



Consumer Stress Legal Index

Q3 2026

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.
- Part of LegalShield Intelligence, 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.



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 provides a useful “hard” data check on 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 2026, the flagship CSLI rose to 75.7, its highest level since March 2020, up 6.3% year over year and 1.5% from Q2. The index has now risen year over year for 27 consecutive months, a streak exceeded only by the 2006–2009 run that spanned the Great Recession.

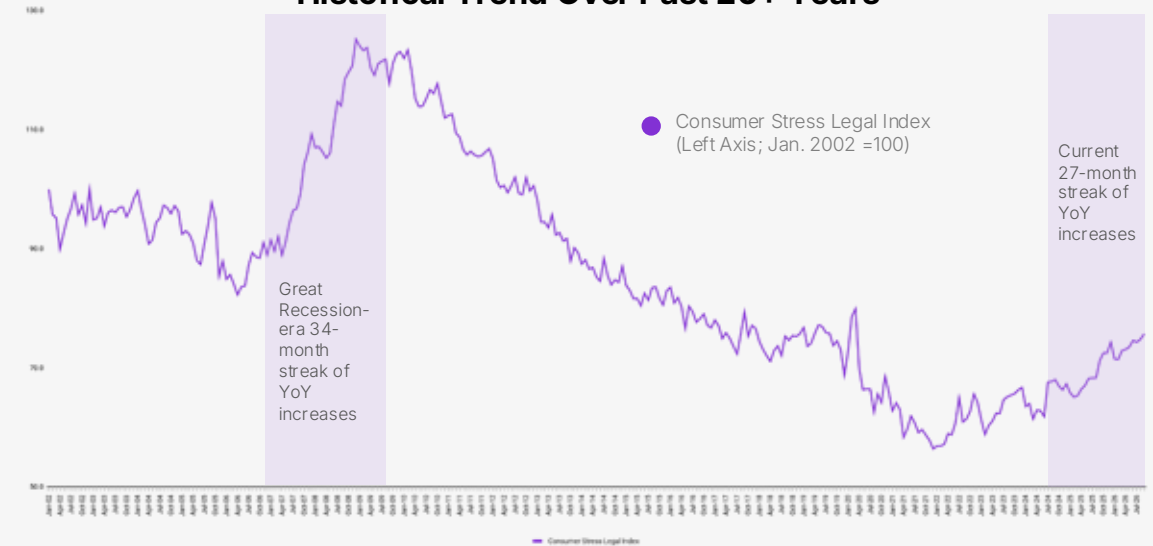
Monthly:

- July: **74.3**
- August: **74.8**
- September: **75.7**

What It Means: Bankruptcy, foreclosure and consumer finance each make up a larger share of calls than a year ago. The build has been gradual: the CSLI is up 22% over the current streak, compared with 40% over the first 27 months of the 2006–2009 run. The rise comes as consumer confidence fell to its lowest level since 2014.

Outlook: Year-over-year growth has cooled from its 11.6% peak in March 2026, but the index keeps reaching new post-pandemic highs. With all three subindices up year over year for at least 12 straight months, consumer stress is likely to remain elevated.

