emphasizing the impact of these events on the value of the house and the psychological expectations of buyers. Although there are differences in some details, the courts in both places tend to believe that the seller is obliged to disclose such information to protect the buyer's right to know and the fairness of the transaction.

2.3 The Necessity of Defining 'Haunted House' is Clarified

Clearly defining the legal connotation of the concept of 'haunted house' is the cornerstone of building a fair and transparent trading environment, and it is of great importance to maintain the order of the real estate market. On the one hand, it can ensure the symmetry of information in the 'haunted house' transaction process, so that buyers and sellers can make rational decisions on the basis of fully grasping the background information of the house, which is not only a strong guarantee for consumers' right to know, but also a faithful practice of the principle of market economy integrity. As the scholar Shang Lianjie said, the consistency of buyers and sellers' cognition of 'haunted house' is an important prerequisite for transaction fairness. On the other hand, a clear definition helps to prevent and reduce unfair transactions caused by information asymmetry, avoid the seller's use of information advantages to transfer improper interests, avoid fraud in the sale of 'haunted houses,' promote the realization of the fundamental purpose of the house sales contract, and ensure the fairness of the transaction to a greater extent. Yang Jianwei, a scholar, emphasizes that clarifying the standard of 'haunted house' is a necessary measure to prevent the seller from evading responsibility and protecting the rights and interests of the buyer, so as to effectively suppress the possible fraud in the market (Yang, 2017).

2.4 The Definition of 'Haunted House'

Based on the extensive insights of the academic community and judicial practice, this paper adopts a definition of 'haunted house' that takes into account both theoretical depth and practical feasibility, that is, 'haunted house' refers to those unnatural deaths such as suicide, homicide or accidental death in the exclusive part. Based on folk customs and cultural taboos, it may lead to the depreciation of the value of the house in the trading market and the general reluctance of the people to buy the house. This definition is similar to the definition of 'haunted house' in the 'real estate commissioned sales contract model' formulated by the 'Ministry of Interior' in Taiwan region, China, that is, 'the building improvement (proprietary part) has been murdered or killed by suicide in the seller's property rights,' which provides a relatively unified understanding benchmark for the industry. At the same time, this definition also reflects the general consideration of the court in the judgment of specific cases, that is, the unnatural death events in the house must have a causal relationship with the depreciation of the value of the house, and need to be combined with the public psychology and trading habits to make a comprehensive judgment. Under this definition, natural death, illness and other situations are generally not included in the category of 'haunted house' unless there are special circumstances, so as to avoid unnecessary interference with the trading order and ensure that the application of legal rules is neither too broad nor too narrow, and is committed to achieving a relatively balanced and reasonable situation.

3. The 'Fierce' of 'Haunted House' and the Defects of Things

The regulation of the 'Civil Code' on the defects of the object constructs the basis of the system of liability for warranty against defects. Scholars and judges have promoted the in-depth discussion and expansion of the criteria for the identification of defects in theory and judicial practice. Combined with the provisions of the relevant provisions of the 'Civil Code', the theoretical circles have analyzed and elaborated the definition, classification and judgment criteria of defects, forming a relatively mature theoretical system.

3.1 The Criteria for the Identification of Defects in Academic Circles

In the academic field, the definition of the defects of things often revolves around a core issue: whether the actual quality of the subject matter has reached its due standard. This is particularly clear in China's legal system. Article 610 of the 'Civil Code' is expressed as 'the subject matter does not meet the quality requirements', and article 617 is expressed as 'the subject matter delivered by the seller does not meet the quality requirements'. It can be seen that in China, when the 'subject matter does not meet the quality requirements', it constitutes a defect of the object. The 'quality' here is actually the basic quality and performance that the subject matter should have.

At present, there are two main viewpoints in the academic circle on the identification of defects of things: 'objective theory' and 'subjective theory'. According to the logic of 'objective theory,' the universal and objective quality of the same kind of subject matter is regarded as the standard to measure whether the object is flawed (Hepatic, 2018). That is to say, if the delivery of the subject matter fails to meet this standard, then it is considered to be flawed. The 'subjective theory' focuses more on the agreement of both parties to the transaction, that is, if the delivery of the subject matter fails to meet the quality agreed in the contract, resulting in a reduction or even loss of its value or utility, then it also constitutes a flaw (Liang, 1991). Some scholars believe that China's law adopts a more comprehensive attitude in the choice of 'objective theory' and 'subjective theory', that is, 'subjective standards are the main and objective standards are supplemented' (Zhou, 2014). This means that when judging the defects of the object, it is usually necessary to first refer to the agreement between the two parties of the transaction. When there is no clear agreement between the parties to the contract, the general quality of the same subject matter is used as a reference.

