

New guidelines against 'service charges'

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In news— The Central Consumer Protection Authority (CCPA) has recently issued guidelines to prevent unfair trade practices, and to protect the interest of consumers with regard to the levy of service charge in hotels and restaurants.

What are the new guidelines?

- **The CCPA has issued five major guidelines regarding the levy of service charge by restaurants and hotels**, which has for long been a contentious issue and has periodically triggered complaints from consumers. **The guidelines say:**
 1. No hotel or restaurant shall add service charge automatically or by default in the bill.
 2. Service charge shall not be collected from consumers by any other name.
 3. 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 the consumer's discretion.
 4. No restriction on entry or provision of services based on collection of service charge shall be imposed on consumers.
 5. Service charge shall not be collected by adding it along with the food bill and levying GST on the total amount.
- **The CCPA has issued guidelines under Section 18 (2) (I) of The Consumer Protection Act, 2019.**
- **The guidelines are in addition to the Centre's 2017 guidelines** which prohibit the levy of service charge on consumers by hotels and restaurants, and terms the

charging for anything other than “the prices displayed on the menu card along with the applicable taxes” without “express consent” of the customer as “unfair trade practices”.

- **The consumer has four options at different levels of escalation in case she spots the levy of service charge in her bill. They are-**
 1. First, she **can make a request to the hotel or restaurant to remove** the service charge from her bill.
 2. Second, she **can lodge a complaint on the National Consumer Helpline (NCH)**, which works as an alternative dispute redressal mechanism at the pre-litigation level. **The complaint can be lodged by making a call on the number 1915, or on the NCH mobile app.**
 3. Third, the **consumer can complain to the Consumer Commission**, or **through the edaakhil** portal, <http://www.edaakhil.nic.in>.
 4. Fourth, she **can submit a complaint to the District Collector of the concerned district** for investigation and subsequent proceedings by the CCPA. A consumer **can complain directly to the CCPA** by sending an e-mail to com-ccpa@nic.in.
- On receiving complaints, the district collectors have been directed to conduct an investigation and submit the report to the CCPA within 15 days.

Central Consumer Protection Authority (CCPA)-

- The CCPA was established in July 2020 under The Consumer Protection Act, 2019 that replaced The Consumer Protection Act, 1986.
- It has the power to Protect, promote and enforce the rights of consumers as a class, and prevent violation of consumers rights under this Act.
- It prevents unfair trade practices and ensure that no person engages himself in unfair trade practices.

- CCPA consist of following members appointed by Central Government.
 - Chief Commissioner.
 - Two Commissioners.
 - One commissioner each will represent for goods and services
- It is empowered to conduct investigations into violation of consumer rights and institute complaints / prosecution, order recall of unsafe goods and services, order discontinuation of unfair trade practices and misleading advertisements, impose penalties on manufacturers/endorsers/publishers of misleading advertisements.

Further reading:
<https://journalsofindia.com/new-features-of-the-consumer-protection-act-2019/>