

CENTRAL CONSUMER PROTECTION AUTHORITY

Krishi Bhawan, New Delhi - 110001

Case No. CCPA- 2/24/2025-CCPA

In the matter of Café Blue Bottle Patna's alleged levying of service charge, violation of Consumer Rights and Unfair Trade Practices

CORAM:

Ms. Nidhi Khare, Chief Commissioner

Mr. Anupam Mishra, Commissioner

Date: 13.11.2025

ORDER

1. The Central Consumer Protection Authority (hereinafter referred to as 'CCPA') has taken suo-moto cognizance of the grievance from Ravi Nandan Kumar registered at National Consumer Helpline 1915 (NCH) vide docket no. 6992273 dated 08.04.2025 regarding levying of service charge in addition to CGST and SGST on the bill by Café Blue Bottle, Patna (hereinafter referred to as 'The Restaurant'). The Consumer in support of his allegations had attached the bill dated 07th April, 2025. A copy of the bill is reproduced below:



Item Name	Qty	Rate	Total
3 Tier Chicke	1	319	334.95
n Sandwich			
Butter Naan	11	65	750.75
Cafe Blue	1	169	177.45
Chicken 65	1	299	313.95
Chicken Lolip	1	369	387.45
op (6P)			
Chicken Tikka	1	370	388.5
Pizza			
Crispy Babyc	4	249	1045.8
n Chilli Dry			
Crispy Chicke	2	320	672
n Burger			
Drums of Heav	1	369	387.45
en (6p)			
Extra Cheese	2	49	102.9
Green Apple	1	169	177.45
Ice-cream Cho	1	139	145.95
colate (Doubl			
e Scoop)			
Lemonade	5	149	782.25
Mineral Water	3	25	75
Paneer Chilli	4	289	1213.8
Gravy			
Paneer Grille	1	270	283.5
d Burger			
Paneer Tikka	2	299	627.9
Premium Miner	7	40	280
al Water			
Strawberry Mi	1	249	261.45
lkshake			
Total Items: 19			
Total Quantity: 50			
Sub Total			8011.67
S.C (10%)			801.17
CGST			198.41
SGST			198.41
Total			9210
Balance			9210
Total Savings			45
Thank You! Visit Again!			
Powered by Ezo			

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') conducted a preliminary inquiry to examine the veracity of the claim made against the Restaurant as the NCH grievance (docket no. 6992273 dated 08.04.2025) is indicative of the such levy of service charge on other consumers unfairly impacted as a class. Pursuant to the order of Hon'ble Delhi High Court dated 28.03.2025, CCPA initiated action against complaints regarding involuntary levy of service charge.
4. In the preliminary inquiry, CCPA determined from the grievance registered on NCH that the Restaurant had levied service charge on the bill. It had also been alleged that the service charge amount was not refunded back to the consumer.
5. Based on the preliminary findings, CCPA observed that the Restaurant continued to charge service charge despite the judgement passed by the Hon'ble High Court of Delhi on 28.03.2025 and Guidelines issued by the Authority. Therefore, the restaurant was directed to furnish their response vide Notice dated 30th 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.*
6. In response to the said notice, vide email dated 05th May, 2025 Shreya Gupta, MD on behalf of the restaurant made the following submissions:
 - a. The levy of service charge at Cafe Blue Bottle is optional. The Restaurant does not impose it on any customer and it is only added under specific conditions. The conditions such as large group bookings or special events. In case of crockery breakage a nominal charge is added for compensation.
 - b. If any customer declines to pay the service charge, the Restaurant removes it from their bill without hesitation.

- c. The Restaurant further submitted that it has already taken steps to further ensure transparency, staff training to handle service charge queries effectively and without ambiguity.
 - d. As a good faith gesture, The Restaurant submits that they are willing to refund Rs. 591/- to the customer (Total bill was Rs. 9,210/- and service charge levied on total bill was Rs. 801. However, the customer paid only Rs. 9000/-. Hence, we are entitled to refund the service charge minus the unpaid amount of Rs. 210/-. Therefore, we propose to refund Rs. 591/- as the actual service charge paid by the customer) and will process this refund promptly upon receiving the customer's payment details.
 - e. The Restaurant is committed to follow the CCPA guidelines and respecting consumer rights.
7. After examining the response of the Restaurant, CCPA observed that the matter required detailed investigation as the restaurant has not justified the non-compliance of the *Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with Regard to Levy of Service Charge in Hotels and Restaurants* issued by CCPA on 04th July, 2022. The CCPA was satisfied that there exists a prima facie case of Unfair Trade Practice and violation of consumer rights under the Consumer Protection Act, 2019 which impacted the consumer as a class.
 8. In light of the above observations, CCPA vide letter dated 19th May, 2025 directed Director General (Investigation) to conduct a detailed investigation.
 9. The Director General (Investigation) submitted the Investigation Report dated 24th September, 2025 to the Authority vide email dated 03rd October, 2025. The Investigation report stated:
 - a) It is observed that the Hon'ble Delhi High Court, in its judgment dated 28.03.2025 in **National Restaurant Association of India & Ors. v. Union of India & Anr.**, unequivocally held that:

"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 or 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."

Despite the said judgement, the Restaurant levied service charge thereby contravening the directions of the Hon'ble High Court. The grievance suggests that levy was not left to the consumer's discretion and was added by default.