With the progress of society and the diversification of people's needs, the academic understanding of the concept of 'quality of things' is also developing. Traditionally, the academic community pays more attention to the physical structure, function and other physical quality of things. However, in modern society, people's requirements for things have far exceeded these basic categories. Therefore, scholars also keep pace with the times and put forward their views. Some scholars believe that the defects of things should include three aspects. As long as they have one of the three aspects, they constitute the defects of things: first, the defects in value, that is, the value of the subject matter is reduced or lost for some reason; the second is the flaw in utility, that is, the usual utility of the subject matter or the utility agreed in the contract is reduced or lost for some reason; third, the lack of quality assurance, that is, the subject matter failed to meet its commitment to quality standards. Furthermore, some scholars judge whether it constitutes a defect from the two dimensions of the value of the object and the utility of the object. The reduction of the value of the object may be due to the damage or loss of the object, or it may be the reduction of the value of the transaction caused by people's psychological factors. For example, a commodity is damaged during transportation, resulting in the destruction of its physical form, which is naturally a physical form defect. Due to this damage, the use value of the commodity may also be reduced or lost, that is, the utility defect. If the value of the commodity in the market is reduced, then there is a defect in the exchange value.

In summary, this paper believes that the criteria for determining the defects of the constituent objects first depend on the agreement between the parties to the contract. In the absence of agreement or unclear agreement, the physical form, use value and exchange value of the subject matter can be considered from the objective criteria. As long as the subject matter has problems in any of the above dimensions, it can be determined that it has defects.

3.2 The 'Fierce' on the 'House' Constitutes the Defect of the Subject Matter of the House Sale

In the dispute over the sale and purchase of 'haunted houses', although most of the houses have not been damaged in terms of physical form and use value, the occurrence of unnatural deaths in them has led to widespread psychological taboos among the public. This taboo psychology not only reduces the market demand for houses, but also directly affects the transaction value and use value of houses, which is essentially in line with the standard of value defects in the defects of things. The identification of value flaws breaks through the scope of traditional physical flaws and incorporates non-material damage into the consideration of flaws, thus providing a legal foothold for 'haunted house' as a flaw.

First of all, the psychological influence and exchange value of the existence of 'haunted house' decline, and the psychological influence of 'haunted house' is the key to its defects. According to the theory of

psychology and sociology, people in the choice of housing, in addition to considering the physical conditions, geographical location, surrounding environment and other hard indicators, but also attaches great importance to the psychological comfort and cultural implication. Although the abnormal death in the house does not cause damage to the physical structure of the house, it often causes strong psychological rejection of potential buyers because of its association with death, resulting in the marginalization of the house in the market. This social psychological effect not only reduces the attractiveness of the house, but also significantly inhibits its market value. For example, Ruijing Wenhua Community, located at 50 Jiangjun Avenue, Moling Street, Jiangning District, Nanjing City, has become a murderous house due to the extremely cruel murder case in its underground garage. It has been shot three times. The normal market valuation (excluding homicide factors) of the villa is 12.36 million yuan, and the final transaction price is 7.86 million yuan. Due to the reduction of demand, the exchange value of the 'haunted house' naturally decreases. Even if the house is physically similar to other real estate, its value depreciation is an objective existence, so it meets the identification criteria of value defects.

Secondly, the 'haunted house' affects the buyer's willingness to purchase a house, and the purpose of the contract deviates. The general public in the purchase of housing is usually expected to obtain a livable, can bring a sense of psychological security, with a stable or value-added potential assets, and 'haunted house' undoubtedly deviated from this general expectation. Buying a house is not only material consumption, but also a choice of quality of life and the pursuit of psychological satisfaction. Therefore, the concealment of 'haunted house' information directly damages the buyer's right to know and makes him sign a house purchase contract against his true will. According to Article 509 of the Civil Code, 'The parties shall follow the principle of good faith and perform the obligations of notification, assistance and confidentiality according to the nature, purpose and trading habits of the contract. Therefore, the seller is obliged to disclose information that has a significant impact on the conclusion or performance of the contract during the transaction, including but not limited to the historical defects of the house. Failure to fulfill this obligation constitutes a violation of the legitimate rights and interests of the buyer.

