



Consumer Stress Legal Index

Q3 2025

About the LegalShield Consumer Stress Legal Index

- The LegalShield Consumer Stress Legal Index (CSLI) is a suite of leading indicators of the economic and financial status of U.S. households.
- The CSLI and subindices are constructed from LegalShield's proprietary data. Launched in 2018, the CSLI is based on a dataset of over 36 million consumer requests for legal assistance dating to 2002. The index examines findings from approximately 150,000 calls received monthly from U.S. consumers seeking legal help.
- This data is powerful, sourced directly from a large set of consumer actions, not survey results. Free from common survey challenges such as completion time and participants' availability, it offers clear insight into moments when consumers are compelled to seek legal help due to significant life impacts.
- Each request is logged as an "intake" in one of roughly 90 unique areas of law depending on the nature of the request. Each subindex reflects the number of intakes in an area of law as a share of total intakes across all areas of law in a given month.
- The CSLI is comprised of three subindices: Bankruptcies, Foreclosures, and Consumer Finance.
- The Consumer Stress Legal Index is a leading indicator of the Conference Board Consumer Confidence Index in the United States, with a correlation level of -0.85 with an approximate lead time of 60-90 days.



Interpreting Each Component of the Index

CONSUMER STRESS LEGAL INDEX

Consumer spending accounts for more than two-thirds of U.S. economic activity. The flagship Consumer Stress Legal Index tends to lead the Conference Board's Consumer Confidence Index by one to three months. The CSLI also provides a useful "hard" data check on the Consumer Confidence Index and similar measures of consumer confidence that are based on "soft" survey data, as these measures are not always consistent with underlying economic conditions.

BANKRUPTCY INDEX

Bankruptcy data provide an important insight into the overall financial health of consumers and businesses. As witnessed during the Great Recession of 2008-09, an uptick in bankruptcies can foreshadow significant turmoil within the economy. The Bankruptcy Index tends to lead the trajectory of total bankruptcies by two quarters, with a .98 correlation, providing an early warning signal of an economic downturn.

FORECLOSURE INDEX

A rise in foreclosures often signals a worsening of household finances, as households typically delay payments on other debt obligations in order to pay their mortgages on time. The Foreclosure Index closely tracks foreclosures as reported each quarter by the Mortgage Bankers Association.

CONSUMER FINANCE INDEX

Consumer finance issues manifest in many forms including billing disputes, repossessions, credit challenges, and loan defaults. These varying items are an indication of financial stress that prompt consumers to seek legal guidance to resolve.

Consumer Stress Legal Index

Summary: In Q3 2025, the CSLI increased **3.0** points from Q2 2025 to **71.2**.

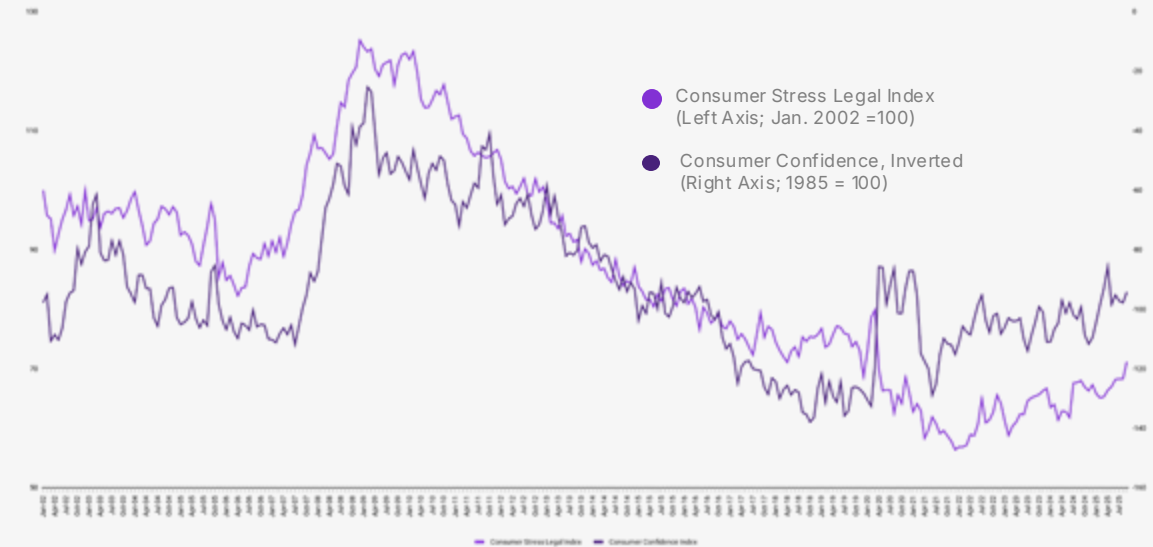
Monthly:

