CENTRAL CONSUMER PROTECTION AUTHORITY
Krishi Bhawan, New Delhi - 110001
Case No. CCPA- 2/40/2026-CCPA

In the matter of Cafe Delhi Heights (A Unit of Batra Bros Food and Beverages Pvt. Ltd.) 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. Abhisekh Walia, VP-Finance, Café Delhi Heights

Date: 25th August, 2026

ORDER

1. The Central Consumer Protection Authority (CCPA) has taken suo-moto cognizance based on the grievances received on National Consumer Helpline 1915 (NCH) from 28th March, 2025 to 31st March, 2026 alleging levy of unconsented/forced service charges in the guise of *'(Proposed Service Charge)(Staff Contribution)'* and refusal to remove the same upon request by your establishment. The details of these grievances are provided below:

Grievance Number	Date of Grievance	Complainant Name	State	Nature of Grievance	Grievance Details	Company Name
8791601	28-02-2026	Timsy Jaipuria	Uttar Pradesh	Service Charges	I was charged a service charge without my consent	Cafe Delhi heights a Unit of Batra Bros Food And Beverages Pvt Ltd
8906734	16-03-2026	Mehakpreet Kaur	Haryana	Service Charges	I faced an illegal service charge at the cafe, which the manager refused to remove despite my requests. Furthermore, the manager took my phone under	Cafe Delhi Heights

					the guise of adjusting my booking and instead manually canceled my 30% Swiggy Dineout discount, which is a clear case of consumer harassment and unfair trade practice. After that I have to book on another app (District), where I booked for 20% off. and then paid the amount.	
8932523	20-03-2026	Shushil Kumar	Delhi	Service Charges	Applied service charges in bill without concern	Cafe Delhi heights
8946151	23-03-2026	Rajan Garg	Haryana	Service Charges	Service Charge added in invoice and they refused to remove on request.	Batra Bros Food and Beverages Pvt Ltd

The Consumers, in support of their grievance, had attached the bills **(Copy Enclosed).**

2. It is pertinent to mention 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 violates the guidelines.

3. The CCPA in exercise of power conferred under Section 18(2) and Section 19 of the Consumer Protection Act, 2019 (the Act, 2019) conducted a preliminary inquiry to examine the veracity of the claim made against the aforementioned Restaurant.

4. In the preliminary inquiry, CCPA prima facie found, that the Restaurant had levied service charge in the guise of '(Proposed Service Charge) (Staff Contribution)' on the bill despite the Hon'ble High Court of Delhi upholding the Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with regard to levy of service charge in Hotels and Restaurants, 2022 issued by CCPA (hereinafter referred to as Guidelines, 2022). Considering that the bill is software generated, the practice adopted by the Restaurant might have been impacted a wider base of consumers visiting the restaurant thereby making it a fit case for class action as envisaged in section 10 of Consumer Protection Act 2019.

5. Based on the preliminary inquiry findings, CCPA directed the restaurant to furnish their response vide Notice dated 28th April, 2026 for violation of various provisions of the 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.*

6. In response to the said notice, the restaurant made the following submissions on 11th May, 2026:

    a. That the Restaurant has at all times conducted and continues to conduct its business operations in a bona fide, transparent, and customer-centric manner while maintaining the highest standards of hospitality and professional ethics.

    b. It has always remained conscious of and compliant with applicable laws, guidelines, and regulatory requirements while simultaneously prioritizing customer satisfaction and goodwill.

    c. It is submitted that immediately upon receiving the grievance raised by the concerned customers regarding the levy of service charge, the Restaurant voluntarily initiated and processed refunds pertaining to the disputed service charge amounts reflected in the respective invoices/bills.

    d. The refunds were duly granted to the concerned customers as a goodwill measure, reflecting the restaurant proactive and consumer-friendly approach.

    e. Further, in continuation of the bona fide and consumer-oriented approach and with the sole intention of ensuring complete customer satisfaction, the restaurant additionally issued complimentary coupon gift vouchers to the concerned customers as a gesture of goodwill and hospitality.

f. It is respectfully submitted that the conduct of the restaurant in voluntarily extending refunds along with additional goodwill benefits clearly establishes the absence of any dishonest intention, coercive conduct, unfair trade practice, or deliberate wrongdoing.