Finally, there is a response to the legal and judicial practice of 'haunted house' as a 'blemish of things'. Although the term 'haunted house' is not directly mentioned in the 'Civil Code,' its inherent spirit and related provisions provide a legal basis for the protection of the rights and interests of the buyer in the 'haunted house' transaction. Articles 618 to 624 of the Civil Code construct a legal framework to protect the buyer from the damage of the subject matter through the provisions of the liability for warranty against defects, inspection and notification obligations. In judicial practice, many cases show that the court tends to believe that the seller's intentional or gross negligence does not disclose the 'haunted house' information, which may constitute fraud or breach of contract obligations. Therefore, the buyer has the right to request damages or cancel the contract, and clearly points out that the seller should take the initiative to inform the abnormal death occurred in the house, otherwise it may face the liability for breach of contract or tort liability. In some judgments, the reasoning part also describes that 'the quality of the house includes not only the objective quality of the main building and decoration of the house, but also the transaction value of whether the house is convenient for living and living. The relief of the defects of the transaction value should be treated the same as the defects of the quality, and the provisions of the defects of the quality can be applied by analogy'.

In summary, although 'haunted house' is non-destructive in physical form, the social psychological impact and value depreciation behind it, especially the value flaws, make it a flaw in the legal sense. In dealing with the disputes of 'haunted house' sale and purchase, law and judicial practice gradually tend to protect the buyer's right to know and reasonable expectation, and safeguard the fairness of transactions and market order through the investigation of liability for warranty and liability for breach of contract.

4. The Information Disclosure Obligations of the Seller and the Intermediary in the 'Haunted House' Sales Contract

4.1 The Seller's Information Disclosure Obligation in the 'Haunted House' Sales Contract

The seller should follow the principle of good faith and actively disclose important information affecting the transaction to the buyer. As one of the basic principles of civil law, the principle of good faith is the emperor clause in China's civil law. It requires that civil subjects should uphold the attitude of honesty and

trustworthiness when engaged in civil activities, and should not abuse their rights to damage the legitimate rights and interests of others. In the housing sales contract, the seller, as the owner of the subject matter, should be most aware of the historical information of the house, including but not limited to whether there have been unnatural deaths in the house. In the housing transaction, the seller has the obligation to provide the buyer with true and comprehensive information, especially those important information that may affect the buyer's purchase decision, such as 'haunted house' situation. Article 509 of the Civil Code of the People's Republic of China stipulates that 'the parties shall perform the obligations of notification, assistance and confidentiality in accordance with the principle of good faith.' The seller's concealment of the information of the 'haunted house' not only violates the principle of good faith, but also may constitute fraud, resulting in the revocation of the contract. As the scholar Wang Zejian expressed in the 'Civil Law Theory and Case Study', the seller has the obligation to inform the adverse conditions of the house, such as the occurrence of abnormal deaths, otherwise it will constitute fraud.

As a special housing state, although 'haunted house' is no different from ordinary houses in terms of physical attributes, its market acceptance is significantly reduced due to cultural customs and social psychological factors, resulting in impaired transaction value. Although the 'Civil Code of the People's Republic of China' does not directly refer to the term 'haunted house', according to Article 615 of the 'Civil Code of the People's Republic of China', 'the seller shall deliver the subject matter in accordance with the agreed quality requirements'. Combined with the above discussion, the 'quality' here should not be limited to physical quality, but should also cover the utility value and psychological acceptance of the house. Therefore, the seller has the obligation to actively inform the buyer whether the house is a 'haunted house.' This obligation is based on the asymmetry of information and the buyer's reasonable expectation for the normal residential use and value maintenance of the house. This interpretation has been supported by judicial practice. In some judgments, the court held that the seller had the obligation to disclose the information of the unnatural death in the house. If the seller knew about the unnatural death in the house and did not inform, it would constitute fraud or breach of warranty against the buyer.