- b) The Restaurant in its response via the National Consumer Helpline (NCH), stated that it had provided a discount of Rs. 210 on the overall bill and subsequently offered a credit note of Rs. 591, calculated as the service charge (Rs. 801) minus the discount (Rs. 210). However, this formulation is flawed. The discount extended by the Restaurant was a commercial gesture and not a payment made by the consumer. Therefore, deducting the discount from the refundable service charge amount is inappropriate and misleading.
- c) The offer of a credit note in lieu of a direct refund, particularly without the consumer's consent and in the absence of any statutory basis, is not a valid substitute for monetary reimbursement. This approach reflects a lack of transparency and undermines consumer rights and the judicial pronouncement. Also, the refund calculation is incorrect as the company inappropriately deducted a discount from the refundable service charge amount.
- d) Despite multiple opportunities and reminders issued by the Investigation Authority, the Restaurant failed to furnish any documentary evidence demonstrating that the refund was initiated or processed. The absence of such proof undermines the credibility of Restaurant's claim of remedial action and reflects non-compliance with investigative directives.
- e) The Restaurant's conduct founds to be in breach of the following provisions of the CCPA Guidelines:
 - Addition of service charge by default in the bill.
 - Failure to ensure that the charge is voluntary and at the consumer's discretion.
 - Lack of timely redressal of consumer grievance.
 - Imposition of service charge despite judicial and regulatory prohibitions.
- f) These actions constitute violation of consumer rights under Section 2(9), unfair contract under Section 2(46) and amounts to an Unfair Trade Practice under Section 2(47) of the Consumer Protection Act, 2019.

10. The Investigation Report submitted by DG (Investigation) was shared with the Restaurant vide letter dated 13th October, 2025 to furnish its comments and vide said

letter an opportunity of hearing was also provided to the Restaurant on 23rd October, 2025 at 4:30 PM under Section 20 and 21 of the Act, 2019 before passing an order.

11. Subsequently, Shreya Gupta, owner of Cafe Blue Bottle, Patna (The Restaurant) vide email dated 15th October, 2025 submitted the following written response to the CCPA:

(a) With reference to the letter dated 13th October 2025 she had informed the authority that *"I do not wish to attend the virtual hearing scheduled on 23rd October 2025, and request that the matter may kindly be decided based on this written submission"*

(b) The Restaurant has stopped levying any service charge on customer bills immediately after the issuance of the *CCPA Guidelines dated 04.07.2022*. Our billing system is now fully compliant with the Consumer Protection Act, 2019, and no service charge is added by default or under any name. In respect of the complaint by Mr. Ravi Nandan Kumar, the Restaurant had expressed readiness to refund the disputed service charge and had requested his bank details to process the same. However, the Restaurant did not receive the details, due to which the refund could not be completed.

(c) The Restaurant remain fully willing to refund the amount immediately upon receipt of the required information from Mr. Ravi Nandan Kumar.

(d) Any earlier inclusion of service charge was inadvertent and without any intention to violate consumer rights. There was no malafide intent or attempt to mislead customers. The process has since been rectified, and our staff have been informed and trained to ensure ongoing compliance.

12. As stated at para 10, the hearing was scheduled on 23rd October, 2025 at 04:30 PM. Even though the Restaurant had already denied to avail this opportunity which is evident from para 11(a), the Authority convened for the hearing at the scheduled time, in case a representative would like to avail of the same to present their facts. However, no one attended the proceedings.

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

14. 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."

15. 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.
16. 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."

17. 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.*

18. In the present case, it is clearly established from the bare examination of the relevant legal framework mentioned above that non- refund of service charge levied by the Restaurant constitutes violation of Consumer Rights under the purview of Section 2(9) of the Act. The lack of clarity of the price of the product or the misleading nature of the price of the product by charging compulsory and mandatory service charge, results in an unfair trade practice under Section 2(47)(i) of the Act, 2019. Also, levying service charge apart from CGST and SGST puts consumers to disadvantage.

19. The Restaurant was fully aware about the guidelines of CCPA (as evident from the restaurant's reply dated 15th October, 2025) and the judgement of the Hon'ble High Court of Delhi. Despite the pronouncement by Hon'ble High Court validating 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, the Restaurant has levied service charge. Moreover the Restaurant uses software based bill generation system whereby service charge included bills would have been automatically generated on all the customers. It is noted here that the refund of the amount on the grievance mentioned above has not been completed which raises serious doubts about the intentions of the Restaurant. The Restaurant could have submitted the number of bills with service charge included but removed subsequently or refunded later, to clear its name out of the shadows of doubts. Considering these factors and conduct of the Restaurant; the failure to produce credible evidences to buttress its claim to follow the Guidelines and High Court order in future, CCPA finds it necessary to levy a penalty.

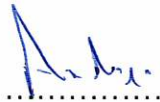
20. In light of the detailed foregoing discussions, CCPA issues the directions mentioned hereunder Section 20 of the Act, 2019:

- i. Refund full amount of service charge of Rs. 801 to the consumer Shri Ravi Nandan Kumar.
- ii. Discontinuation of practice of levying service charge forthwith.

21. Considering the facts and circumstances of the case; the nature of violation note in the foregoing paras, CCPA is of the view that the Restaurant is directed to pay a penalty of Rs.30, 000/- for violation of Consumer Rights and Unfair Trade Practice.

22. The Restaurant shall submit the amount of penalty and a compliance report to the CCPA within 15 days from the date of this order.


.....
Nidhi Khare
Chief Commissioner


.....
Anupam Mishra
Commissioner