- July: **68.3**
- August: **68.3**
- September: **71.2**

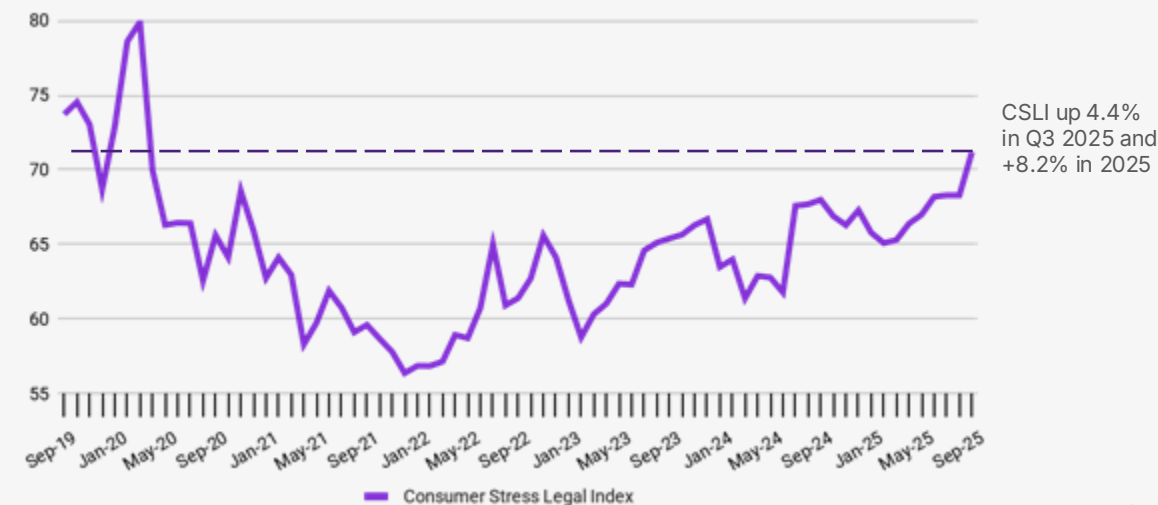
What It Means: The CSLI rose to its highest level since March 2020. The index has now increased for seven consecutive months, up 8.2% in 2025, signaling continued financial strain among American households. Legal inquiries related to bankruptcy rose sharply, while foreclosure and consumer finance issues remain elevated.

Outlook: If current trends continue, actual bankruptcy filings are likely to rise in early 2026. While a recent Federal Reserve rate cut offers modest relief, elevated debt levels and ongoing delinquencies suggest that consumer stress will likely remain high heading into the holiday season.