4.2 The Information Disclosure Obligation of the Intermediary in the 'Haunted House' Sales Contract

4.2.1 The Intermediary has the Obligation to Investigate and Verify the Housing Information to Ensure the Transparency of the Transaction

The intermediary plays a bridge role in the sale of housing and plays a key role in the transmission of information between the two parties. According to Article 962 of the Civil Code of the People's Republic of China, the intermediary should truthfully report to the principal the matters related to the conclusion of the contract. In view of the sensitivity of the 'haunted house' information and its significant impact on the transaction, the intermediary is not only obliged to obtain information from the seller, but also should take the initiative to investigate and verify to ensure the accuracy and integrity of the information. In practice, the appropriate means for whether the house is a 'haunted house' or what kind of 'haunted house' includes querying public records, asking neighbors, and verifying police records. If the intermediary fails to fulfill the obligation of investigation and verification, resulting in the loss of the buyer, it shall bear the corresponding legal responsibility. Liu Xinwen, a scholar, pointed out that intermediaries, as professional intermediary service providers, have a high duty of care and should actively investigate and verify the information of housing sources, including but not limited to the historical background of housing, so as to ensure the transparency and fairness of transactions.

4.2.2 If the Intermediary Fails to Fulfill the Obligation of Investigation and Verification, the Intermediary Shall Bear the Corresponding Legal Liability

The failure of the intermediary to fulfill its obligation of investigation and verification leads to the buyer's purchase of 'haunted house' based on wrong information, which may constitute breach of contract or tort liability. Yang Lixin, a scholar, emphasized in the Interpretation and Application of the Civil Code of the People's Republic of China that the fault liability of intermediaries lies in the particularity of their professional services and should ensure the authenticity and integrity of transaction information. If the buyer suffers economic losses, the intermediary shall bear the liability for compensation; in the division of

responsibility, if the intermediary and the seller do not disclose the ‘haunted house’ information intentionally or due to gross negligence, it may constitute joint and several liability; if the intermediary fails to discover the ‘haunted house’ information only because of negligence, the intermediary may assume supplementary liability or proportional liability, depending on the degree of negligence and the distribution of responsibilities with the seller. There is no doubt that if the intermediary does not take the initiative to investigate but the buyer has a clear inquiry, and the intermediary has not been truthfully informed, the degree of responsibility will be heavier. Article 963 of the Civil Code of the People’s Republic of China clearly stipulates that an intermediary who intentionally conceals important facts related to the conclusion of a contract or provides false information to harm the interests of the principal shall bear the liability for compensation. This means that if the intermediary fails to fulfill the obligation of investigation and verification, the ‘haunted house’ information is not disclosed, resulting in damage to the buyer’s rights and interests, he shall be liable for breach of contract or tort liability.

To sum up, both the seller and the intermediary have an inescapable obligation of information disclosure in the sale of ‘haunted house’. Based on the principle of good faith, the seller should take the initiative to inform the ‘haunted house’ information, and the intermediary, as a professional, should actively fulfill the obligation of investigation and verification to ensure the transparency and fairness of the transaction. If the corresponding legal or contractual obligations are not fulfilled, the responsible person will be required to bear the corresponding legal responsibility according to the circumstances, so as to protect the legitimate rights and interests of the buyer and maintain the normal order of the real estate market.

5. Remedies for Victims of ‘Haunted House’ Sales Contract

In the current legal practice, the ‘haunted house’ sales contract dispute mainly focuses on the role of the seller and the intermediary’s contract-related liability or tort liability in order to achieve the purpose of resolving the dispute. The difference is that the buyer uses what path to remedy the rights, and makes different choices by requesting the binding force of the dissolution of the contract or the validity of the retention contract only to change the content.

5.1 Exercising the Right of Rescission of Contract

5.1.1 Invoking ‘Fraud’ to Exercise the Right of Revocation

The seller intentionally conceals the ‘haunted house’ information, so that the buyer purchases the ‘haunted house’ in violation of the true meaning to constitute fraud. According to the provisions of Articles 148 and 157 of the Civil Code of the People’s Republic of China, if a party fraudulently causes the other party to commit a civil legal act in violation of the true meaning, the defrauded party has the right to request the people’s court or arbitration institution to revoke it. After the buyer knows that the house is a ‘haunted house’, he can claim to revoke the contract, request to restore the original state, return the purchase price, and have the right to request damages. Based on this fraud, the buyer can request the cancellation of the contract, not only can request the return of the purchase price, but also can request damages, including the rights protection expenditure and the loss of trust interest caused by the cancellation of the contract. It should be emphasized that the application of the fraud system requires the seller to have a subjective intention of fraud, that is, knowing that there has been an abnormal death in the house and deliberately not informing the buyer, resulting in the buyer’s wrong understanding. The house is considered to be an ordinary house and a sales contract is concluded.

