

Service charges imposed by restaurants not illegal: FHRAI

Hospitality industry body FHRAI asserted that service charge imposed by restaurants is not illegal and it is up to customers to decide whether they wish to patronize those establishments or not.

Ahead of a meeting called by the consumer affairs ministry to discuss the growing complaints that consumers are being forced to pay service charges, the Federation of Hotel & Restaurant Associations of India (FHRAI) said the service charge is a proposal from the restaurant or an establishment to potential customers.

"It is for the customers to decide whether they wish to patronize the said restaurant or not...There is nothing illegal nor is it in violation of the law for restaurants to collect a service charge," FHRAI Vice President Mr. Gurbaxish Singh Kohli said in a statement.

Arguing that it is a common and accepted practice in India as well as several other countries, FHRAI said service charge, "colloquially known as 'tip', is the amount paid to the staff of the restaurant or other similar establishment by its guest." Information regarding the amount of service charge is mentioned by restaurants on their menu cards so that customers are well aware of this charge before availing of the services, it said.

FHRAI Joint Honorary Secretary Mr. Pradeep Shetty said if a guest has any objection to paying a service charge then, it can be removed from the bill.

"It is a common practice by even other service providers that charge a certain 'convenience fee' for providing services to customers. Services like a train and air ticket booking through websites or portals, food ordered via the website or mobile apps, or movie tickets booked through online portals all levy a convenience fee on the customers.

"But, it is sad to see constant demands being made from the hospitality industry on one matter or the other," Mr. Shetty said.

FHRAI also said it has advised its members that in the event they choose to collect service charges on behalf of their staff by including it in the bill presented to the customer, they must state the same clear on their menu itself so that the guest is well informed of the same.

Mr. Kohli said if a customer mentions ahead of the bill that they would not like to pay a service charge, then it is not charged.

"This option of a refund or waiver is not available on the convenience fees charged by other service providers. Only the hospitality sector is being targeted, despite giving full information to the guest on the menu card along with the option of complete waiver of the service charge," he said.

The consumer affairs ministry has called a meeting to discuss growing complaints that consumers are being forced to pay service charges.

It comes as a result of the ministry taking notice of several media reports as well as grievances registered by consumers on the National Consumer Helpline (NCH).