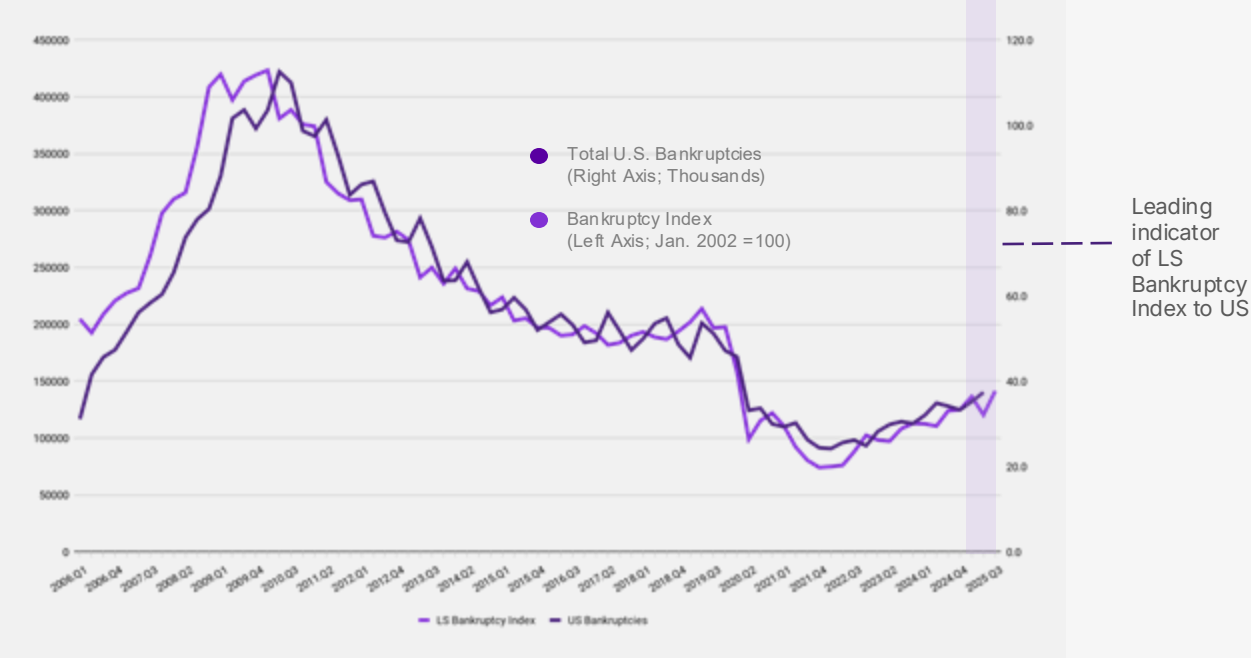
Historical Trend Over Past 20+ Years



Highest Level Since March 2020



LS Bankruptcy Index vs US Bankruptcy Since 2006



Bankruptcy Index

Summary: The Bankruptcy subindex reflects the number of intakes related to bankruptcy as a share of total intakes across all areas of law.

In Q3 2025, the Bankruptcy subindex increased **5.6** points from Q2 2025 to **37.7**.

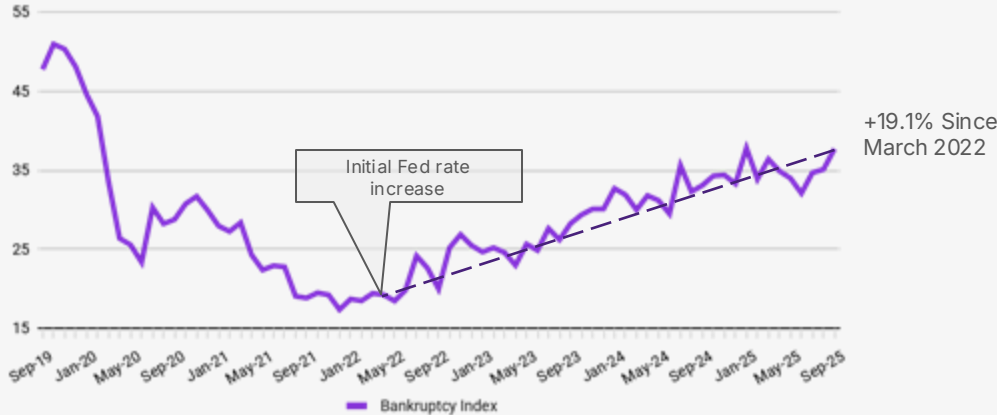
Monthly:

- July: **34.7**
- August: **35.1**
- September: **37.7**

The Bankruptcy Index increased 17.4% quarter over quarter to 37.7, marking its sharpest rise since late 2020. The subindex is now 13.9% higher than a year ago, continuing its upward trend since the initial Fed interest rate hike in March 2022.

Outlook: Bankruptcy inquiries historically lead actual filings by two quarters (.99 correlation), suggesting that court filings may climb in early 2026. With delinquencies on mortgages, HELOCs and student debt trending higher, the data suggests families are increasingly relying on legal assistance as a last resort.

Bankruptcy Index Since Pre-Pandemic



Foreclosure Index

Summary: The Foreclosure subindex reflects the number of intakes related to foreclosure as a share of total intakes across all areas of law.

In Q3 2025, the Foreclosure subindex decreased **1.0** point from Q2 2025 to **45.8**.