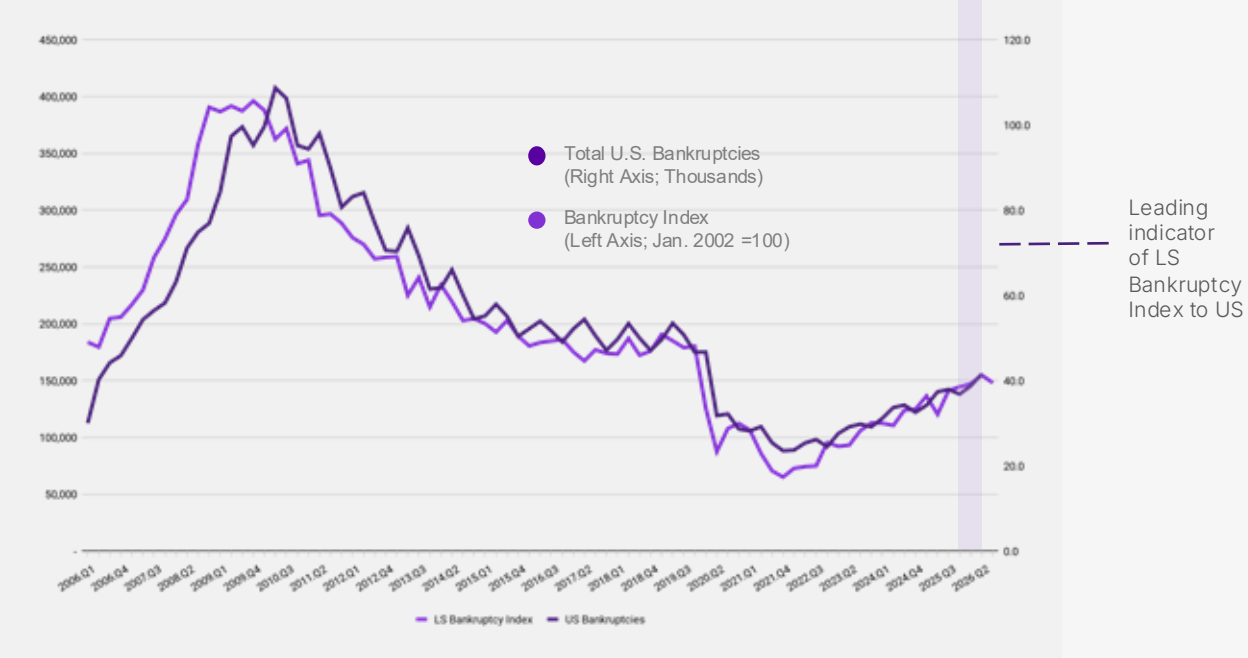
Historical Trend Over Past 20+ Years



Q3 2024 - Q3 2026



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. The subindex reached **42.1** in July, its highest since January 2020, before easing to **39.5** in September, up **4.8%** year over year. The Q3 average of **41.0** was up **14.3%** over Q3 2025, and the highest since late 2019.

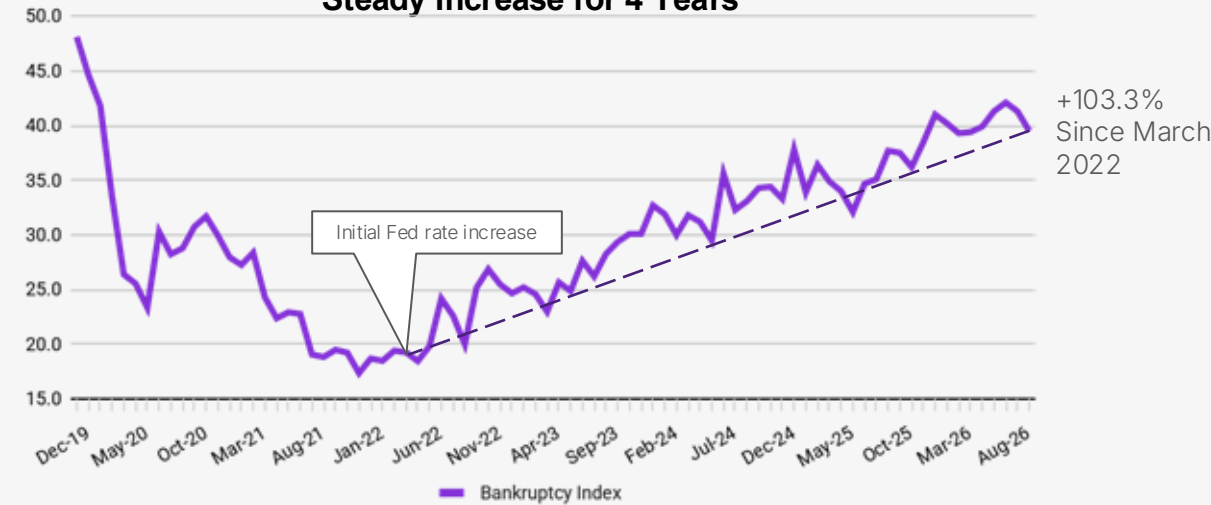
Monthly:

- July: **42.1**
- August: **41.3**
- September: **39.5**

What It Means: Quarterly averages have risen year over year for 17 straight quarters, the longest run on record and longer than the 13-quarter climb around the Great Recession. Attorneys report younger people calling sooner.

Outlook: This index has historically led federal court filings by about two quarters, pointing to rising filings into early 2027. Non-business filings rose 12% in the 12 months ending June 30, 2026.

Steady Increase for 4 Years



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.