g. It is further submitted that, upon receiving the concerns raised in relation to the levy of service charge, the restaurant undertook an immediate internal review of its billing practices and operational mechanisms. The restaurant has already removed the levy of service charge from its operational billing system in its entirety.

h. The billing mechanism pertaining to service charge has been effectively disabled, discontinued, and removed across the establishment, and no such service charge is presently being imposed, reflected, demanded, or collected from customers in any manner whatsoever.

i. It is pertinent to state that at no point was any customer compelled, threatened, coerced, or forced to pay service charge. The practice, at the relevant time, was based upon prevalent hospitality industry norms followed by several restaurants and establishments across the country.

j. Furthermore, the restaurant had at all relevant times strictly adhered to the applicable legal position and maintained complete transparency with respect to the Staff Contribution/Service Charge policy. Clear and prominent display boards and notices were placed both inside as well as outside the restaurant premises informing customers that the Staff Contribution was purely voluntary and optional in nature, and that in the event any customer did not wish to contribute the same, they could simply inform the server/staff for its removal from the bill.

k. Additionally, at the time of presentation of the invoice/bill, customers were expressly informed regarding the inclusion of the said amount. It is submitted that the charge was neither automatic in the mandatory sense nor compulsorily recoverable, and the same was always subject to the informed choice and consent of the consumer.

l. In accordance with the established policy of the restaurant, the amount would have been immediately removed upon any objection or unwillingness expressed by the customer. Therefore, any allegation suggesting coercion, forced recovery, concealment, or unfair trade practice on the part of my client is wholly misconceived, baseless, and legally untenable.

m. The restaurant has always maintained an excellent reputation in the hospitality sector and has served a large consumer base over the years with professionalism and goodwill. The isolated grievance referred to in your notice was immediately resolved through refund and discontinuation of the disputed charge, thereby demonstrating its cooperative and consumer-friendly conduct.

7. Upon examination of the response of the Restaurant, CCPA observed that the restaurant has displayed boards on levying service charge which is against the guidelines and the judgement of Hon'ble High Court of Delhi. Also, the restaurant admitted to using the levy of 'Staff Contribution' as a business practice which prima-facie establishes the fact that the practice of charging service charge in the guise of 'Staff Contribution' has adversely impacted consumers as a class.

8. In light of the above observations, CCPA vide letter dated 19th May, 2026 directed Director General (Investigation) to conduct a detailed investigation.

9. The Director General (Investigation) submitted the Investigation Report dated 16th June, 2026 vide email dated 22nd June, 2026. The findings in the Investigation report are as under:

   a. M/s Cafe Delhi Heights Restaurant added 3% service charge Rs. 337.91 to a subtotal of Rs. 10,363.58/-. The service charge was included before GST, making the total Rs. 12,150.00/-. The restaurant claims that the service charge is voluntary, added with customer's consent and disclosed on the menu. The invoice shows the charge was added without any express agreement. The restaurant also claims that service charge is optional, as it should be for customer's consent, which imposes the burden on customers and creates a pressured, disadvantageous position. This conduct amounts to deceptive billing and breaches rules against unfair contractual terms, Even though restaurant has refunded the amount raised in grievance which is notwithstanding the restaurant's stated "corrective measures".

   b. The Cafe Delhi Heights Restaurant's invoice levied "3% Service Charge Rs. 337.91," then applies CGST Rs. 299.79/- and SGST Rs. 299.79/-, producing a total of Rs. 12,150.00/-. Presenting and adding the service charge automatically gives the impression that it is mandatory. Automatic inclusion without clear, affirmative consent misleads the customers and limits their freedom of choice. This conduct of restaurant constitutes deceptive and unfair trade practice under Section 2(47) of the Consumer Protection Act.

c. The Cafe Delhi Heights, imposed "3% Service Charge —Rs. 337.91/-" on Rs. 10,363.58/- subtotal, followed by CGST of 299.79/- and SGST of 299.79/-, resulting in a grand total of Rs. 12,150/-. This practice demonstrates that the consumer paid tax on a non-statutory charge, inflating the total payable amount due to the automatic inclusion of the service charge without any recorded voluntary contract agreement by the customer. In this case, the customer was entitled to protection against unfair trade practices, the right to be informed.

d. The automatic addition of the service charge undermines informed choice, creates pressure at the billing stage, and makes it socially uncomfortable for customers to object, thereby imposing a financial burden unless actively disputed invoice. Offering a refund in such cases after payment does not rectify the violation, as the infringement occurs at the time of billing when consent must be free and informed. This clearly indicates that the restaurant has violated consumer rights.

e. The impugned invoice reflects these facts. Cafe Delhi Heights in Delhi automatically levied Service Charge @3% (Rs 337.91/-) by violating Sections 2(9), 2(46) (vi), 2(47) of the Consumer Protection Act, 2019.

