



# Consumer Stress Legal Index

Q2 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 35 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 Q2 2025, the CSLI increased **2.9** points from Q1 2025 to **68.2**.

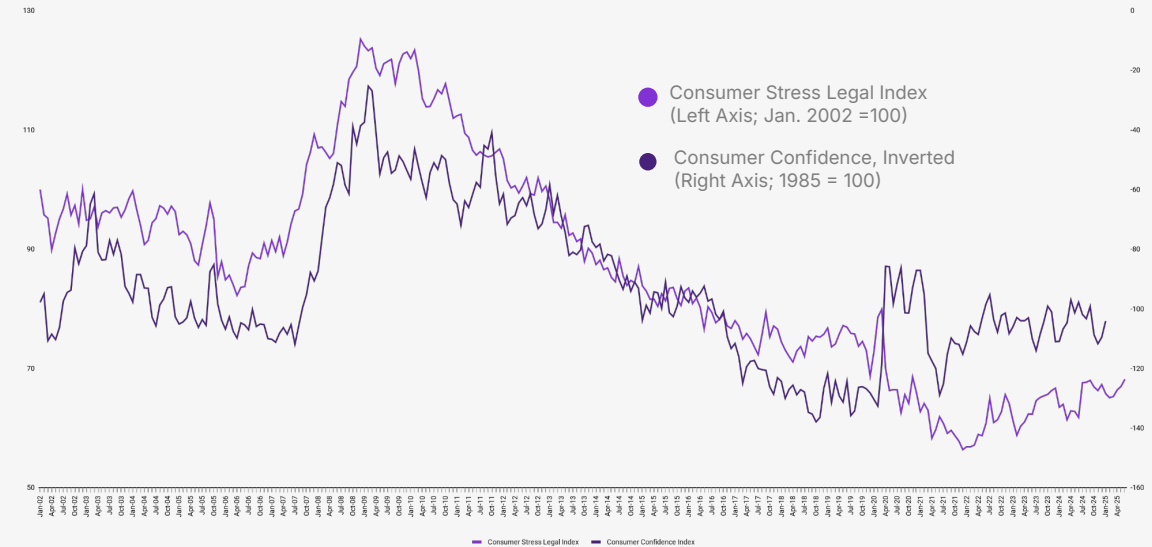
Monthly:

- April: **66.4**
- May: **67.0**
- June: **68.2**

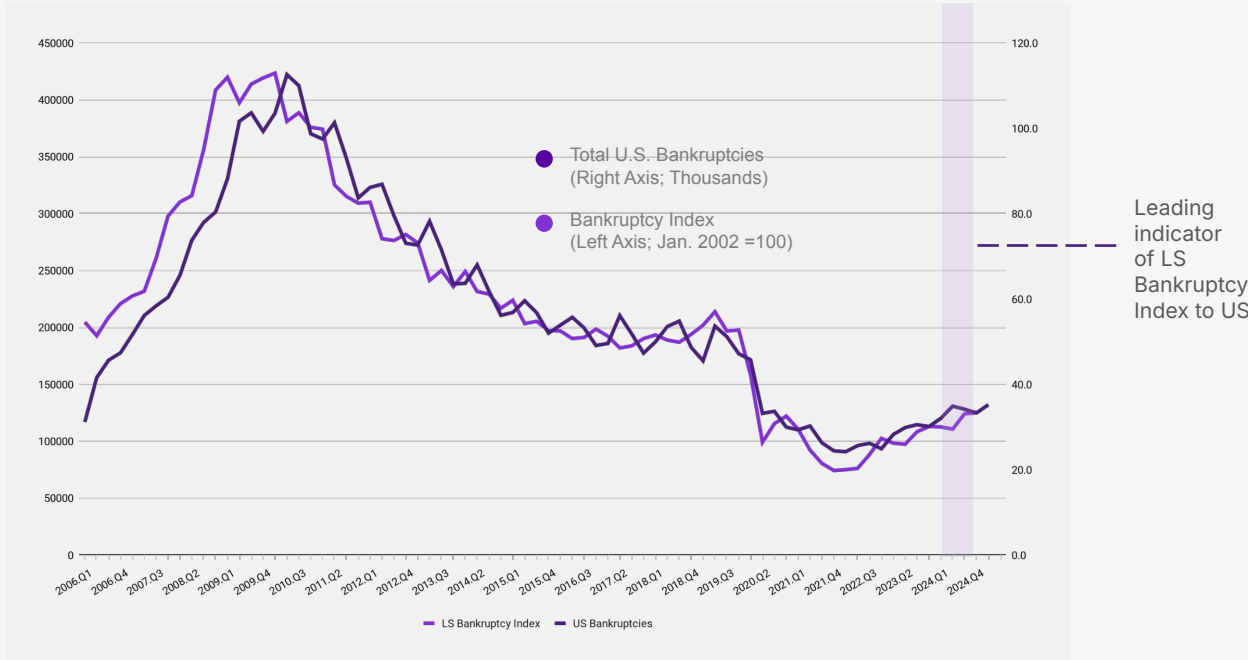
**What It Means:** The CSLI rose to its highest level since November 2020, reflecting a growing reliance on debt to sustain household spending amid high costs. As consumers take on more credit to keep up with inflation and everyday expenses, many are hitting a breaking point. The increase in legal inquiries tied to foreclosures and personal finance issues suggests that debt-fueled spending is no longer sustainable for a growing number of Americans.