5.1.2 Exercising the Right of Revocation by Citing Major Misunderstandings

If the buyer concludes a ‘haunted house’ sales contract based on his misunderstanding of the housing information, he may claim that the contract concluded due to a major misunderstanding is revocable according to Article 147 of the Civil Code of the People’s Republic of China. A major misunderstanding is that the actor’s wrong understanding of the nature of the act, the other party, the variety, quality, specifications and quantity of the subject matter, etc., makes the consequences of the act contrary to his own meaning, and causes great losses. In the ‘haunted house’ transaction, the buyer is unaware of the abnormal death of the house, that is, there is a fundamental misunderstanding of the ‘haunted house’ attribute of the house, which may constitute a serious misunderstanding of the value and use value of the house, affecting its

residential tranquility or investment income, which is in line with the constituent elements of a major misunderstanding. Compared with invoking ‘fraud’ to exercise the right of revocation, invoking ‘major misunderstanding’ to exercise the right of revocation does not need to discuss whether there is a fault in the subjective aspect of the ‘haunted house’ seller, thus reducing the difficulty of proof. When the available evidence cannot prove whether the seller of ‘haunted house’ is aware of the relevant information of ‘haunted house’ or whether it is subjectively fraudulent, the buyer can choose to remedy it on the basis of significant misunderstanding.

5.2 Investigation of Liability for Breach of Contract

5.2.1 Seller Fails to Perform Its Contractual Obligations

Article 577 of the Civil Code of the People’s Republic of China stipulates that if a party fails to perform its contractual obligations or fails to comply with the contract obligations, it shall bear the liability for breach of contract, such as continuing to perform, taking remedial measures or compensating for losses. In a contract for the sale of a house, the seller is obliged to provide a flawless subject matter, including all important information about the house. If the seller fails to fulfill this obligation of disclosure, according to the provisions of Articles 582 and 617 of the Civil Code of the People’s Republic of China, if the subject matter delivered by the seller does not meet the quality requirements, the buyer may request a reduction in the price or cancellation of the contract, and claim damages. The scope of damages includes direct economic losses such as the depreciation of the value of the house, the necessary cost of rights protection expenditure, and indirect losses such as the cost of finding alternative accommodation.

5.2.2 The Intermediary’s Liability for Breach of Contract

Article 962 of the Civil Code of the People’s Republic of China clarifies the intermediary’s duty of faithful reporting, requiring the intermediary to truthfully report to the principal on matters related to the conclusion of the contract. If the intermediary fails to fulfill the obligation to investigate and verify the real information of the house, according to Article 963 of the Civil Code of the People’s Republic of China, if the intermediary intentionally conceals important facts related to the conclusion of the contract or provides false information, which damages the interests of the principal, it shall be liable for compensation. The buyer may claim that it is liable for the contract, that is, if the real estate intermediary violates the full performance of the contract obligation and fails to perform the contract collateral obligation, it shall be held liable for breach of contract. Although the buyer can also apply for revocation of the contract based on ‘fraud’ or ‘major misunderstanding’. However, compared with the ‘haunted house’ seller’s mastery of housing information and its direct impact on the signing of the housing sales contract, the real estate intermediary’s failure to investigate and verify and inform the ‘haunted house’ The relevant information is generally based on reasons such as poor business or negligence, and the responsibility for revoking the contract seems to be slightly excessive.

5.3 Claim for Tort Damages

The buyer of the ‘haunted house’ sales contract can also claim the tort liability of the seller and the intermediary according to the relevant provisions of the ‘Civil Code of the People’s Republic of China.’ The establishment of tort liability needs to meet the four elements of illegality, damage fact, causality and fault. In the ‘haunted house’ transaction, the concealment of the seller or the intermediary may constitute a violation of the buyer’s property rights, especially when the act leads to the actual impairment of the buyer’s property value and mental discomfort. In terms of illegality, the seller and the intermediary have the obligation of information disclosure and verification. If the seller intentionally conceals the fact of ‘haunted house’, or the intermediary fails to do due diligence to verify the real situation of the house, it violates the obligation under the law; as far as the fact of damage is concerned, in the ‘haunted house’ transaction, the concealing behavior of the seller or intermediary violates the property rights and interests and spirit of the buyer. The economic loss may include the reduction of the value of the house, the difficulty of reselling, etc. The mental damage may be due to the buyer’s psychological fear or discomfort of the house, which constitutes infringement; as far as causality is concerned, there is a direct connection between the illegal behavior of the seller or intermediary and the damage suffered by the buyer. If the seller or intermediary