10. The Investigation Report submitted by DG (Investigation) was shared with the Restaurant vide letter dated 25th June, 2026 to furnish its comments and an opportunity of hearing was also provided to the Restaurant on 21st July, 2026 under Section 20 and 21 of the Act, 2019 before passing an order.

11. During the hearing on 21st July, 2026, Mr. Abhishek Wallia represented the restaurant and submitted that:

a. All bills referenced in the notice have been reviewed. Verbal consent is obtained from consumers prior to levying the charge, and invoices explicitly state that the service charge is optional, confirming there is no mandatory levy.

b. The consumers were fully refunded immediately upon receipt of the notice, alongside an offer of a gift voucher as a gesture of goodwill.

utlet	Invoice Number	Date	Customer Name	Service Charge amount	Service charge refund Amount

CDH-STARLING	STU010153-26-27	18/02/2026	Timsy Jaipuria	₹ 28.20	₹ 28.20
CDH-PEBBLE DOWNTOWN	PBH014914-26-27	15/03/2026	Mehakpreet Kaur	₹ 241.05	₹ 241.05
CDH-JANAKPURI	JKD019576-26-27	20/03/2026	Shushil Kumar	₹12.00	₹12.00
CDH-AMBIENCE	AMH043396-26-27	22/03/20206	Rajan Garg	₹ 56.66	₹ 56.66

c. Photographic evidence has been submitted, showing that prominent notices are displayed in the restaurant and clearly printed on the menu cards to indicate that the service charge is optional and non-compulsory.

d. Following the receipt of the notice, a formal consent card system was introduced and is now presented to consumers to record their preference of whether to levy service charge or not.

e. Operating 44 to 45 outlets across India.

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

a. Section 2(9) (ii) and (v) of the Act, 2019 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."

b. From the bare reading of Section 2 (28) of the Act, 2019 it can clearly be concluded that when a restaurant displays a menu with specific prices, the consumer is duly informed about the cost of the food. However, if a mandatory service charge is added later, it conveys an express or implied representation that the restaurant, a service provider had deliberately concealed the actual price of the food and service thereof, constituting an unfair trade practice.

c. Section 2 (46) "unfair contract" means a contract between a manufacturer or trader or service provider on one hand, and a consumer on the other, having such terms which cause significant change in the rights of such consumer, and

imposing on the consumer any unreasonable charge, obligation or condition which puts such consumer to disadvantage;

d. Furthermore, Section- 2(47) of the Consumer Protection Act, 2019 defines "Unfair Trade Practice" which includes deceptive or unethical methods used to promote the sale of goods, use or supply of any goods or provision of services.

e. 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."

f. 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:

i. 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.

ii. 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.

iii. The guidelines framed by the CCPA are thus valid and are in the interest of the consumers and the same are upheld.

iv. 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.

v. 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.

13. In light of the above provisions and consideration of the investigation report of DG Investigation (CCPA) along with the submissions of the Restaurant, CCPA arrives at the following findings:

(a) CCPA observed that the levy of "a voluntary 3% Service charge towards 'Staff Contribution' and welfare is proposed to be added in your bill" prominently displayed at the entrance as well as on menu cards, ensuring guests are informed well before placing orders is liable to be rejected as the mere display of collection of non-statutory charge like "service charge", "Staff Contribution,", "(Proposed Service Charge) (Staff Contribution)" on the restaurant or menu card or on the bill does not authorize the restaurant to impose service charge

by default on bill which is violative of the Guidelines, 2022 upheld by Hon'ble Delhi High Court.

