



# Consumer Stress Legal Index

Q1 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 Q1 2025, the CSLI decreased **2.0** points from Q4 2024 to **65.3**.

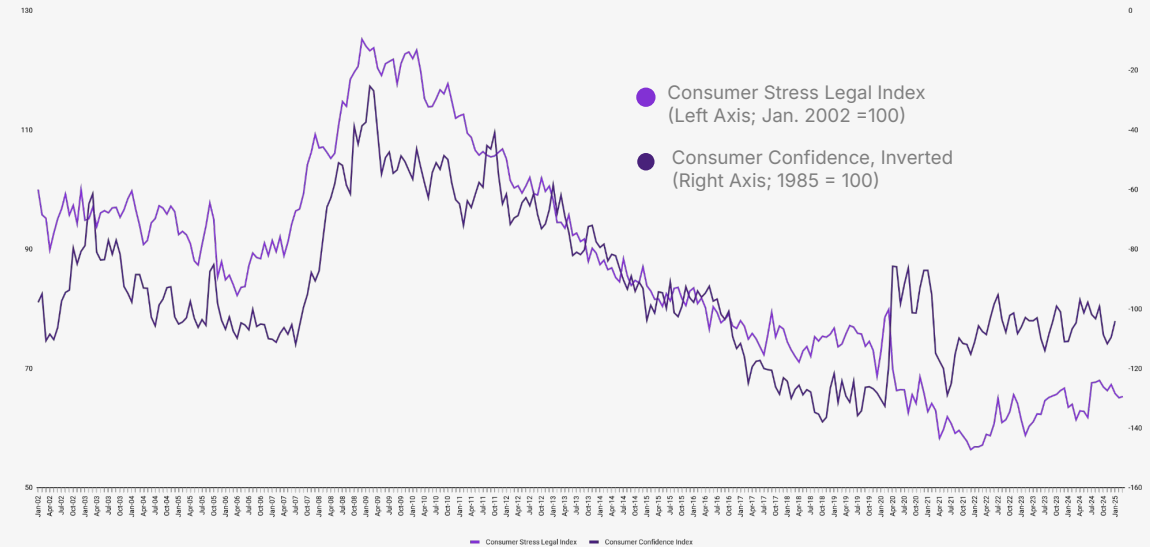
Monthly:

- January: **65.8**
- February: **65.1**
- March: **65.3**

**What It Means:** The CSLI has remained elevated since a spike in July of 2024 leveling off slightly to close marginally down. The decline was driven by a significant drop in consumer finance inquiries amidst tax refund season and relatively strong employment numbers.

**Outlook:** The slight improvement in the CSLI may be masking greater concerns as bankruptcy and foreclosure inquiries increased before tariff announcements sent the markets into turmoil.