fulfills the obligation of information disclosure and verification, the buyer will not be damaged against his will; the seller knowingly conceals intentionally or negligently the ‘murderous house’, and the intermediary fails to perform a reasonable obligation of investigation and verification. There is a fault and should bear tort liability.

As far as the assumption of fault is concerned, the seller should bear direct responsibility. Because he intentionally or negligently did not inform the buyer that the house was a ‘haunted house,’ the buyer suffered property damage and mental damage. The scope of compensation includes the depreciation of property value, the loss of other trading opportunities due to the purchase of ‘haunted houses’, and possible compensation for mental damage. The intermediary shall bear supplementary or joint liability. On the one hand, if the intermediary fails to fulfill its obligation to review and inform in the transaction, its behavior may constitute an indirect infringement on the buyer. According to Article 1168 of the Civil Code of the People’s Republic of China, if more than two people jointly commit infringement and cause damage to others, they shall bear joint and several liability. If the intermediary has a fault in concealing or not investigating the information of the ‘haunted house’, and the fault and the seller’s behavior together lead to the buyer’s damage, the intermediary may bear joint and several liability. In other cases, if the intermediary’s responsibility is lighter, it may only need to bear the supplementary responsibility, that is, when the seller cannot compensate or the compensation is insufficient, the intermediary will compensate.

In summary, in the ‘haunted house’ transaction dispute, the buyer’s remedies are diverse, including the exercise of the right to cancel the contract, the investigation of the liability for breach of contract, and the request for infringement damages. When choosing a remedy, the buyer can comprehensively consider whether the evidence is comprehensive or not, what kind of remedy effect it hopes to obtain, and the possibility of achieving it, so as to choose a remedy strategy to safeguard its legitimate rights and interests. In practice, the judge will comprehensively consider the specific circumstances of the case when judging, such as the subjective state of the seller, the agreement between the two parties of the contract, the performance of the intermediary’s duties, etc., in order to achieve fairness and justice and protect the legitimate rights and interests of the buyer.

6. Conclusion

Based on the case of Peng Qian and Chen Yuanhui and other housing sales contract disputes, this paper analyzes the civil legal issues involved in the ‘haunted house’ sales contract, and highlights the core value of the principle of good faith in the modern rule of law society. At the level of legal practice, the judgment of Peng Qian’s case reflects the seller’s responsibility for information disclosure, clarifies the fraud that the seller intentionally or negligently conceals the ‘haunted house’ information may constitute, and gives the buyer the right to cancel the contract and request compensation, which reflects the law’s firm protection of the buyer’s right to know. On this basis, this paper combines the research results at home and abroad to analyze the defects of the ‘haunted house’ belonging to the object, and the buyer’s various remedies for the seller’s liability based on fraud, major misunderstanding or breach of contract, and the intermediary’s breach of contract or tort liability. The accountability mechanism ensures the orderly conduct of the transaction and safeguards the legitimate rights and interests of the buyer.

In summary, the Peng Qian case is not only a typical ‘haunted house’ sales contract dispute case, but also a profound embodiment of the principle of good faith in modern transactions. Looking forward to the future, relevant legislation and judicial practice should continue to be refined and improved to adapt to the dynamic development of the real estate market, effectively protect the rights and interests of all parties, and promote social harmony and stability. Under the protection of the law, every property transaction is bathed in the sun, so that every family can build a dream at ease, which is the true meaning of the spirit of the rule of law, but also a vivid manifestation of social progress.

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Funding

This research was funded by Guangdong Province Science and Technology Innovation Strategy Special Fund (College Students ' Science and Technology Innovation and Innovation Cultivation), grant number Pdjh2024a073 and South China Agricultural University 2024 College Students ' Innovative Training Program Project, grant number S202410564128.

Conflicts of Interest

The authors declare no conflict of interest.

Acknowledgment

Not Applicable.

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