**Outlook:** With household debt at record highs and delinquencies climbing, the CSLI is likely to remain elevated in the coming quarter. Trends in foreclosure and consumer finance inquiries indicate that financial hardship is spreading beyond isolated pockets and could begin impacting broader economic indicators in Q3. One source of relief may come in an anticipated interest rate cut by the Federal Reserve in Q3.

## Historical Trend Over Past 20+ Years



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 Q2 2025, the Bankruptcy subindex decreased **4.3** points from Q1 2025 to **32.1**.

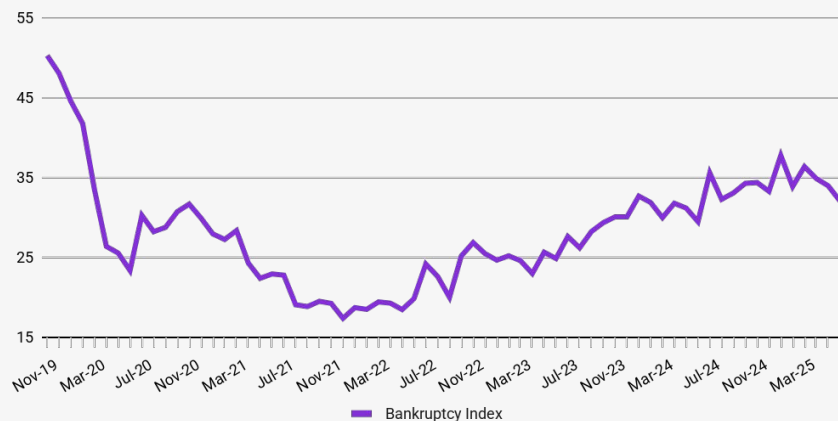
Monthly:

- April: **34.9**
- May: **34.0**
- June: **32.1**

The Bankruptcy subindex historically leads the total number of bankruptcy filings as reported by the U.S. court system by two quarters, with a .99 correlation.

**Outlook:** Although the Bankruptcy subindex declined in Q2, it remains nearly 9% higher than a year ago and well above pre-pandemic baselines. The Q2 drop may be seasonal, following tax refund activity, but with delinquencies rising and household debt hitting new records, bankruptcy filings could increase again heading into late summer and fall.

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 Q2 2025, the Foreclosure subindex increased **5.5** points from Q1 2025 to **46.8**.

Monthly:

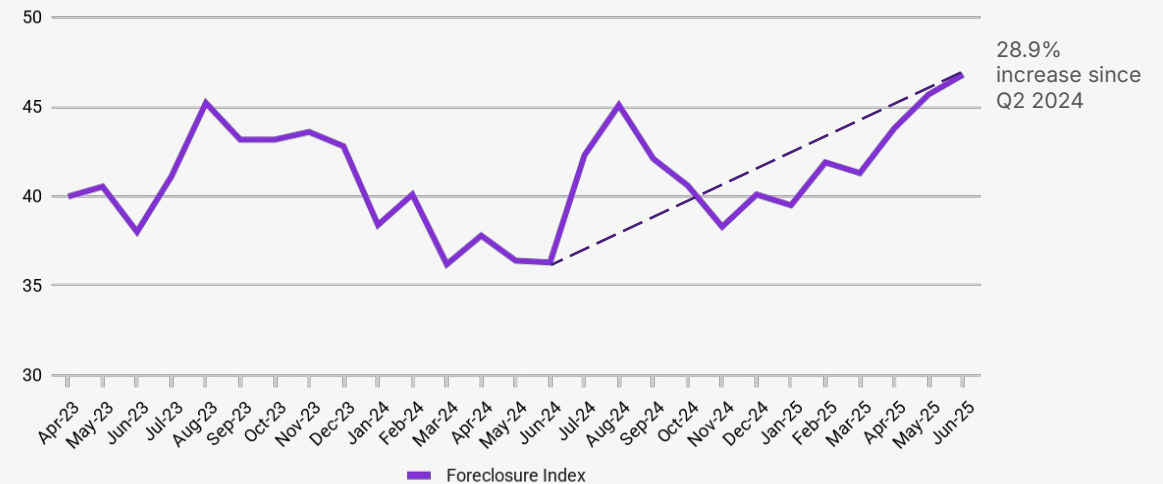
- April: **43.8**
- May: **45.7**
- June: **46.8**

**Outlook:** The sharp increase in the Foreclosure Index suggests that housing-related stress is intensifying, especially for homeowners facing higher insurance premiums, property taxes, or mortgage resets. As ARM adjustments accelerate and affordability remains constrained, foreclosure filings are expected to rise, particularly in high-cost and high-tax markets.