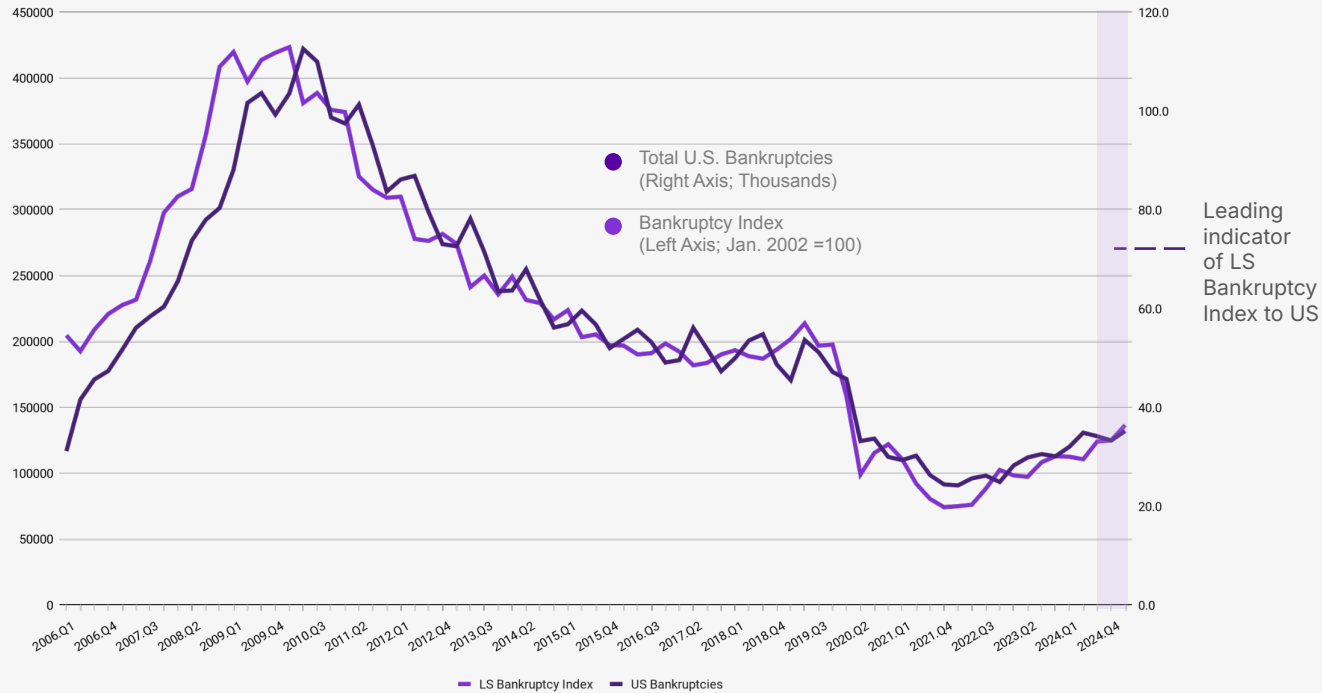
## Historical Trend Over Past 20+ Years



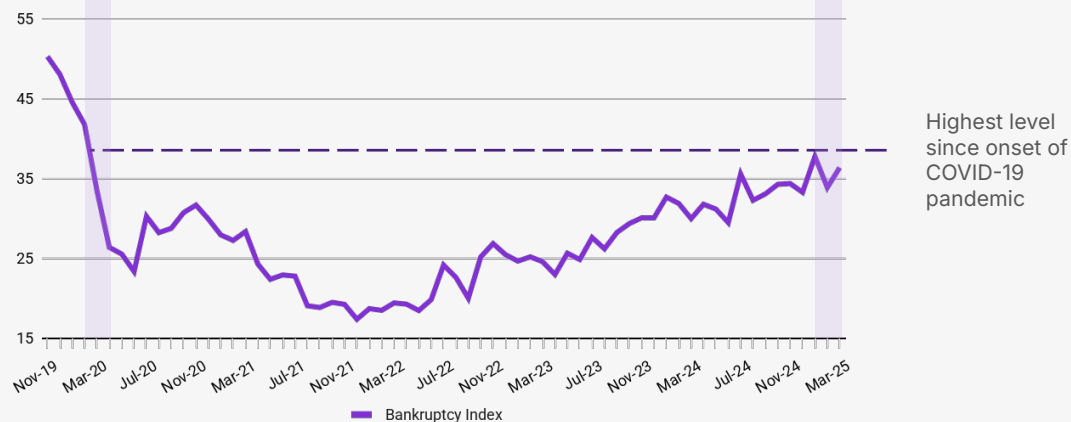
## Three Quarters of Elevated CSLI



LS Bankruptcy Index vs US Bankruptcy Since 2006



Bankruptcy Index Since Pre-Pandemic



# 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 Q1 2025, the Bankruptcy subindex increased **3.1** points from Q4 2024 to **36.4**.

Monthly:

- January: **37.8**
- February: **33.9**
- March: **36.4**

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:** The Bankruptcy subindex led the quarter with the highest level since just before the COVID-19 pandemic. As a leading indicator of bankruptcy filings, an uptick is expected over the summer and into Q3.



