

CENTRAL CONSUMER PROTECTION AUTHORITY

Krishi Bhawan, New Delhi - 110001

Case No. CCPA- 2/12/2025-CCPA (Part-1)

In the matter of Fiesta Barbeque Nation (Barbeque Nation Hospitality Limited) regarding alleged levying of service charge, violation of Consumer Rights and Unfair Trade Practices

CORAM:

Ms. Nidhi Khare, Chief Commissioner

Mr. Anupam Mishra, Commissioner

Appearance:

Mr. Rashmi Ranjan Sahoo, Legal Head of BNHL

Date: 04.02.2026

ORDER

1. The Central Consumer Protection Authority (hereinafter referred to as 'CCPA') has taken suo-moto cognizance of the grievances registered at National Consumer Helpline 1915 (NCH) vide *docket no. 6953654* dated 29th March, 2025 regarding levying of service charge in addition to CGST and SGST on the food bill by Fiesta Barbeque Nation (Barbeque Nation Hospitality Limited) (hereinafter referred to as 'The Restaurant').
2. It may be mentioned that vide judgement dated 28th March, 2025 the Hon'ble High Court of Delhi in **National Restaurant Association of India & Ors. v. Union of India & Anr.** had held that: "*All restaurant establishments would have to adhere to the guidelines passed by the CCPA. If there is any violation of the same, action would be liable to be taken in accordance with law. CCPA is free to enforce its guidelines in accordance with law.*" Further the Hon'ble High Court had upheld the applicability of the CCPA guidelines which is in the interest of consumers and declaring the levy of any mandatory service charge as contrary to law and violation of the guidelines.
3. The CCPA in exercise of power conferred under Section 18(2) and Section 19 of the Consumer Protection Act, 2019 (hereinafter referred to as 'the Act, 2019') examined the veracity of the claim made against the Restaurant. The NCH grievance (docket no. 6953654 dated 29.03.2025) was indicative of such levy of service charge unfairly impacting consumer as a class.

4. Subsequently, CCPA directed the restaurant to furnish their response vide Notice dated 25th April, 2025 for violation of the Consumer Protection Act, 2019 and *Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with Regard to Levy of Service Charge in Hotels and Restaurants issued on 04.07.2022.*
5. In response to the said notice, the restaurant made the following submissions on 30th April, 2025:
 - I. The Restaurant BNHL acknowledges the establishment, rights, and powers of the Central Consumer Protection Authority (CCPA) under the Act, 2019.
 - II. It is further clarified that Mr. Abhishek Roy, raised a grievance vide docket no. 6953654 on 29th March, 2025, requesting a refund of a ₹335 service charge levied.
 - III. Initially, the restaurant assured that the service charge amount shall be refunded to him and adjusted against the bill value during his next visit to any 'Barbeque Nation' restaurant in future.
 - IV. After the guest later requested a direct refund via the National Consumer Helpline (NCH), BNHL refunded the full service charge amount of ₹335 on 16th April, 2025.
 - V. The aforesaid refund was duly communicated and updated with proof on NCH portal. The NCH agent acknowledged the refund and disposed of the grievance on 22nd April, 2025.
 - VI. It is further submitted that following the final judgement 28th March, 2025 by the Delhi High Court, the Restaurant i.e., BNHL has completely stopped charging service charge at its restaurants. Also, any service charge earlier charged by us at our restaurants prior to the final judgement of the Delhi high court is being readily refunded as and when the same is requested by any customer.
 - VII. The restaurant also requested to grant them an opportunity of personal hearing in the matter to explain the aforesaid submissions and furnish any other information that may be required.

6. After examining the response of the Restaurant, CCPA vide letter dated 14th May, 2025 directed Director General (Investigation) to conduct a detailed investigation.
7. The Director General (Investigation) submitted the Investigation Report dated 24th September, 2025 to the Authority vide email dated 06th November, 2025. The Investigation report stated:
 - a) It is duly noted that the consumer Mr. Abhishek Roy raised a grievance concerning the levy of Rs. 335 as service charge on his invoice dated 18th January, 2025. The restaurant has submitted evidence demonstrating that the amount was refunded to the consumer on 16th April, 2025.
 - b) The restaurant refunded the service charge promptly upon escalation and the grievance was satisfactorily resolved through the redressal mechanism.
 - c) The Investigating Authority concluded that the levy on 18th January, 2025, was not illegal at the time because it was protected by the interim judicial order.
 - d) The restaurant has submitted that it ceased the levy of service charges immediately following the judgment and committed to honoring all refund requests for prior levies. Also shown adequate compliances with post-judgement directives.
 - e) The conduct of the company, as established through the investigation, does not fall within the ambit of Section 2 (47) and Section 2 (9) of the Act, 2019.
8. The Investigation Report submitted by DG (Investigation) was shared with the Restaurant vide letter dated 21st November, 2025 to furnish its comments and an opportunity of hearing was also provided to the Restaurant on 01st December, 2025 under Section 20 and 21 of the Act, 2019 before passing an order.
9. However, the restaurant failed to submit any comments on the investigation report within the stipulated time. Moreover, the Restaurant failed to appear on the scheduled date of hearing i.e., 01st December, 2025.
10. Subsequently, CCPA granted another opportunity of hearing to the restaurant scheduled on 09th December, 2025, the Restaurant again failed to appear. However,

vide email dated 10th December, 2025 restaurant submitted their comments on investigation report.

11. Based on the above, the restaurant was further given an opportunity of hearing on 18th December, 2025, however the hearing was adjourned by CCPA on account of different commitment of the board. The hearing was further scheduled for 12th January, 2026.

