The state of tipping in the UK hospitality industry 2025:

A research report by URocked

Has the Tipping Law been successful?

URocked

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Introduction

In 2016, a government report concluded that 100% of tips in restaurants, hotels and bars should go to workers, not their employers. This signalled the start of a drawn-out process that should have put the matter to rest when the UK Tipping Law came into force on October 1st, 2024.

The Employment (Allocation of Tips) Act 2023 requires employers to pass on all discretionary tips and service charges to workers without deductions, except for tax. Employers must also have a written tipping policy and maintain records to ensure the fair and transparent distribution of tips, which applies to both cash and card payments.

Workers can bring a claim to an Employment Tribunal if they believe an employer is not complying with the law. In these circumstances, employers face the potential of a £5,000 fine for non-compliance for every employee who has been affected.

For the thousands of UK employers to whom the Tipping Law now applies, compliance has brought a series of practical challenges. Smaller businesses, in particular, may still be feeling the strain of keeping systems, records and policies compliant, while larger chains face the challenge of ensuring consistency across multiple sites. For many employers, the law has therefore become not just a compliance issue but also a test of how to balance legal obligations with the realities of day-to-day operations.

For instance, because tips must be passed on to staff without deductions, they can no longer be used to offset business costs such as administration, National Insurance or card processing fees. The requirement to pay tips no later than the end of the following month has also meant existing payroll systems have often needed updating to handle these payments reliably.

Collectively, these measures have added to the administrative workload for businesses nationwide, particularly for those operating across multiple sites or with high staff turnover, where reconciling payments and maintaining transparency can become a significant burden. Businesses that previously relied on discretionary approaches to pooling or distributing tips should, by now, be properly aligned with a more formal framework, ideally backed by efficiency processes and technologies.

Then there are the issues associated with getting tips from customers to employee bank accounts. In practice, this means capturing tips alongside customer payments, separating them accurately from the bill and reconciling the amounts before passing them on to staff. In this context, inefficient or fragmented payment systems add to the administrative workload, increase the risk of errors, and make it harder for businesses to meet their legal obligations.

Twelve months after the new rules came into effect, this study examines the implementation of the law and assesses the experiences of key stakeholders.

Executive summary

Fast forward to 2025, and tipping in the UK remains a source of controversy. While the new law set out to add much-needed clarity and fairness to the process, whether it has fully succeeded remains open to question.

In September 2025, URocked commissioned some research to examine the awareness, attitudes, and experiences of three key groups: UK hospitality sector workers, their employers and the consumers who pay tips and service charges.

Findings indicate a persistent trust gap among diners, uneven implementation by operators and mixed outcomes for staff. Among the most significant insights are that more than half of consumers do not trust that tips reach workers in full, a quarter of employers say they have made no changes since the law came into effect, and a similar share of staff report seeing no change.

Looking at outcomes, only one in five staff members reports receiving more tips, while nearly one in four reports receiving fewer. Knowledge of the law remains a limiting factor, with just over half of decision-makers correctly describing the 100 per cent pass-through rule, and one in seven staff members stating that their employer is not complying. Even so, most workers say the law has made things fairer, and six in ten believe customers would tip more if they had a better understanding of the requirements now placed on employers.

Given that many staff members rely on tips as part of their income, progress now hinges on the practical execution, clear communication at the point of payment, and systems that make 100 per cent pass-through visible and auditable.

Research methodology

We commissioned Censuswide in September 2025 to conduct research among 250 sector employees and 150 decision makers working in UK full-service hospitality venues that take tips or add a service charge. Consumer research was conducted among 1000 UK consumers.

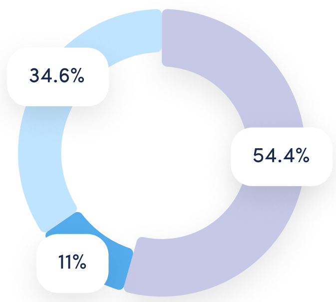
Research findings

1. Consumer trust and expectations

We asked consumers: **Do you trust that restaurants are passing on 100% of tips to staff?**

Key finding:

With 54% of respondents saying they don't trust restaurants to pass on 100% of tips to staff, it's clear that, despite the Tipping Act, consumer scepticism remains widespread. This is a damaging finding for the industry's reputation as a whole, and more work needs to be done to build greater levels of trust. It also risks depressing tipping volumes at a time when many workers rely on them as part of their income.



