Customers Abuse Chargebacks To Get Free Food In London

Reporting based on an investigation by The Telegraph, November 2025.

A customer walks into a London restaurant, orders pasta and wine, pays with a contactless card, and leaves satisfied. Three days later, the restaurant owner gets a notice: the customer told their bank the charge was fraudulent. The money vanishes from the restaurant's account.

This is happening hundreds of times a week across Britain. And restaurant owners say there is almost nothing they can do about it.

Nima Safaei, who owns three restaurants in Soho including the 15-year-old Forty Dean Street, says he is losing about £600 weekly to these false claims. The average bill at his Italian spot runs between £60 and £100 for two people. In three months, he has lost £5,000.

The fraud works like this: when someone disputes a card charge, the bank automatically refunds them first and asks questions later. The restaurant then has a narrow window to prove the meal actually happened.

Most can't gather receipts and documentation fast enough. Safaei told The Telegraph that by the time he retrieves individual receipts from his accountant, the case has already been closed.

Banks Side With Customers Almost Every Time

Ravneet Gill runs multiple businesses, including an online cookery school and a new restaurant in Chingford called Gina. She has fought dozens of payment disputes over the years. Her record: zero wins.

"I think it feels humanless," Gill told The Telegraph. "You don't have to think about the person it affects."

Her latest case involved a party of six who booked a Saturday night table, never showed up, and then disputed the £120 no-show fee with their bank. Gill says most people are honest, but once someone learns the system, they keep exploiting it.

The numbers back her up. Research firm Aite-Novarica estimates 80% of chargeback claims are fraudulent. Reports of chargeback fraud to Cifas, the UK fraud prevention body, jumped from 915 to 1,419 in a single year.

An Industry Already Bleeding

British restaurants were struggling before this wave of fraud hit. Food costs have risen 37% since January 2020. Operating expenses are up 30% to 40% compared to pre-pandemic levels. The minimum wage went up in April. National Insurance contributions for employers climbed to 15%.

"Margins are being continually eroded," said Michael Kill of the Night Time Industries Association. He called chargeback fraud "just another version of pay and run."

A UK Hospitality survey found one-third of respondents had experienced customers refusing to pay for food. The Federation of Small Businesses reported that 37% of small companies experienced some form of fraud between 2021 and 2023.

Many owners have simply stopped fighting. Kill says restaurants and bars now build expected chargeback losses into their budgets. They have given up hope that anyone will help them.

One Owner's Solution

Safaei decided to change how he accepts payment. He banned contactless cards at Forty Dean Street. Customers now must use Chip and PIN or mobile payments like Apple Pay and Google Pay, which require a fingerprint or PIN.

His thinking: if someone has to verify their identity to complete the transaction, it becomes much harder to claim it was unauthorized.

The banking industry says it takes the problem seriously. "Deliberately making a false claim is fraud and not a victimless act," said Adam Scarrott of UK Finance. But for now, the system still favors the person making the claim.

Fraud across Britain continues to surge. Cifas recorded a record 421,000 fraud cases in 2024, up 13% from the prior year. UK consumers lost £11.4 billion to scams last year, according to the Global Anti-Scam Alliance, an increase of £4 billion.

For Safaei, each week brings new disputed charges. "We are a small family-run business," he said. "This is crippling us."