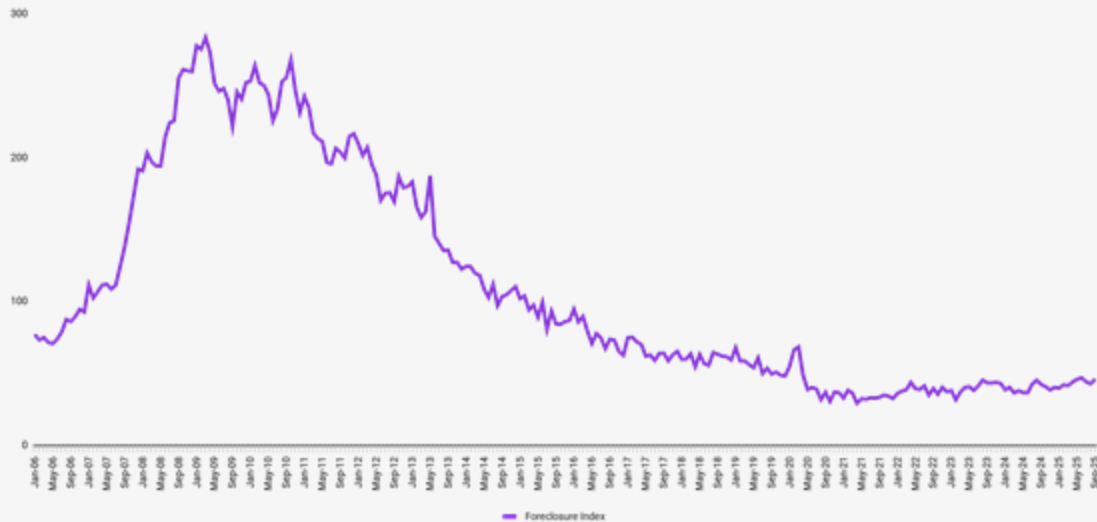
Monthly:

- July: **44.0**
- August: **42.6**
- September: **45.8**

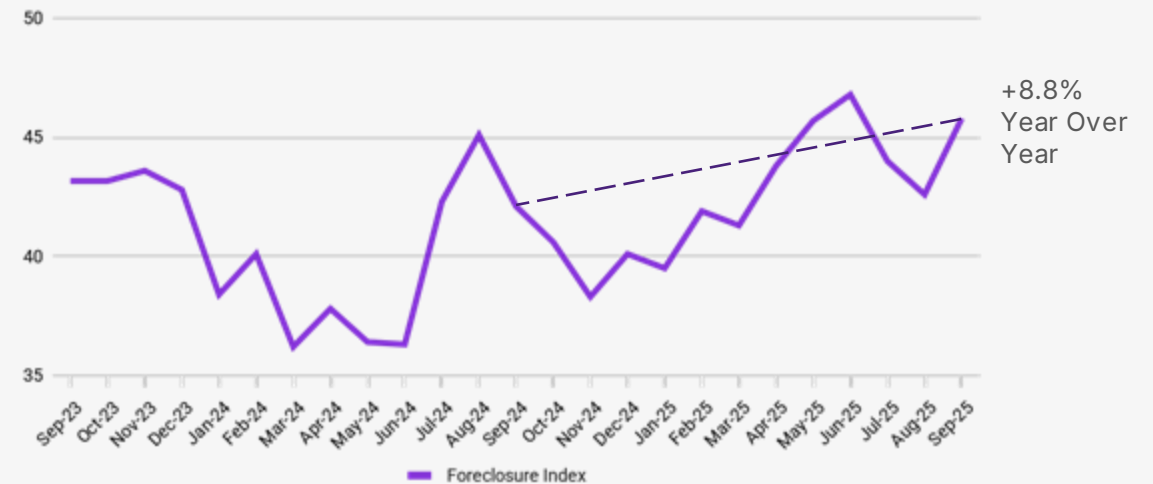
Outlook: The Foreclosure Index eased 2.1% in Q3 but showed a notable rebound in September, up four points from August. The YoY increase stands at 8.8%, consistent with national foreclosure data showing renewed stress in housing markets.

Elevated property taxes, insurance costs, and mortgage resets continue to pressure homeowners and the September uptick suggests the trend is far from over. As affordability challenges and housing debt delinquencies persist, foreclosure activity could accelerate into early 2026.

Historical Trends



Foreclosure Index: 2-Year View



Consumer Finance Index

Summary: The Consumer Finance subindex reflects the number of intakes related to consumer finance issues such as billing disputes, auto repossessions, loan modifications and payday loans, as a share of total intakes across all areas of law.

In Q3 2025, the Consumer Finance subindex increased **1.9** points from Q2 2025 to **108.3**.