Do you trust that restaurants are passing on 100% of tips to staff?

- Disagree (54.4%)
- Neither agree nor disagree (34.6%)
- Agree (11%)

2. Employer action and implementation

To understand what steps employers had taken to meet the requirements of the tipping law, and what challenges they faced, we asked two questions:

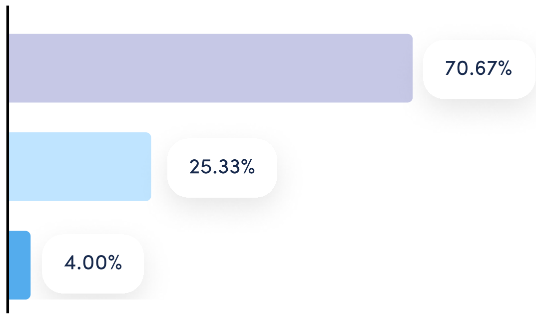
In the past year, has your business changed how it handles tips or service charges since the Tipping Act came into force? And what has been the biggest challenge in following the new rules?

Key finding:

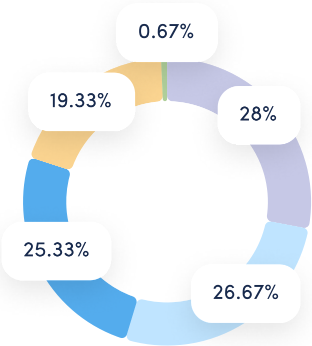
25% of employers report making no changes since the law came into effect. The biggest obstacles were communicating changes to staff (28%), understanding the law (26%) and changing systems/processes (17%); 28% reported no challenges.

In the past year, has your business changed how it handles tips or service charges since the Tipping Act came into force?

- Yes (70.67%)
- No change (25.33%)
- Not sure / don't know (4.00%)



One year on, implementation is patchy: a third of operators report no change, while those trying to adapt cite people, clarity and system costs as the main barriers. Clearly, the primary concern here is that potentially thousands of outlets are still not passing 100% of tips to staff, putting them at risk of breaching the rules and, effectively, underpaying staff.



And what has been the biggest challenge in following the new rules?

- Understanding the law (28.0%)
- Communicating changes to staff (26.67%)
- No challenges (25.33%)
- Changing systems or processes (19.33%)
- Other, please specify (0.67%)

3. Staff experience of change

To understand how the legislation is being felt by staff on the ground, we asked two questions:

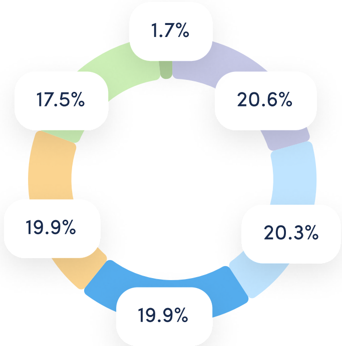
In the past year, what changes have you noticed about how your employer handles tips?
How much do you rely on tips as part of your income?

Key findings:

25% of staff say they have not noticed any change in how their employer handles tips. 23% report receiving more tips since the law took effect, while 23% say they now receive fewer. These are significant findings, given the fact that 65% of surveyed staff rely on tips/service charge income to some degree.

These staff viewpoints and real-world experiences paint a mixed picture about the current effectiveness of the law: while some report a rise in tips, almost as many say they have lost out, and a third see no change at all. For a workforce where two-thirds rely on tips to supplement their income, the uneven impact raises questions about whether the Act has translated into tangible gains for employees across the sector.

65% hospitality employees rely on tips / service charge as part of their income



In the past year, what changes have you noticed about how your employer handles tips?

- Service charge is now added onto all bills (20.3%)
- We were informed of changes around the UK's Employment (Allocation of Tips) 2023 Act (aka the Tipping Act) (19.9%)
- We get fewer tips (19.9%)
- We get more tips (17.5%)
- Other, please specify (1.7%)
- N/A have not noticed any changes (20.6%)

4. Awareness and understanding of the Tipping Law

To assess how well the law is understood across the industry, we asked operators:

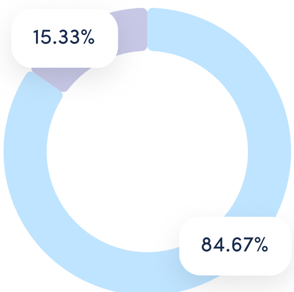
How clear are you on how tips should be allocated under the Act?
Which of the following best describes the Tipping Act?

