



CCPA initiates suo motu action against 41 restaurants for levying service charge by default; action based on consumer complaints received through National Consumer Helpline

Action follows complaints supported by bills showing service charge was added without consumers' explicit consent

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The **Central Consumer Protection Authority (CCPA)** has initiated **suo motu action against 41 restaurants across the country** for violation of consumer rights and adoption of unfair trade practices by levying service charge by default on consumers' bills.

The action has been taken based on complaints received through the **National Consumer Helpline (NC H)**. The complaints were supported by invoices showing that service charge had been automatically added to consumers' bills without obtaining their explicit consent.

Based on these complaints, CCPA conducted investigations and found that the automatic levy of service charge violated the Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with Regard to Levy of Service Charge in Hotels and Restaurants. The Authority also found that such practice amounts to an **unfair trade practice under Section 2(47) of the Consumer Protection Act, 2019**.

The Hon'ble High Court of Delhi, in its judgment dated **28 March 2025** in **National Restaurant Association of India & Ors. v. Union of India & Anr.**, upheld the validity of the CCPA's Guidelines on Service Charge and held that mandatory collection of service charge is contrary to law. The Court further clarified that all restaurant establishments are required to comply with the Guidelines and that CCPA is free to enforce them in accordance with law.

Key provisions of the CCPA Guidelines

The Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with Regard to Levy of Service Charge in Hotels and Restaurants, issued on **4 July 2022**, provide that:

- No hotel or restaurant shall add service charge automatically or by default in the food bill.
- No collection of service charge shall be done by any other name.
- No hotel or restaurant shall force a consumer to pay service charge and must clearly inform consumers that it is voluntary, optional and entirely at the consumer's discretion.
- No restriction on entry or provision of services shall be imposed on consumers for not paying service charge.
- Service charge shall not be added to the food bill and GST shall not be levied on such amount.

Action taken by CCPA

In one such case, CCPA passed a final order against **Chaayos (Sunshine Teahouse Pvt. Ltd.)**, imposing a penalty of ₹50,000 for levying service charge by default and directing the company to reimburse the service charge collected from the consumer.

The company has also been directed to modify its software-generated billing system across all its outlets to ensure that service charge or any similar charge is not added automatically to consumers' bills. CCPA has also passed final orders against the following restaurant establishments:

1. Cafe Blue Bottle, Patna
2. China Gate Restaurant Pvt. Ltd.
3. Fiesta Barbeque Nation (Barbeque Nation Hospitality Private Limited)
4. FOO Ahmedabad Restaurant (Pebble Street Hospitality Pvt. Ltd.)
5. L'Opera French Bakery Private Limited
6. Zorro – The Luxury Night Club (a unit of Rudra Hospitality Private Limited)
7. Chaayos (Sunshine Teahouse Pvt. Ltd.)

Further proceedings are underway against other restaurants where complaints have been received and examined.

The Central Consumer Protection Authority (CCPA) has initiated suo motu action against 41 restaurants for levying service charge by default, based on complaints received through the National Consumer Helpline (NCH).

Reaffirming that service charge is voluntary and entirely at... pic.twitter.com/bES SxvTX4U

— Pralhad Joshi (@JoshiPralhad) July 19, 2026

Consumers can report violation

CCPA encourages consumers to report instances where restaurants levy service charge by default through the **National Consumer Helpline** by calling **1915 (toll-free)** or through the NCH platform. The Authority continues to closely monitor complaints relating to service charge and will take appropriate action against establishments found to be violating the Consumer Protection Act, 2019 and the Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with Regard to Levy of Service Charge in Hotels and Restaurants. CCPA remains committed to safeguarding consumer rights and ensuring fair, transparent and consumer-friendly business practices across the hospitality sector.

RT/ ARC

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