# 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.

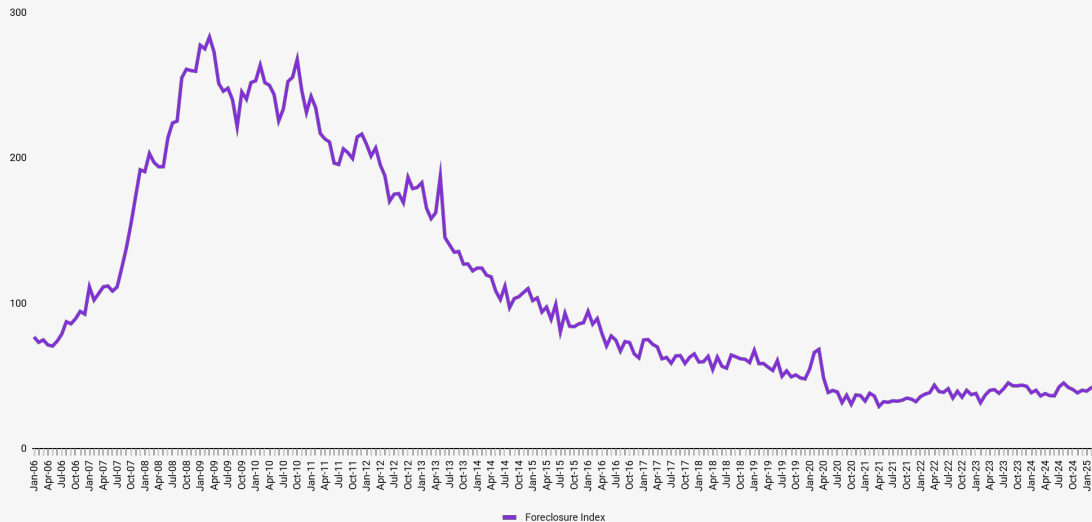
In Q1 2025, the Foreclosure subindex increased **1.2** points from Q4 2024 to **41.3**.

Monthly:

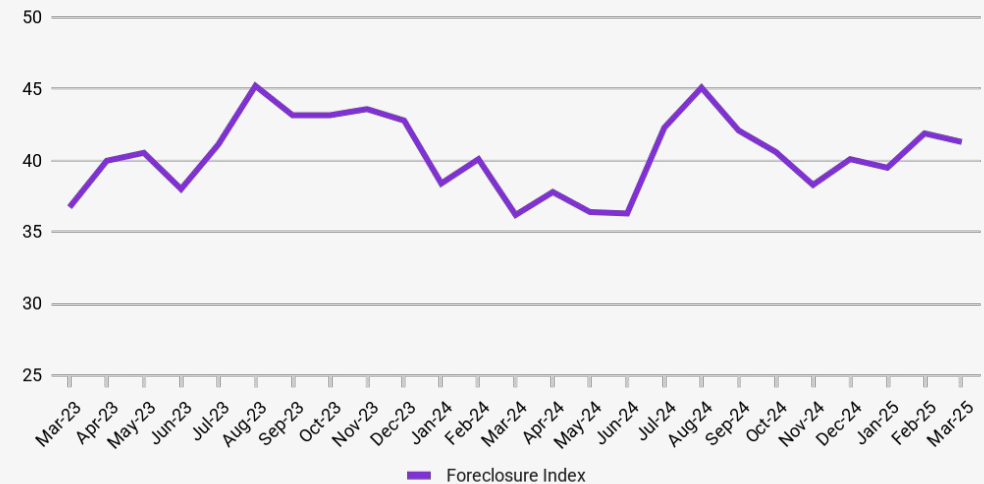
- January: **39.5**
- February: **41.9**
- March: **41.3**

**Outlook:** Beginning with the expiration of the federal foreclosure moratorium in July 2021, there has been a steady increase in the Foreclosure subindex as well as growing foreclosures reported across the United States. Elevated mortgage rates and affordability constraints are stressing homeowners and freezing inventory. The Foreclosure subindex ended the first quarter up 14.1% year over year and continues to hover in a relatively consistent range.

## 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 and payday loans, as a share of total intakes across all areas of law.