(b) It is pertinent to note that when a restaurant displays prices on its menu, a component of service is already inherent in the pricing of the food and beverages offered, ensuring consumers are informed of the actual cost upfront. Because establishments have absolute freedom to set their menu prices, placing an order constitutes consent only to pay the displayed price plus applicable taxes. Consequently, adding a mandatory service charge—such as '(Proposed Service Charge) (Staff Contribution)'—creates an express or implied representation that the restaurant concealed the true cost of food and service, thereby misrepresenting the final cost of dining out.

(c) Further, the genesis of the service charge in the bill is the command embedded in the billing software, leading to default addition of service charge in the guise of '(Proposed Service Charge) (Staff Contribution)' to every bill, requiring consumers to opt out rather than opt in. This contradicts the restaurant's submission that the charge is optional and non-compulsory. This aspect is also borne out from the Investigation Report, which records that automatic addition of service charge undermines informed choice, creates pressure at the billing stage and make it socially uncomfortable for consumer to object and that subsequent refund of the amount does not erase the violation occurring at the time of billing when consent must be free and informed.

(d) 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. Moreover, 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.

(e) The restaurant failed to demonstrate that it has discontinued the practice of automatically adding service charges to bills. On the contrary, the restaurant submission regarding the introduction of formal consent card system to record the consumer preference of whether to levy service charge or not creates an implication that service charge continues to be pre-added or billed routinely by default. This mechanism shifts the burden onto the consumer to actively opt-

out by filling out a card to reject the charge, which directly contravenes the Guidelines, 2022 that Service charge shall not be added along with the food bill and levying GST on the total amount automatically or by default in the bill.

(f) By failing to produce documentation proving the implementation of a billing software free from default service charge, despite notice from the CCPA, the restaurant has clearly shown a lack of effort in bringing its operations into compliance with the established guidelines.

(g) Hence, the Restaurant is in violation of the following provisions of Consumer Protection Act 2019:

(i) Consumer rights under section 2(9) (ii) of the Act, 2019.

(ii) Consumer rights under section 2(9) (v) of the Act, 2019.

(iii) Misleading advertisement under Section 2(28) (i) and (iii) of the Act, 2019.

(iv) Engaging in Unfair Trade Practice as defined in section 2(47) of Act, 2019 read with section 2(46) (vi) of Act, 2019;

(v) 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.

14. Considering the above findings and the violations noted in the foregoing paras the CCPA is empowered under Section 20 and 21 of the Consumer Protection Act, 2019 to issue directions to modify the advertisement or discontinue such advertisement and practices, if necessary, it may, by order, impose a penalty which may extend to ten lakh rupees and for every subsequent contravention may extend to fifty lakh rupees. Further, Section 21 (7) of the above Act, 2019 prescribes that following may be regarded while determining the penalty:

i. the population and the area impacted or affected by such offence;

ii. the frequency and duration of such offence;

iii. the vulnerability of the class of persons likely to be adversely affected by such offence;

iv. the gross revenue from the sales effected by virtue of such offence

15. Having regard to the totality of facts, findings, and statutory mandates, the CCPA concludes that despite receiving notice from the CCPA, the restaurant failed to align its operations with the Guidelines, 2022. Instead of eliminating the practice, it introduced a manipulative 'consent card system' and failed to produce any documentary proof of updated billing software, as highlighted in points (e) and (f). This

demonstrates a clear lack of good faith and an absolute refusal to rectify its default billing mechanism, which continues to shift burned on consumers to opt-out rather than opt-in. Therefore, the conduct of the restaurant attracts the applicability of Section 21(7) of the Act, 2019.

16. In light of the above CCPA issues the following directions:

    a. The Restaurant shall discontinue and refrain from levying or collecting any service charge automatically or by default, whether under the nomenclature of "service charge" or by any other name, and shall ensure strict compliance with the Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with Regard to Levy of Service Charge in Hotels and Restaurants dated 04.07.2022.To take immediate steps to modify its software generated billing system by removing default addition of service charge or charge by any other name.

    b. Considering the established violations and applying the statutory factors under Section 21(7) of the Consumer Protection Act, 2019, the Restaurant is directed to pay a penalty of ₹ 80,000/- only.

The Restaurant shall submit a compliance report of the above-mentioned directions to the CCPA within 15 days from the receipt of this order.

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Nidhi Khare
Chief Commissioner

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Anupam Mishra
Commissioner