## 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.

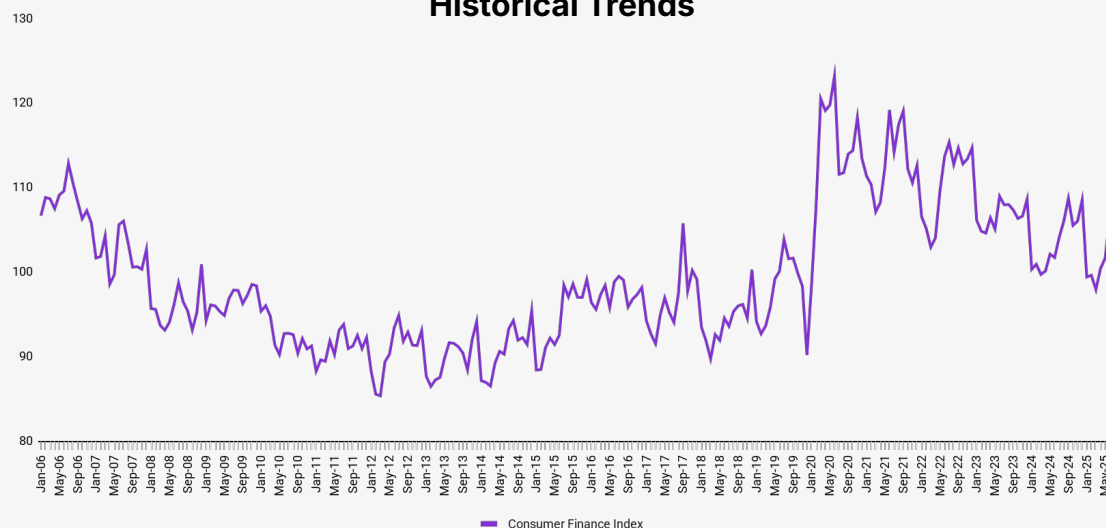
In Q2 2025, the Consumer Finance subindex increased **8.5** points from Q1 2025 to **97.9**.

Monthly:

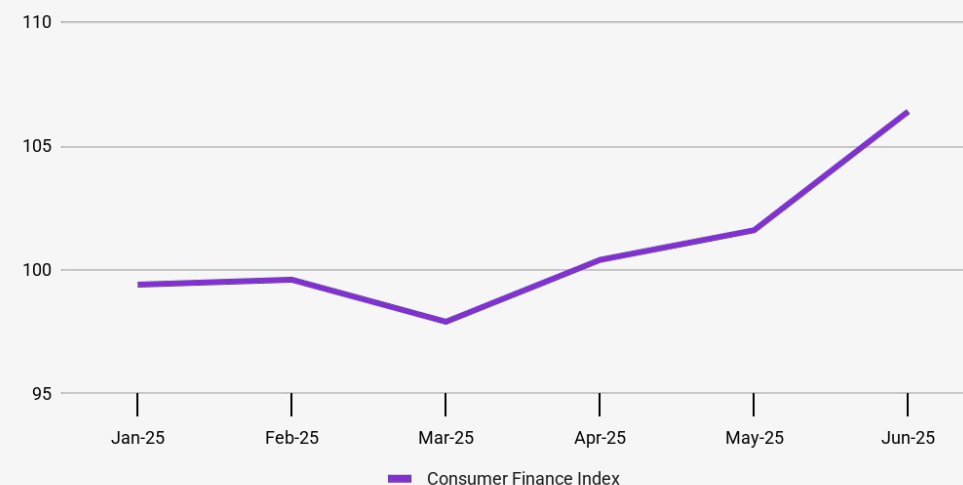
- April: **100.4**
- May: **101.6**
- June: **106.4**

**Outlook:** The Consumer Finance Index spiked in Q2, confirming growing legal demand tied to billing disputes, loan defaults, and credit problems. With HELOC usage up and delinquencies climbing across multiple credit products, the index may stay elevated or continue rising as consumers face sustained pressure from high interest rates and inflation-driven expenses.

## Historical Trends



## Consumer Finance Index YTD





# About LegalShield



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



**1.8 million+** memberships



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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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