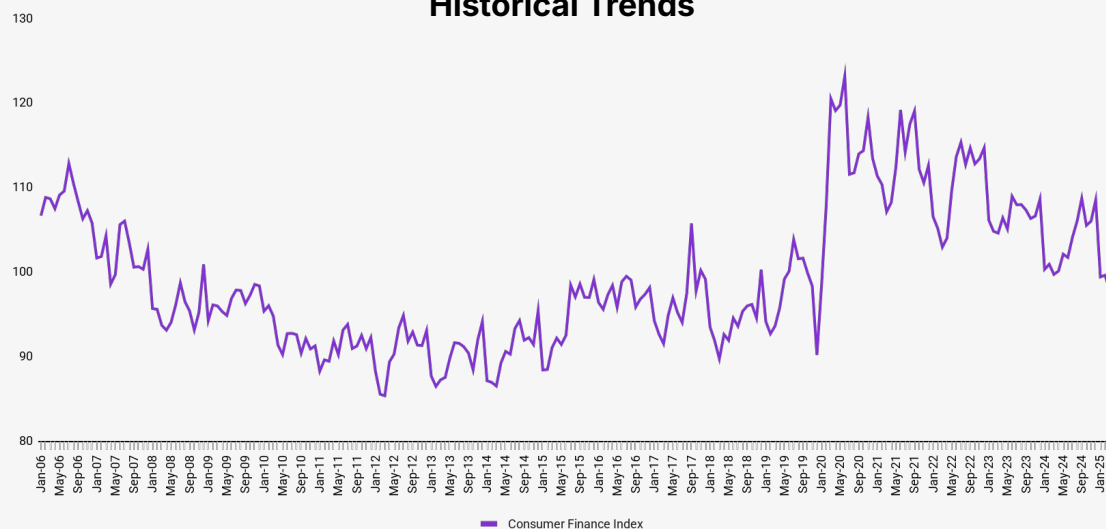
In Q1 2025, the Consumer Finance subindex decreased **10.6** points from Q4 2024 to **97.9**.

Monthly:

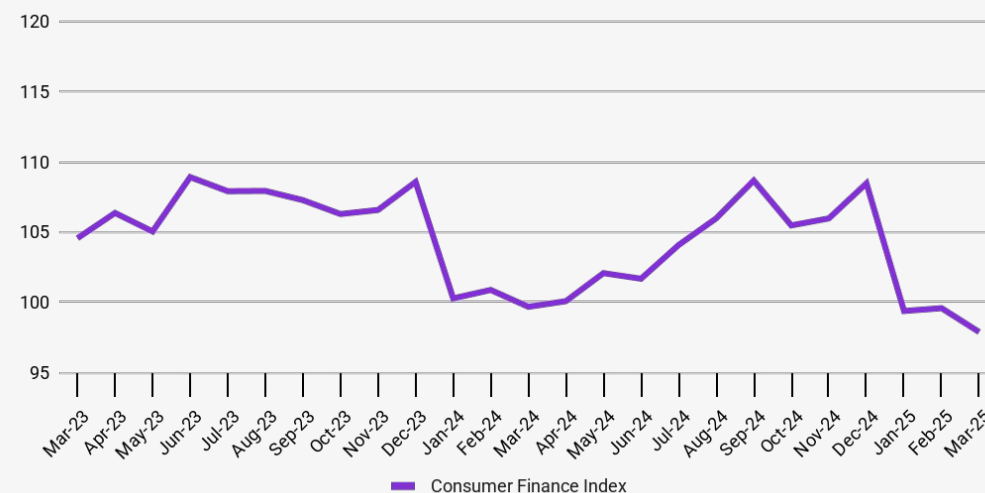
- January: **99.4**
- February: **99.6**
- March: **97.9**

**Outlook:** The Consumer Finance Index has been ticking up since the June 2024 and remained elevated through Q4 before a significant drop. Tax refunds and strong job growth gave consumers a temporary cushion in Q1, but risks remain as tariff-driven price increases may hit consumers.

## Historical Trends



## Consumer Finance Index 2-Year View





# About LegalShield



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



**1.8 million+**  
memberships



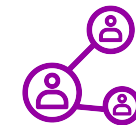
**50+ year** history



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



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organizations served  
by our dedicated  
B2B division



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



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