Key findings:

Only 53% of employers answered correctly that 100% of tips must be passed on.

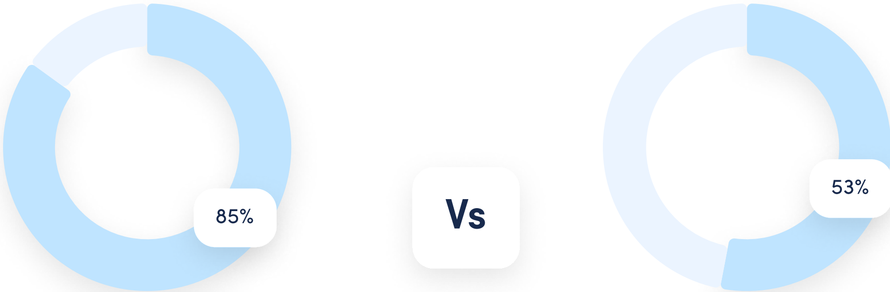
45% selected an incorrect option. Of this group, 21% thought it applies only to full-time staff, 15% believed printing a policy on receipts creates flexibility over distribution, 9% thought admin fees can still be deducted, and 1% chose "none of these".

It should be of concern to both the industry and lawmakers that four out of ten decision-makers misstate the core rule, a situation that also goes some way to explaining the uneven implementation levels and mixed staff experiences. These misconceptions centre on scope, perceived receipt-based "flexibility", and deductions, creating a potential compliance risk and contributing to the poor levels of customer trust at the point of payment. Educating the management team on these rules regularly will be key to avoiding any missteps in the future.



How clear are you on how tips should be allocated under the Act?

- Clear (84.67%)
- Unclear (15.33%)



85% employers say they are clear about how tips should be allocated / distributed under the Tipping Act

53% employers pick the correct answer describing the Tipping Act

5. Compliance and trust inside the industry

To test whether the rules are being observed in practice, we asked staff:
Do you think your employer is abiding by the law?

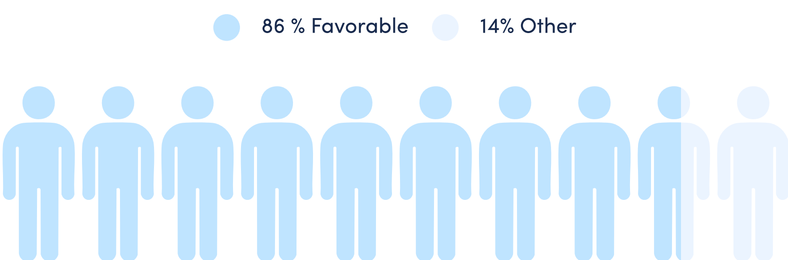
Key findings:

Encouragingly, 72% of staff said yes, their employer is complying. For a minority, however, the situation is different with 14% saying they didn't think their employer was abiding by the law. A further 14% said they didn't know.

As seen earlier, this sits alongside the consumer research, which found that 54% of diners do not trust that restaurants are passing on 100% of tips.

The staff view is more positive than the consumer outlook, but a notable minority remain sceptical about their employer's compliance. When set against the majority of diners who don't trust restaurants to pass on tips, it highlights a growing trust gap between how the industry sees itself and how it is perceived from the outside. For operators, bridging this gap will be critical to encouraging tipping and protecting reputation.

8.6 out of 10 people agree



6. Impact on tips and fairness

To assess the real-world effects of the law, we asked staff three questions:

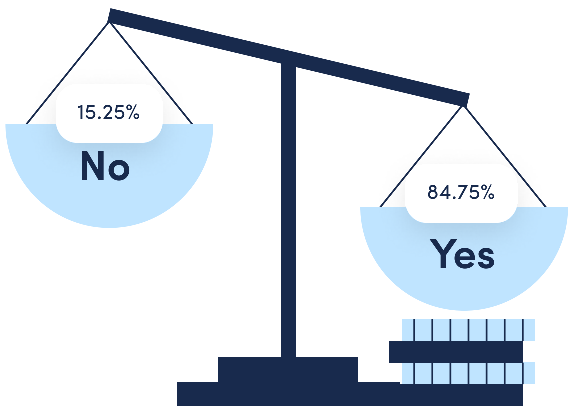
In the past year, what changes have you noticed about how your employer handles tips?
Would customers be more or less inclined to tip if they knew about the law?
Has the law made things fairer for staff?