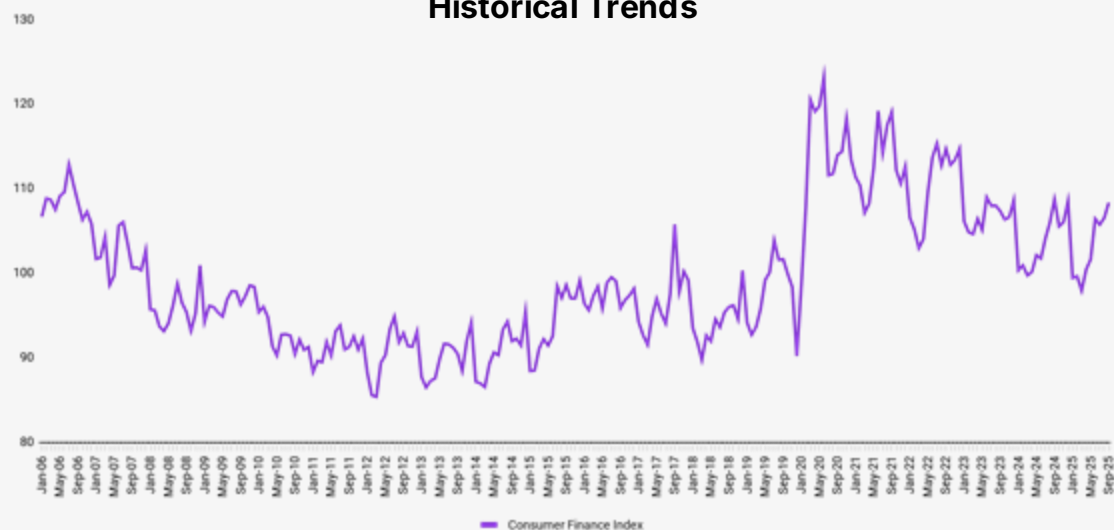
Monthly:

- July: **105.7**
- August: **106.5**
- September: **108.3**

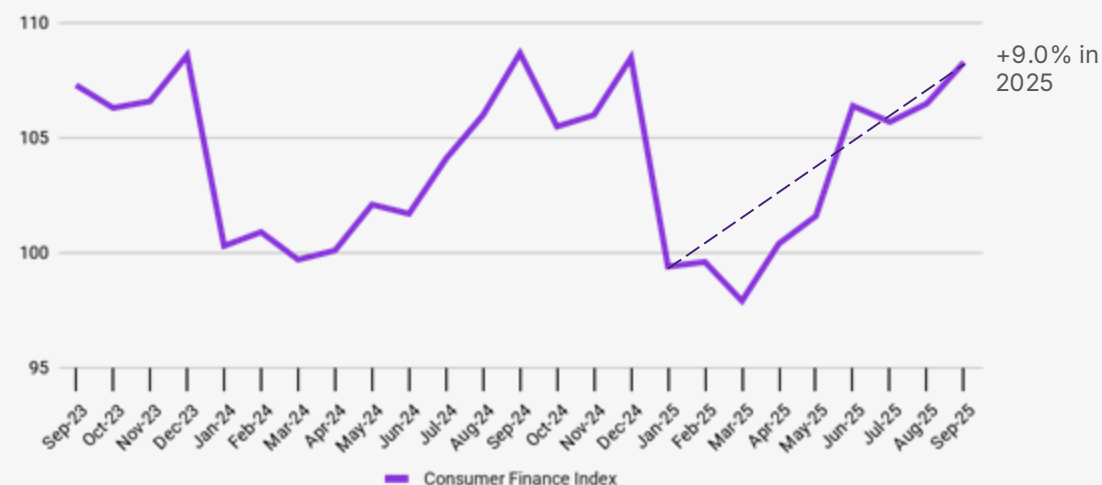
Outlook: The Consumer Finance Index rose slightly, up 1.8% from Q2 but nearly flat YoY. The subindex reflects sustained demand for legal help with billing disputes, repossessions, and loan negotiations. Year to date, the index is up 9%, underscoring persistent strain on household finances.

Consumer finance-related inquiries remain high as families contend with inflation and tight credit conditions. Even with the recent rate cut from the Fed, elevated interest rates and household debt burdens will likely keep financial pressure elevated through the holiday spending season.

Historical Trends



Consumer Finance Index YTD





About LegalShield



Leader of subscription-based legal plans to households across North America



1.8 million+ memberships



50+ year history



Serving **140,000** businesses across North America



40,000+ organizations served by our dedicated B2B division



39 law firms in 50 states and Canada with a total of 900 lawyers, and a referral network of 6,000 lawyers, with average of 22 years experience

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