12. On 12th January, 2026 vide email, the restaurant requested for an adjournment of the hearing as the authorized signatory of the company, who was scheduled to attend and represent, was on leave due to an unforeseen family emergency. Hence, CCPA acknowledged the request and matter was again scheduled for hearing on 27th January, 2026 at 5:00 PM

13. On the said date of hearing i.e., 27th January, 2026 the restaurant made following submissions:

i. Mr. Rashmi Ranjan Sahoo, Legal Head represented Barbeque Nation Hospitality Private Limited.

ii. The restaurant has referred to para 8 and 9 of their reply dated 30th April, 2025: *"It is further submitted that following the final judgement 28th March 2025 by the Delhi High Court, BNHL has completely stopped charging Service Charge at its restaurants. Also, any Service charge earlier charged by us at our restaurants prior to the final judgement of the Delhi High Court is being readily refunded as and when the same is requested by any customer.*

It is submitted that the charging of Service Charge in the aforesaid incident on 18th January 2025 is squarely covered under the interim order dated 20th July 2022 by Delhi High Court and the said act cannot be termed as Unfair Contract and Unfair Trade Practice as on that date since BNHL fully complied with the conditions of the interim order dated 20th July 2022. We further reiterate that BNHL has stopped levy of any Service Charge post the final judgement dated 28th March 2025."

14. Before delving into the specifics of the case, it is pertinent to examine the relevant legal framework that governs such transactions.

15. As per the Consumer Rights enshrined under Section 2(9) (ii) and (v) of the Act states that the consumer rights includes- "the right to be informed about the quality, quantity, potency, purity, standard and price of goods, products or services, as the case may be, so as to protect the consumer against unfair trade practices" and "the right to seek redressal against unfair trade practices or restrictive trade practices or unscrupulous exploitation of consumers."
16. Furthermore, Section- 2(47) of the Consumer Protection Act, 2019 defines "Unfair Trade Practice" includes deceptive or unethical methods used to promote the sale of goods, use or supply of any goods or provision of services.
17. CCPA had issued *Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with Regard to Levy of Service Charge in Hotels and Restaurants*, on 4th July, 2022. The extracts of which are given below:
- "3. Service charge is being levied in addition to the total price of the food items mentioned in the menu and applicable taxes, often in the guise of some other fee or charge.*
- 4. It may be mentioned that a component of service is inherent in price of food and beverages offered by the restaurant or hotel. Pricing of the product thus covers both the goods and services component. There is no restriction on hotels or restaurants to set the prices at which they want to offer food or beverages to consumers. Thus, placing an order involves consent to pay the prices of food items displayed in the menu along with applicable taxes. Charging anything other than the said amount would amount to unfair trade practice under the Act.*
- 7. Therefore, to prevent unfair trade practices and protect consumer interest with regard to levying of service charge, the CCPA issues the following guidelines –*
- (i) No hotel or restaurant shall add service charge automatically or by default in the bill.*
- (ii) Service charge shall not be collected from consumers by any other name.*

(iii) No hotel or restaurant shall force a consumer to pay service charge and shall clearly inform the consumer that service charge is voluntary, optional and at consumer's discretion.

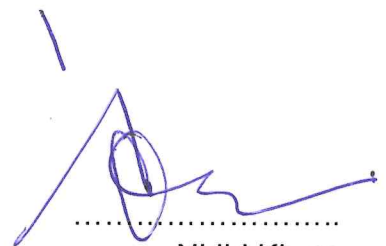
(iv) No restriction on entry or provision of services based on collection of service charge shall be imposed on consumers.

(v) Service charge shall not be collected by adding it along with the food bill and levying GST on the total amount."

18. The Hon'ble High Court of Delhi [**National Restaurant Association of India & Ors. Vs Union of India & Anr.]** passed the Judgment on 28th March, 2025 held in favor of CCPA wherein the Court held the following:

- a. Service charge or TIP as is colloquially referred, is a voluntary payment by the customer. It cannot be compulsory or mandatory. The practice undertaken by the restaurant establishments of collecting service charge that too on a mandatory basis, in a coercive manner, would be contrary to consumer interest and is violative of consumer rights.*
- b. The collection of service charge and use of different terminologies for the said charge is misleading and deceptive in nature. The same constitutes an unfair trade practice under Section 2(47) of the CPA, 2019.*
- c. The guidelines framed by the CCPA are thus valid and are in the interest of the consumers and the same are upheld.*
- d. While this Court holds that the mandatory collection of service charge is contrary to law and violates the guidelines, it is also of the opinion that if consumers wish to pay any voluntary Tip for services which they had enjoyed, the same would obviously not be barred. The amount however, ought not to be added by default in the bill/invoice and should be left to the customer's discretion.*
- e. All restaurant establishments would have to adhere to the guidelines passed by the CCPA. If there is any violation of the same, action would be liable to be taken in accordance with law. CCPA is free to enforce its guidelines in accordance with law.*

19. In the present case, it may be noted that the restaurant i.e., BNHL fully complied with the conditions of the interim order dated 20th July, 2022 passed by the Hon'ble High Court of Delhi. Moreover, the restaurant had also submitted that they had stopped levying service charge after the final judgment of the Hon'ble High Court of Delhi.
20. The restaurant in its reply dated 30th April, 2025 has reiterated that BNHL has stopped levy of any Service Charge post the final judgement dated 28th March 2025 which acts as an undertaking by the restaurant in the eyes of the authority to its full satisfaction.
21. In light of the detailed foregoing discussions, CCPA issues specific direction for discontinuation of practice of levying service charge forthwith, if any, in any of its outlet in accordance with the Section 20 and 21 of the Act, 2019.



Nidhi Khare
Chief Commissioner



Anupam Mishra
Commissioner