Key findings:

While 20% of staff report receiving more tips since the law took effect, 23% say they actually receive fewer tips. 60% of staff believe customers would be more inclined to tip if they understood the law's requirements. 88% of staff say the new rules have made things fairer for workers.

Although the majority of staff recognise an improvement in fairness, financial outcomes are mixed: some have gained, others have lost, and a large group have seen no difference. The perception that customer behaviour could improve with greater awareness points to a communications challenge as much as a compliance one. For the law to deliver fully on its promise, operators need to ensure not just technical compliance but visible, transparent practices that build confidence among both staff and diners.

Has the law made things fairer for staff?



Future of the law

To understand where operators want the framework to go next, we asked decision-makers:
If you could change one thing about the law, what would it be?

Key findings:

The strongest signals focus on making the law more straightforward to understand and clarifying how service charges should be handled. Reducing administration and paperwork is a secondary priority, while a smaller group would maintain the current law, indicating broad support for the principle, with concerns centred on its execution.

Operators largely support the intent of the Tipping Act, but they want more precise and straightforward guidance that reduces ambiguity at the point of payment and in back-office processes. In practice this means having access to plain-language policy templates and policies to deliver explicit treatment of service charge backed by efficient record-keeping processes that are easy to apply consistently across sites.

What's next for tipping in the UK?

One year after the implementation of the Tipping Law, these findings provide timely insight into its implementation and, by definition, its effectiveness in supporting customer-facing staff. If all employees across the industry are to receive 100% of the tips and service charges paid by customers, there remain some serious issues to address.

While nearly nine out of ten respondents say the new law has made things fairer for staff, our research shows there's still work to be done in building consumer trust and ensuring universal employer compliance. Too many businesses are either unclear on the rules or have failed to make the changes required, and that leaves both staff and customers questioning whether tips are being handled fairly. Transparency and education are now key to improving confidence across the sector.

With clearer guidance, visible transparency and reliable technologies designed to support the fair distribution of tips, the sector can rebuild confidence and deliver on the law's objectives for staff and customers alike.

Tipping Done Right with URocked

URocked was born out of a need to help customers and staff members find an easy way to give and receive gratuity in an increasingly cashless society. Our award-winning, powerful digital tipping platform makes the giving, receiving and distribution of gratuity fair, seamless and transparent for staff, customers, and businesses.

For staff registered on the platform, URocked offers an easy and convenient means to accept cashless tips, distribute them fairly within the team with a free mobile application and receive them directly to their bank accounts.

For customers, URocked offers a secure way of showing gratitude for a service well received, and a guarantee that 100% of their tips will be sent to the intended recipients.

For businesses using URocked, the service offers a tip distribution service that keeps their staff happy, saves significant costs and keeps their business fully compliant with the Tipping Law.

With a range of different solutions, URocked can fit into your operations seamlessly, saving you costs, making your teams happier and keeping your customers coming back for more.

Here's how URocked helps businesses comply with the The Employment (Allocation of Tips) Act 2023

1. Pass on all tips and service charges without any deductions

With URocked, customers can be confident that 100% of tips given through our standalone QuickTips devices or integrated OneDevice payment terminals go directly to employees. Staff receive instant notifications via a free mobile app, reinforcing this assurance.

2. Ensure tips are distributed fairly and transparently

URocked helps teams split tips exactly how, and how often they would like in seconds. We send the tip shares directly to employee bank accounts. Employees can monitor their earnings and splits on the URocked member app.

3. Methods of Allocation

The URocked member app allows teams to split their tips in a variety of different ways - equally, by %, by number of hours or weighted points - they decide how and how many times they split their tip pot. All done within a few seconds on the app - no more complex spreadsheets or hours spent on TRONC calculations

4. Maintain a record of all tips paid

The Member app also serves as an audit trail for all digital tips accepted and employers can provide these records if asked.

5. All qualifying workers can be added to your team on URocked

Signing up to URocked and adding members to teams is straightforward, which means, you can easily add temporary staff members to split shares of tips from specific days.

6. Cost Savings

For employers, keeping tips separated from payroll in such a manner helps save on National Insurance contributions and also contributions to other payroll liabilities like holiday pay etc.

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