The Foreclosure subindex ended Q3 at **52.6**, up **14.8%** year over year (the largest annual gain of the three) and essentially flat (**+0.2%**) from Q2.

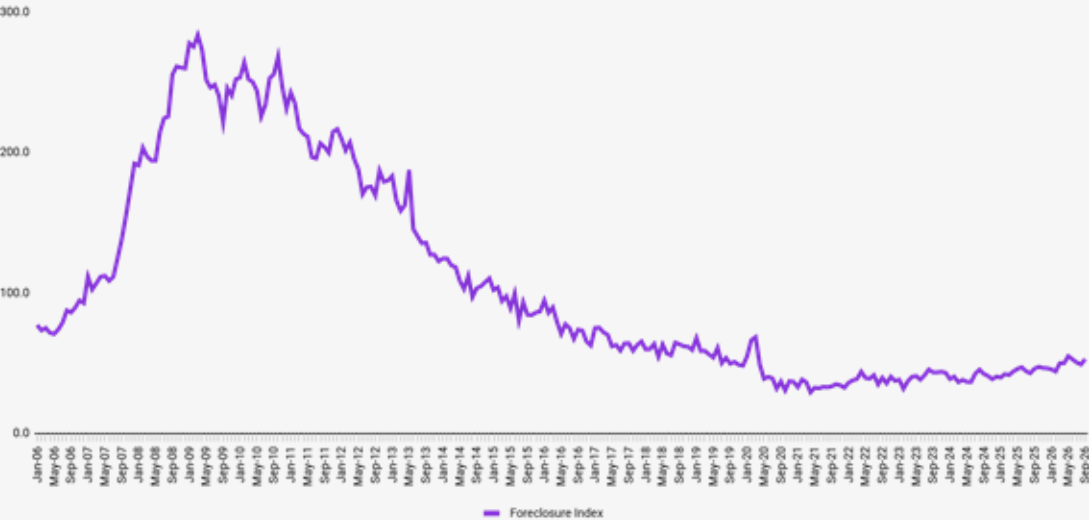
Monthly:

- July: **50.2**
- August: **48.8**
- September: **52.6**

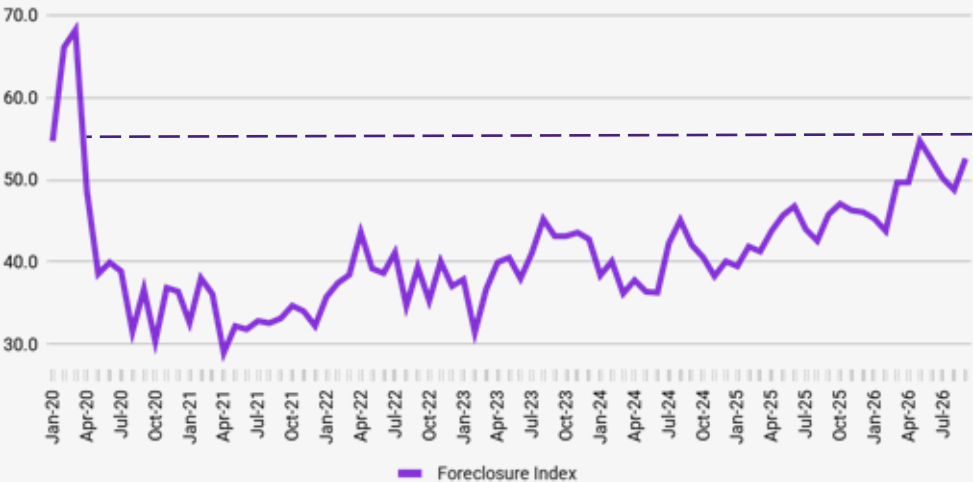
What It Means: Pressure continues from the September 2025 expiration of FHA borrower protections and from escrow costs that keep climbing with insurance and property tax bills. Provider attorneys report calls from fixed-rate homeowners who budgeted carefully but saw their insurance double.

Outlook: The Foreclosure Index typically leads residential foreclosure activity reported by the Mortgage Bankers Association. With mortgage delinquencies up 44 basis points year over year and FHA delinquencies at 11.79%, foreclosure pressure is likely to continue into 2027.

Historical Trends



Foreclosure Index
13 months of quarterly average YoY increases



Q2 2026
Peaked at
54.7 in May

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 2026, the subindex rose **4.5%** to **112.5**, the largest quarterly gain of the three. It is up **3.9%** year over year.

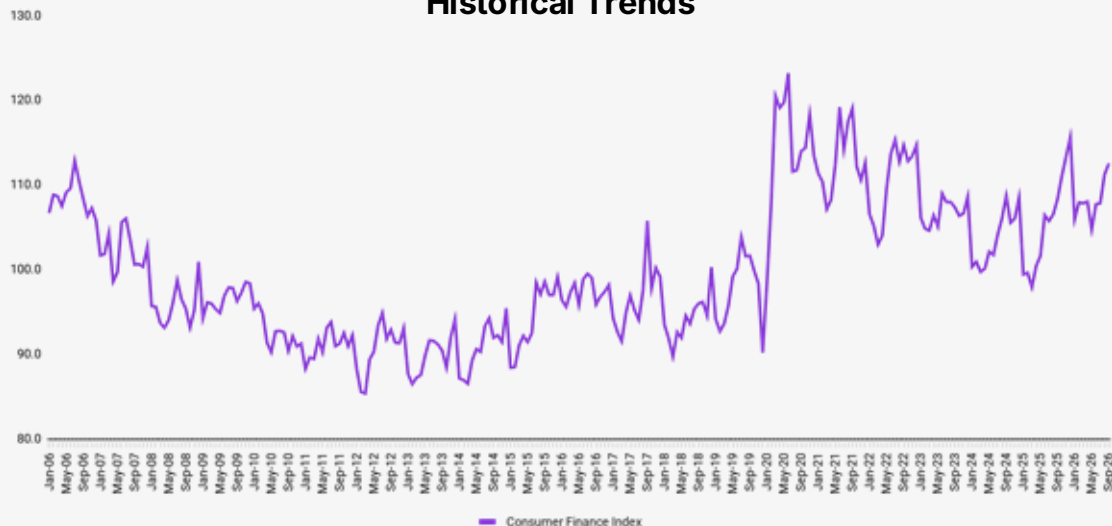
Monthly:

- July: **107.8**
- August: **111.2**
- September: **112.5**

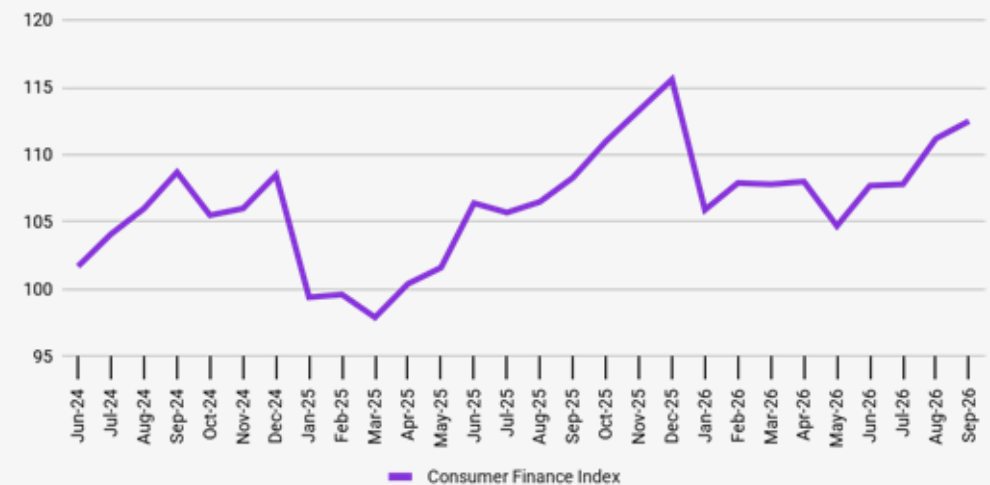
What It Means: The Q3 gain followed a seasonal Q1 decline and a flat Q2, and accounted for most of the composite index's quarterly increase. The index is now 6% above its July 2007 high of 106.0, set ahead of the Great Recession. Unlike the pandemic, when it jumped 12% in March 2020, there has been no single shock; the climb is driven by everyday expenses.

Outlook: With household debt near record levels at \$18.77 trillion, consumer finance calls are likely to remain elevated through year-end. The index has dipped in Q1 every year except 2020, a pattern LegalShield attributes to tax refunds.

Historical Trends



Consumer Finance Index 24-Month 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



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

For more info

Cameron Penn
Director of Communications

CameronPenn@pplsi.com

